

Natural Resources

The approved amendments for the Natural Resources secretariat for fiscal year 2010 include a general fund increase of \$9.4 million, which represents a 9.5 percent increase over Chapter 781 of the 2009 Acts of Assembly. This is a net change that includes an increase of \$18.7 million, primarily to replace federal fiscal stabilization funds, offset by reductions of \$9.3 million, which almost entirely consist of the Governor's September 2009 budget reductions. As part of these budget reductions, nongeneral funds increase by \$879,000, or 0.3 percent. These nongeneral fund increases are directly tied to the use of nongeneral fund sources to support programs or services previously supported by the general fund.

The adopted budget for the 2010-12 biennium provides \$174.5 million GF and \$550.0 million NGF. These amounts represent a decrease of \$22.1 million GF and \$83.0 million NGF compared to the base appropriation from Chapter 781 of the 2009 Acts of Assembly. The general fund total includes reductions of \$26.7 million GF, primarily representing the continuation of September 2009 budget reductions and the distribution of Central Appropriation adjustments approved by the 2009 Session of the General Assembly, offset by new spending of \$4.6 million GF. New spending consists primarily of \$1.0 million provided for land conservation, \$1.0 million provided for state parks, nearly \$900,000 for the agricultural conservation reserve enhancement program, and \$600,000 in general fund support for oyster replenishment. Overall, general fund spending is 11.2 percent less than the appropriation for the previous biennium.

Included among the nongeneral fund spending items is \$18.2 million NGF for the biennium to implement agricultural best management practices. The source of these nongeneral funds is from an increase of \$10.00 in the deed recordation fee. Other nongeneral fund spending includes \$4.0 million for monitoring and enforcement of land preservation easements, and \$4.0 million in federal funds for oyster preservation. The most significant reduction in nongeneral funds is due to removing an annual appropriation of \$55.7 million NGF which had been included in the Department of Environmental Quality's base budget to authorize cash expenditures of previous deposits to the Water Quality Improvement Fund. This cash balance has been exhausted and expenditures for FY 2011 and FY 2012 will be from \$250.0 million in bonds that were previously authorized by the General Assembly.

HB 29 (Chapter 872)

- **Chippokes Plantation Farm Foundation**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$53,661 GF for FY 2010 to implement the September 2009 budget reductions.
- **Department of Conservation and Recreation**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$4.3 million GF for FY 2010 to implement the September 2009 budget reductions. Strategies to

reach these savings include a \$900,000 GF reduction to state parks by eliminating 19 positions; reducing state park visitor services, programs and operational hours for an additional \$825,000 GF savings; implementing a state park reservation fee to cover an additional \$350,000 GF reduction with nongeneral funds; and, reducing funds for state park maintenance by \$100,000. Reductions to state parks total \$2.3 million GF, which represents a current reduction of 13 percent, and a cumulative reduction of 29 percent as compared to FY 2008 funding levels. Other strategies include a reduction in support for Soil and Water Conservation Districts of \$587,455 GF, and a savings of \$203,147 GF from elimination of the Virginia Karst Groundwater Protection Program (a karst is limestone terrain characterized by sinkholes and sinking streams and caves, which are prevalent in Virginia).

- ***Revise Items Funded with ARRA.*** Provides \$15.2 million GF for FY 2010 to substitute general funds for federal fiscal stabilization funds for agricultural best management practices. A corresponding amendment in the Compensation Board uses the stabilization funds to support sheriffs' offices and this amendment restores general funds for agricultural best management practices.
- ***Revise Items Funded with ARRA.*** Provides \$2.0 million GF for FY 2010 to substitute general funds for federal fiscal stabilization funds to support the Virginia Land Conservation Foundation (VLCF). A corresponding amendment in the Compensation Board uses the stabilization funds to support sheriffs' offices, while this amendment restores general funds for the VLCF.
- ***Transfer from WQIF Balances.*** Language in Part 3 transfers a total of \$6.2 million in unobligated funds from prior Water Quality Improvement Fund appropriations to the general fund on or before June 30, 2010.

