



VIRGINIA HOUSE
APPROPRIATIONS
COMMITTEE

CHAIRMAN LUKE E. TORIAN

January 14, 2026

AG AND NATURAL RESOURCES 101

PURVIEW OF SUBCOMMITTEE

- Secretary of Natural Resources
 - Department of Conservation and Recreation
 - Department of Environmental Quality
 - Department of Game and Inland Fisheries
 - Department of Historic Resources
 - Marine Resources Commission
 - Virginia Museum of Natural History
- Secretary of Agriculture and Forestry
 - Department of Agriculture and Consumer Services
 - Department of Forestry
 - Virginia Agricultural Council
 - Virginia Racing Commission

WATER QUALITY

- For more than two decades, Virginia and other states in the Chesapeake Bay watershed have been subject to EPA requirements to reduce sedimentation and nutrient discharge and runoff into the Chesapeake Bay
- Virginia has used successive Watershed Improvement Plans (WIPs) in a phased approach to meet its reduction targets
 - Phase I (2010): Plan developed by Commonwealth and approved by EPA. Set TMDL and nutrient reduction goals to be met by 2017
 - Phase II (2012): Provided a detailed locality-level plan to achieve 2017 and 2025 reduction goals
 - Phase III (2019): Established 2025 reduction targets and strategies to achieve them, building upon progress made in Phase I and II
- The WIP addresses each major source of water pollution in the Commonwealth
 - Wastewater treatment plants
 - Agricultural runoff
 - Stormwater runoff
 - Onsite wastewater and septic systems
- Phase III targets are expected to be met largely through agricultural best management practices (Ag BMPs) and waste treatment plant upgrades

HOW BAY CLEANUP IS FUNDED

- Virginia has two dedicated revenue sources for Bay cleanup: the Water Quality Improvement Fund and the Natural Resources Commitment Fund
- The Water Quality Improvement Fund (WQIF)
 - 10% of any revenue surplus (Part A) and 10% of any discretionary agency year-end balances (Part B)
- Natural Resources Commitment Fund established in 2008 by House Bill 643
 - Receives \$10 from every deed recorded in Virginia
 - Provides a consistent \$10 million each year committed to agricultural best management practices (Ag BMPs)
- Non-dedicated state resources, including substantial general fund appropriations, bond authorizations, and one-time federal resources have been provided when available

HOW CLEANUP IS FUNDED

- There are also a number of federal programs that provide funding toward water quality projects
- DEQ administers the Virginia Clean Water Revolving Loan Fund (VCWRLF)
 - Provides low interest loans for publicly owned wastewater and stormwater projects, remediation of brownfield properties, land conservation and living shorelines, and agricultural best management practices
 - Fully capitalized each year by EPA, and half of funds used for principal forgiveness
 - Has provided \$4 billion in funding since establishment in 1988
- USDA also provides grant funds toward water quality goals
 - Conservation Reserve Enhancement Program (CREP) – federal funds matched with state and non-federal funds to convert cropland and marginal pasture lands to native vegetation or wetlands
 - Natural Resources Conservation Service (NRCS) – works with agricultural producers to implement practices that control nutrient loading for livestock operations and croplands

NEEDS ASSESSMENT – AG BEST MANAGEMENT PRACTICES

- Each year DCR develops an estimated funding need for the Virginia Agricultural BMP Cost-Share (VACS) Program
- The needs assessment process estimates a total need of \$759 million over the FY 2027 to FY 2032 period
 - For the FY 2026-28 biennium, the estimated needs assessment from state funds is \$430.9 million
 - The mandatory WQIF deposit from FY 2025 surpluses and agency balances totals \$107.9 million, leaving a \$323 million “gap” between the mandatory deposit and the biennial needs assessment
 - However, the Ag BMP Cost-Share program has an unexpended balance of approximately \$513 million, and the WQIF reserve balance is \$132 million
 - Due to administration complexities of cost share program, the most ever spent in a single year was \$164.2 million

