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HOUSE BILL NO. 1804

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on _____
on _____)

(Patron Prior to Substitute--Delegate Bloxom)

A BILL to amend and reenact §§ 28.2-1308, 33.2-247, and 62.1-44.15:23 of the Code of Virginia, relating to tidal wetland mitigation bank credits.

Be it enacted by the General Assembly of Virginia:

1. That §§ 28.2-1308, 33.2-247, and 62.1-44.15:23 of the Code of Virginia are amended and reenacted as follows:

§ 28.2-1308. Standards for use and development of wetlands; utilization of guidelines.

A. For the purposes of this section, "river watershed" means the Potomac River Basin, Shenandoah River Basin, James River Basin, Rappahannock River Basin, Roanoke and Yadkin Rivers Basin, Chowan River Basin (including the Dismal Swamp and Albemarle Sound), Tennessee River Basin, Big Sandy River Basin, Chesapeake Bay and its Small Coastal Basins, Atlantic Ocean, York River Basin, and the New River Basin.

B. The following standards shall apply to the use and development of wetlands and shall be considered in the determination of whether any permit required by this chapter should be granted or denied:

- 1. Wetlands of primary ecological significance shall not be altered so that the ecological systems in the wetlands are unreasonably disturbed; and
- 2. Development in Tidewater Virginia, to the maximum extent practical, shall be concentrated in wetlands of lesser ecological significance, in vegetated wetlands which have been irreversibly disturbed before July 1, 1972, in nonvegetated wetlands which have been irreversibly disturbed prior to January 1, 1983, and in areas of Tidewater Virginia outside of wetlands.

26 ~~B-C.~~ The provisions of guidelines and minimum standards promulgated by the Commission
27 pursuant to § 28.2-1301 shall be considered in applying the standards listed in subsection ~~A of this section~~
28 B.

29 ~~C-D.~~ When any activity authorized by a permit issued pursuant to this chapter is conditioned upon
30 compensatory mitigation for adverse impacts to wetlands, the applicant may be permitted to satisfy all or
31 part of such mitigation requirements by the purchase or use of credits from any wetlands mitigation bank,
32 including any banks owned by the permit applicant, that has been approved and is operating in accordance
33 with applicable federal and state guidance, laws, or regulations for the establishment, use and operation
34 of mitigation banks as long as (i) the bank is in the same fourth order subbasin, as defined by the hydrologic
35 unit boundaries of the National Watershed Boundary Dataset or by the hydrologic unit system or dataset
36 utilized and depicted or described in the bank's approved mitigation banking instrument, as the impacted
37 site, or in an adjacent subbasin within the same river watershed, as the impacted site, or it meets all the
38 conditions found in clauses (a) through (d) and either clause (e) or (f) ~~of this subsection~~; (ii) the bank is
39 ecologically preferable to practicable on-site and off-site individual mitigation options, as defined by
40 federal wetland regulations; and (iii) the banking instrument, if approved after July 1, 1996, has been
41 approved by a process that included public review and comment. When the bank is not located in the same
42 subbasin or adjacent subbasin within the same river watershed as the impacted site, the purchase or use of
43 credits shall not be allowed unless the applicant demonstrates to the satisfaction of the Commission that
44 (a) the impacts will occur as a result of a Virginia Department of Transportation linear project or as the
45 result of a locality project for a locality whose jurisdiction encompasses multiple river watersheds; (b)
46 there is no practical same river watershed mitigation alternative; (c) the impacts are less than one acre in
47 a single and complete project within a subbasin; (d) there is no significant harm to water quality or fish
48 and wildlife resources within the river watershed of the impacted site; and either (e) impacts within the
49 Chesapeake Bay watershed are mitigated within the Chesapeake Bay watershed as close as possible to the
50 impacted site or (f) impacts within subbasins 02080108, 02080208, and 03010205, as defined by the
51 National Watershed Boundary Dataset, are mitigated in-kind within those subbasins as close as possible
52 to the impacted site. After July 1, 2002, the provisions of clause (f) shall apply only to impacts within

53 subdivisions of the listed subbasins where overlapping watersheds exist, as determined by the Department
54 of Environmental Quality, provided the Department has made such a determination by that date. For the
55 purposes of this subsection, the hydrologic unit boundaries of the National Watershed Boundary Dataset
56 or other hydrologic unit system may be adjusted by the Department of Environmental Quality to reflect
57 site-specific geographic or hydrologic information provided by the bank sponsor.