- **Department of Environmental Quality**

- ***Governor's September 2009 Budget Reductions.*** Includes savings of \$2.7 million GF for FY 2010 to implement the September 2009 budget reductions. Strategies to reach these savings include a reduction of \$500,000 GF from FY 2009 agency balances; savings of \$364,830 GF from eliminating a contract for fish tissue analysis; reducing funding for the Water Facilities Revolving loan program by \$200,000 GF; and reducing funding for Chesapeake Bay water quality monitoring by \$149,276 GF. In addition to the general fund savings, DEQ will reduce funding for the waste tire pile clean-up program in order to transfer \$1.5 million NGF from the Waste Tire Fund to the general fund and reduce litter control grants to localities in order to transfer \$255,000 to the general fund.
- ***Transfer from WQIF Reserve Fund Balances.*** Language amendments in Part 3 transfer a total of \$5.1 million from prior Water Quality Improvement Reserve Fund appropriations to the general fund on or before June 30, 2010

- **Department of Game and Inland Fisheries**
 - *Reduction in General Fund Transfer.* Language is included reducing the total transfer from watercraft sales and use tax provided to the agency by \$2.0 million in FY 2010 due to reduced watercraft sales activity.
- **Department of Historic Resources**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$535,506 GF and 3 positions for FY 2010 to implement the September 2009 budget reductions. Strategies to reach these savings include eliminating \$190,000 GF for Civil War Battlefield Preservation, reducing funding for the statewide historic resources survey by \$85,500 GF, and saving \$67,100 GF by reducing the grant payment to Montpelier.
 - *Revert Balance from Nonstate Grant.* Includes a reduction of \$22,434 GF in FY 2010 representing the balance from a nonstate grant for which the grantee did not qualify.
- **Marine Resources Commission**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$1.4 million GF for FY 2010 to implement the September 2009 budget reductions. Strategies to reach these savings include supplanting \$421,000 GF for habitat management with waterway improvement funds; supplanting \$400,000 GF in law enforcement with \$300,000 NGF from saltwater recreational fishing funds and \$100,000 NGF from federal joint forces agreement funds; a reduction of \$237,844 GF in law enforcement from reducing purchase of gasoline, supplies and equipment, and a savings of \$297,000 GF by eliminating general fund support for oyster replenishment and restoration projects.
- **Museum of Natural History**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$261,257 GF for FY 2010 to implement the September 2009 budget reductions. Strategies to meet these savings include closing the museum on Sundays and holidays, keeping vacant positions open, achieving energy savings, and reducing custodial services.

HB 30 (Chapter 874)

- **Secretary of Natural Resources**
 - *Consolidate Support Staff.* Reduces funding by \$67,814 GF each year by eliminating funding for a support staff position.

- **Chippokes Plantation Farm Foundation**
 - *Governor's September 2009 Budget Reductions.* Continues the strategies announced in September 2009 for a savings of \$20,764 GF each year.

- **Department of Conservation and Recreation**
 - *Governor's September 2009 Budget Reductions.* Continues the strategies announced in September 2009 for a reduction of \$3.8 million GF each year and a net reduction of 26 positions. The one major difference from the September plan is that the strategy of reducing state park visitor services, programs and operational hours, which produced savings of \$825,000 GF in FY 2010, will only produce savings of \$600,000 GF in FY 2011 and \$600,000 GF in FY 2012. The net reduction to state parks is just over \$2.0 million GF for each year.

 - *Nonpoint Source Pollution Funding.* Provides \$9.1 million NGF each year for the implementation of agricultural best management practices to control nitrogen, phosphorus, and sediment runoff from farming. The source of the nongeneral funds is an increase to the Recordation Fee from the current \$10.00 for each deed recorded to \$20.00.

 - *Virginia Land Conservation Fund.* Provides \$2.0 million NGF each year for deposit into the Virginia Land Conservation Fund and subsequent distribution to those public and private organizations for monitoring and enforcing the easements for which Land Preservation Tax Credits (LPTC) have been provided. Chapters 229 (HB 447) and 248 (SB 264) of the 2010 Acts of Assembly removed the cap on the fee charged for transferring credits under the LPTC, and the legislation provides that the additional revenue from removing the cap may only be used for the monitoring and enforcing of these easements.

 - *Virginia Land Conservation Foundation.* Provides \$500,000 GF each year for the Virginia Land Conservation Foundation, or one-half of the amount included in the introduced budget. Prior to 2009, the foundation had previously received \$2.0 million GF per year, but this funding was eliminated from the agency's base budget when federal ARRA funding was substituted for the general fund support in the 2009 Appropriation Act.