NEEDS ASSESSMENT – WASTEWATER

- DEQ annually works with local governments, wastewater agencies, and conservation organizations to estimate the amount of WQIF grant funding will be needed for eligible projects over a five-year time horizon
- For the FY 2026-28 biennium, DEQ estimates \$531.2 million in eligible WQIF grants for wastewater treatment plant upgrades
 - The bulk of this request amount is for projects identified by the Enhanced Nutrient Removal Certainty Program, which specified by *Code* a series of wastewater treatment plant improvements and related nutrient reduction targets tied to the Commonwealth's Chesapeake Bay cleanup goals

NEEDS ASSESSMENT - STORMWATER

- Stormwater Local Assistance Fund (SLAF) was established in 2014 to provide matching grants to localities for qualifying stormwater projects
 - Provides 50% matching grant for qualifying project requests
- DEQ surveys localities annually to identify estimated demand for stormwater local assistance fund grants
- Need is estimated over a five-year time horizon to align with local capital plans and MS4 Permit TMDL action plans

Fiscal Year	SLAF Need (\$, millions)
2024	\$23.8
2025	\$27.7
2026	\$27.3
2027	\$25.3
2028	\$27.7

- The 2023 update to the SLAF needs assessment identified \$131.8 million in total eligible cost share over the FY 2024 to 2028 time period in 19 localities
- No unregulated (non-MS4) localities identified need

LAND PRESERVATION

- Three programs serve as vehicles for land conservation and preservation in the Commonwealth:
 - Virginia Land Conservation Fund (VLCF): Administered by the Department of Conservation and Recreation. Protects open spaces and parklands, lands of historic or cultural significance, farmlands and forests, and natural areas
 - Virginia Battlefield Preservation Fund: Administered by the Department of Historic Resources. Preserves Revolutionary War, War of 1812, and Civil War battlefields in Virginia through the purchase of land or protective easements
 - Virginia Farmland Preservation Fund: Administered by the Department of Agriculture and Consumers Services (VDACS). Provides grants to landowners in exchange for placing conservation easements on qualifying farmland, or providing to matching funds to localities who purchase the development rights for qualifying farmlands

LAND PRESERVATION

- The Land Preservation Tax Credit is also a major source of support
 - An income tax credit for 40% of the value of donated land or conservation easements. Taxpayers may use \$50,000 per tax year after 2020, and may carry forward credits for up to 13 years
 - DCR is responsible for verifying the conservation value of land or easements for which a donor claims a state tax credit of more than \$1 million
 - Total credit payouts are statutorily capped at \$75 million per year
 - Over the years several proposals to increase the cap to \$100 million, but none have been adopted

DEPARTMENT OF CONSERVATION AND RECREATION

- DCR has broad responsibility involving natural and cultural resources in the Commonwealth
 - Soil and Water Conservation: Collaborate with farmers and other landowners to control runoff pollution in Virginia's 47 local Soil and Water Conservation Districts
 - Dam Safety and Floodplain Management: Certify dams of regulatory dams meet requirements, and administer grant funds for dam rehabilitation design and emergency planning
 - Natural Heritage: Identify and protect habitats or rare or endangered species, manage 66 Natural Area Preserves totaling more than 60,000 acres
 - State Parks: Develop and manage a system of 43 State Parks totaling more than 76,000 acres
 - Land Conservation: Administer a statewide land conservation program through the Virginia Land Conservation Foundation

DEPARTMENT OF CONSERVATION AND RECREATION

	FY 2025	FY 2026
General Fund	\$456.6	\$107.9
Nongeneral Fund	\$211.7	\$149.5
FTE Total	566.00	572.00

- DCR Issues and Challenges:

