



Economic Impact Analysis Virginia Department of Planning and Budget

4 VAC 50-70 – Resource Management Plans
Department of Conservation and Recreation
June 15, 2012

Summary of the Proposed Amendments to Regulation

In accordance with Chapter 781 of the 2011 Virginia Acts of Assembly (HB1830) the Virginia Soil and Water Conservation Board proposes to establish these new regulations in order to clarify and specify the criteria that must be included in a resource management plan (RMP) for farmers and the processes by which a Certificate of RMP Implementation is issued and maintained. Neither RMP implementation nor the obtaining of a Certificate of RMP Implementation is required. The intent of the regulatory action is to encourage farm owners and operators to voluntarily implement a high level of best management practices (BMPs) on their farmlands in order to be protective of water quality and for the farmers to then benefit from the following legal provision:

notwithstanding any other provision of law, agricultural landowners or operators who fully implement and maintain the applicable components of their resource management plan, in accordance with the criteria for such plans set out in § 10.1-104.[8] and any regulations adopted thereunder, shall be deemed to be in full compliance with (i) any load allocation contained in a total maximum daily load (TMDL) established under § 303(d) of the federal Clean Water Act addressing benthic, bacteria, nutrient, or sediment impairments; (ii) any requirements of the Virginia Chesapeake Bay TMDL Watershed Implementation Plan; and (iii) applicable state water quality requirements for nutrients and sediment.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Participation in the RMP program is completely optional; thus the proposed regulations do not introduce costs to the public. To the extent that farmers choose to follow BMPs that they

are not already following due to these regulations and the RMP program, there will likely be some improvement to water quality in the Chesapeake Bay and other Virginia waterways. Improved water quality can potentially benefit commercial and recreational fisheries and tourism, increase property values, and reduce public health costs. Several different types of firms (see below) may see increased demand for their services and products in order to help farmers follow BMPs and acquire a Certificate of RMP Implementation.

Businesses and Entities Affected

The proposed regulations potentially affect: 1) the 47,000 (approximation) farms in the Commonwealth, 2) private contractors and consultants that perform conservation planning and implementing services for farmers, 3) sellers of fencing materials, livestock watering systems, fertilizer, and farming machinery that improves efficiency and productivity and minimizes nonpoint source pollution, 4) commercial fisheries, and 5) tourism-related businesses. Most of these farms and firms would qualify as small businesses. Virginia's 47 local Soil and Water Conservation Districts will be responsible for performing many of the program's oversight functions including engaging agricultural communities at the local level. The public and other entities may be affected through the benefits associated with cleaner water such as improved health, better recreational experiences, and higher property values.

Localities Particularly Affected

The proposed regulations affect all Virginia localities, but may particularly affect the more agriculturally oriented parts of the Commonwealth.

Projected Impact on Employment

The proposed regulations may moderately increase business and hence employment at some of the following types of small firms: 1) private contractors and consultants that perform conservation planning and implementing services for farmers, 2) sellers of fencing materials, livestock watering systems, fertilizer, and farming machinery that improves efficiency and productivity and minimizes nonpoint source pollution, and 3) tourism-related businesses. Commercial fisheries may encounter increased numbers of aquatic life to process and hence have need for more employees.

Effects on the Use and Value of Private Property

The proposed regulations may moderately increase business and hence value for some of the following types of firms: 1) private contractors and consultants that perform conservation planning and implementing services for farmers, 2) sellers of fencing materials, livestock watering systems, fertilizer, and farming machinery that improves efficiency and productivity and minimizes nonpoint source pollution, and 3) tourism-related businesses. Commercial fisheries may encounter increased numbers of aquatic life and hence have more product to sell, potentially increasing firm value. Improved water quality may also raise property (real estate) values.

Small Businesses: Costs and Other Effects

The proposed regulations will not produce costs for small businesses, but may moderately increase business for some of the following types of small firms: 1) private contractors and consultants that perform conservation planning and implementing services for farmers, 2) sellers of fencing materials, livestock watering systems, fertilizer, and farming machinery that improves efficiency and productivity and minimizes nonpoint source pollution, and 3) tourism-related businesses. Small commercial fisheries may encounter increased numbers of aquatic life and hence have more product to sell.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed regulations do not adversely impact small businesses.

Real Estate Development Costs

To the extent that water quality is improved, the proposed regulations may in some cases reduce real estate development costs through reduced need to address polluted water on development sites.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or

other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.