58 ~~D. E.~~ Where an agreed-upon permit condition requires the contribution of in-lieu fees to offset
59 permitted wetland losses, the wetlands board shall credit the applicant for any in-lieu fee payments made
60 to the Virginia Aquatic Resources Trust Fund or another dedicated wetlands restoration fund with
61 reference to the same activity.

62 ~~For the purposes of this section, "river watershed" means the Potomac River Basin, Shenandoah~~
63 ~~River Basin, James River Basin, Rappahannock River Basin, Roanoke and Yadkin Rivers Basin, Chowan~~
64 ~~River Basin (including the Dismal Swamp and Albemarle Sound), Tennessee River Basin, Big Sandy~~
65 ~~River Basin, Chesapeake Bay and its Small Coastal Basins, Atlantic Ocean, York River Basin, and the~~
66 ~~New River Basin.~~

67 F. Notwithstanding any provision of this section restricting the location of the source of credits, an
68 applicant may be permitted to purchase or use tidal wetland mitigation credits from an approved wetland
69 mitigation bank located in an adjacent river watershed when such bank contains substantially the same
70 plant community type and salinity regime as the impacted wetlands, which shall be the preferred form of
71 compensation. This subsection shall apply only (i) to wetland mitigation banks and (ii) when a wetland
72 mitigation bank with substantially the same plant community type and salinity regime as the impacted
73 wetlands is not available in the same river watershed as the impacted wetland.

74 **§ 33.2-247. Wetlands mitigation banking.**

75 A. For the purposes of this section, "river watershed" means the Potomac River Basin, Shenandoah
76 River Basin, James River Basin, Rappahannock River Basin, Roanoke and Yadkin Rivers Basin, Chowan
77 River Basin (including the Dismal Swamp and Albemarle Sound), Tennessee River Basin, Big Sandy
78 River Basin, Chesapeake Bay and its Small Coastal Basins, Atlantic Ocean, York River Basin, and New
79 River Basin.

80 B. When authorization is required by federal or state law for any project affecting wetlands and
81 such authorization is conditioned upon compensatory mitigation for adverse impacts to wetlands, the
82 Commissioner of Highways is authorized to expend funds for the purchase of, or is authorized to use,
83 credits from any wetlands mitigation bank, including any owned by the Department of Transportation,
84 that has been approved and is operating in accordance with applicable federal and state guidance, laws, or
85 regulations for the establishment, use, and operation of mitigation banks as long as (i) the bank is in the
86 same fourth order subbasin, as defined by the hydrologic unit boundaries of the National Watershed
87 Boundary Dataset or by the hydrologic unit system or dataset utilized and depicted or described in the
88 bank's approved mitigation banking instrument, as the impacted site, or in an adjacent subbasin within the
89 same river watershed as the impacted site, or it meets all the conditions found in clauses (a) through (d)
90 and either clause (e) or (f); (ii) the bank is ecologically preferable to practicable on-site and off-site
91 individual mitigation options, as defined by federal wetland regulations; and (iii) the banking instrument,
92 if approved after July 1, 1996, has been approved by a process that included public review and comment.
93 When the bank is not located in the same subbasin or adjacent subbasin within the same river watershed
94 as the impacted site, the purchase or use of credits shall not be allowed unless the Commissioner of
95 Highways demonstrates to the satisfaction of the agency requiring compensatory mitigation that (a) the
96 impacts will occur as a result of a Department of Transportation linear project; (b) there is no practical
97 same river watershed mitigation alternative; (c) the impacts are less than one acre in a single and complete
98 project within a subbasin; (d) there is no significant harm to water quality or fish and wildlife resources
99 within the river watershed of the impacted site; and either (e) impacts within the Chesapeake Bay
100 watershed are mitigated within the Chesapeake Bay watershed as close as possible to the impacted site or
101 (f) impacts within subbasins 02080108, 02080208, and 03010205, as defined by the National Watershed
102 Boundary Dataset, are mitigated in-kind within those subbasins, as close as possible to the impacted site.
103 After July 1, 2002, the provisions of clause (f) shall apply only to impacts within subdivisions of the listed
104 subbasins where overlapping watersheds exist, as determined by the Department of Environmental
105 Quality, provided the Department of Environmental Quality has made such a determination by that date.
106 For the purposes of this subsection, the hydrologic unit boundaries of the National Watershed Boundary