- Administration of substantial WQIF resources, and coordination with soil and water conservation districts to support projects intended to address state's WIP III reduction goals
- Virginia has 2,053 dams of "regulatory size" but limited resources to inspect and certify. The costs of rehabilitation and restoration are substantial, and most dams privately owned
- State Parks have a maintenance backlog, while facing increased pressure to make revenue generating improvements
- Minimum wage increases are putting upward pressure on non-classified staff pay, as well as creating pay compression issues within the department

DEPARTMENT OF ENVIRONMENTAL QUALITY

- The Department of Environmental Quality operates as something akin to Virginia's EPA
 - Responsibilities include permitting, compliance and enforcement, monitoring, and planning and policy responsibilities related to air, water, and land in the Commonwealth
- DEQ is primarily funded through various non-general fund sources, and manages a significant amount of pass-through funding

	FY 2025	FY 2026
General Fund	\$215.5	\$96.9
Nongeneral Fund	\$158.6	\$159.2
FTE Total	987.00	988.00

- DEQ Issues and Challenges:
 - Mitigation of natural disasters and environmental stewardship
 - Adequacy of capacity to meet oversight and regulatory requirements

DEPARTMENT OF HISTORIC RESOURCES

- DHR is responsible for overseeing and encouraging protection of significant historic, architectural, archaeological, and cultural resources in Virginia
- The Department's budget totaled \$16.5 million in FY 2026, and the agency has an authorized employment level of 59.00 FTE
- Budget and policy issues within the Department include:
 - Accelerating identification and protection of sites important to black history in Virginia
 - Improving efforts to preserve Colonial era settlements, Civil War battlefields, and Native American sites
 - Protecting coastal historic landmarks from sea level rise

DWR AND VMRC

- Department of Wildlife Resources (DWR)
 - Formerly the Department of Game and Inland Fisheries (DGIF)
 - DWR has primary responsibility for managing Virginia’s wildlife and freshwater fisheries resources
 - Sets seasons and sells licenses for hunting and fishing, operates fish hatcheries, oversee Wildlife Management Areas, and enforces conservation standards
 - No general fund appropriation, fully-funded by special revenues and federal funds

- Virginia Marine Resources Commission
 - VMRC is responsible for management of Virginia’s fisheries and related resources from the fall line to three nautical miles from shore
 - Issues commercial licenses for fishing, permits for aquaculture or other activities that affect submerged lands, tidal wetlands or beaches; oyster restoration; and enforces conservation standards and other laws on the water

Agency	FY 2026 GF	FY 2026 NGF	FY 2026 Total	FTEs
DGIF	\$0.2	\$79.5	\$79.7	500.00
VMRC	\$18.7	\$17.6	\$36.3	172.50

VIRGINIA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

- VDACS is charged with promoting the development of Virginia agriculture, consumer protection, and environmental stewardship. Activities of the Department include:
 - Animal Health and Safety
 - Food Safety and Restaurant Inspection
 - Commodity Boards
 - Economic Development and Land Conservation
 - Charitable Gaming and Fantasy Sports
 - Promulgation of Hemp Producer Regulations
- Perennial budget issues arising for VDACS include:
 - Adequacy of fees to cover the Department's costs for activities such as weight and measures enforcement and food inspections
 - Funding for farmland preservation, animal welfare, and coyote control

	FY 2026 GF	FY 2026 NGF	FY 2026 Total	FTEs
VDACS	\$57.7	\$43.9	\$101.6	610.00

DEPARTMENT OF FORESTRY

- The Department of Forestry is responsible for:
 - Managing 24 state forests covering more than 70,000 acres of land
 - Forestland sustainability and reforestation through the Reforestation of Timberlands program
 - Supporting forestland conservation through 170 easements total 52,000 acres
 - Watershed protection and forest sustainability
 - Forest industry market development
 - Urban and Community Forests

	FY 2026 GF	FY 2026 NGF	FY 2026 Total	FTEs
Department of Forestry	\$27.6	\$18.8	\$46.4	284.00