 - *Restores Funding for State Park Visitor Centers.* Provides \$500,000 GF each year to restore funding for State Park operations, including visitor centers and other facilities, as part of the economic development and tourism promotion efforts approved by the General Assembly.

 - *Restore Funding for Conservation Reserve Enhancement Program.* Provides \$435,473 GF each year to restore funding for the Conservation Reserve Enhancement Program, which had been eliminated as part of the Governor's September 2009 reductions.

- **Department of Environmental Quality**
 - *Remove Appropriation for Water Quality Improvement Fund Balance.* Removes an annual appropriation of \$55.7 million NGF that had been included in the agency's base to authorize cash expenditures of previous deposits to the Water Quality Improvement Fund. The cash balance has been exhausted and expenditures for FY 2011 and FY 2012 will be supported by \$250 million in bonds that were previously authorized by the General Assembly.
 - *Governor's September 2009 Budget Reductions.* Continues the savings strategies announced in September 2009 for an annual reduction of \$3.2 million. This reduction includes \$1.4 million in general fund reductions and \$1.8 million in NGF transfers from the waste tire and litter prevention funds. The only difference from the previously announced plan was to increase the reduction from the Water Facilities Revolving loan program to \$847,720 each year in FY 2011 and 2012. The plan also annualizes reductions for local water supply grants at \$20,000 GF, the Chesapeake Bay Foundation at \$20,000 GF and citizen water quality monitoring grants at \$20,000 GF in each year.
 - *Increase Environmental Permit Fees.* Offsets a general fund reduction of \$5.0 million in each year with an increase of \$5.0 million NGF each year from increasing environmental fees for water and waste permits. Language directs that the fees for water discharge permits shall cover no more than 50 percent of the direct costs of permit processing and inspections (currently permits provide only 29 percent of these costs). Language also provides that solid waste fees shall cover no more than 60 percent of the direct costs of permitting and inspections (currently these permits only provide 36 percent of these costs). Hazardous waste fees are to cover 100 percent of direct permitting and inspection costs (as opposed to the current 17 percent).
- **Department of Game and Inland Fisheries**
 - *Reduction in Watercraft Sales and Use Tax Transfer.* Language is included reducing the transfer of watercraft sales and use tax by \$2.0 million each year. The forecast for these revenues has been reduced from \$5.0 million per year to \$3.0 million per year based on lower projected boat sales.
 - *Increase in Federal Fund Appropriation.* Increases the nongeneral fund appropriation for the State Recreational Boating Program by \$1.3 million each year based on anticipated increases in federal funds.
- **Department of Historic Resources**
 - *Governor's September 2009 Budget Reductions.* Continues the strategies announced in September 2009 for a net savings of \$570,980 GF each year.

- **Marine Resources Commission**

- *Governor's September 2009 Budget Reductions.* Continues the strategies announced in September 2009 for a net savings of \$1.4 million GF in FY 2011 and \$1.4 million GF in FY 2012.
- *Oyster Replenishment Grant.* Provides an annual appropriation of \$2.0 million NGF in each year from anticipated federal funds for oyster replenishment efforts.
- *Restore General Funds for Oyster Replenishment.* Provides \$600,000 GF in FY 2011 to restore half the general fund support that had previously been provided for oyster restoration efforts.
- *Tangier Seawall Project.* Provides \$360,000 GF in FY 2011 and \$12,000 GF in FY 2012 to construct a seawall to protect the Tangier Island harbor through a joint project with the U.S. Army Corps of Engineers. The budget document indicates that this is the first funding for what is anticipated to be a 30-year project.
- *Joint Enforcement Action.* Provides an appropriation of \$200,000 NGF each year from anticipated federal funds to support joint marine law enforcement activities.
- *Federal Law Enforcement Grants.* Provides an additional increase of \$200,000 NGF each year based on a projected increase in other federal law enforcement grants.
- *Provide for Oyster Replenishment Grants.* Includes \$100,000 NGF each year for the provision of small grants for oyster replenishment activities.

- **Virginia Museum of Natural History**

- *Governor's September 2009 Budget Reductions.* Continues the strategies announced in September 2009 for a net savings of \$261,257 GF each year.
- *Reduce Funding for Travel Advertising and Promotion.* Reduces funding by \$25,000 GF each year for travel advertising and promotion. Substantial new funding is provided in the Virginia Tourism Authority for this purpose and the Museum can work with VTA to leverage that funding.