107 Dataset or other hydrologic unit system may be adjusted by the Department of Environmental Quality to
108 reflect site-specific geographic or hydrologic information provided by the bank sponsor.

109 ~~For the purposes of this section, "river watershed" means the Potomac River Basin, Shenandoah~~
110 ~~River Basin, James River Basin, Rappahannock River Basin, Roanoke and Yadkin Rivers Basin, Chowan~~
111 ~~River Basin (including the Dismal Swamp and Albemarle Sound), Tennessee River Basin, Big Sandy~~
112 ~~River Basin, Chesapeake Bay and its Small Coastal Basins, Atlantic Ocean, York River Basin, and New~~
113 ~~River Basin.~~

114 C. Notwithstanding any provision of this section restricting the location of the source of credits,
115 the Commissioner of Highways may be permitted to purchase or use tidal wetland mitigation credits from
116 an approved wetland mitigation bank located in an adjacent river watershed when such bank contains
117 substantially the same plant community type and salinity regime as the impacted wetlands, which shall be
118 the preferred form of compensation. This subsection shall apply only (i) to approved wetland mitigation
119 banks and (ii) when an approved wetland mitigation bank with substantially the same plant community
120 type and salinity regime as the impacted wetlands is not available in the same river watershed as the
121 impacted wetland.

122 **§ 62.1-44.15:23. Wetland and stream mitigation banks.**

123 A. For purposes of this section:

124 "Physiographic province" means one of the five physiographic provinces of Virginia designated
125 as the Appalachian Plateaus, Blue Ridge, Coastal Plain, Piedmont, and Ridge and Valley physiographic
126 provinces as identified on Figure 2 in the Overview of the Physiography and Vegetation of Virginia
127 prepared by the Department of Conservation and Recreation, Division of Natural Heritage and dated
128 February 2016. The Department of Environmental Quality may adjust the boundaries of a physiographic
129 province to reflect site-specific boundaries based on relative elevation, relief, geomorphology, and
130 lithology provided by the bank sponsor.

131 "Primary service area" means the fourth order subbasin in which the bank is located, as defined by
132 the hydrologic unit boundaries of the National Watershed Boundary Dataset or the hydrologic unit system

133 or dataset utilized and depicted or described in the bank's approved mitigation banking instrument, and
134 any adjacent fourth order subbasin within the same river watershed.

135 "River watershed" means the Potomac River Basin; Shenandoah River Basin; James River Basin;
136 Rappahannock River Basin; Roanoke and Yadkin Rivers Basin; Chowan River Basin, including the
137 Dismal Swamp and Albemarle Sound; Tennessee River Basin/Big Sandy River Basin Complex;
138 Chesapeake Bay and its Small Coastal Basins; Atlantic Ocean; York River Basin; and New River Basin.

139 "Secondary service area" means the area outside the primary service area but within the same
140 physiographic province in which the bank is located and any adjacent physiographic province within the
141 same river watershed.

142 "Tree canopy" includes all of the area of canopy coverage by self-supporting and healthy woody
143 plant material exceeding five feet in height.

144 B. When a Virginia Water Protection Permit is conditioned upon compensatory mitigation for
145 adverse impacts to wetlands or streams, the applicant may be permitted to satisfy all or part of such
146 mitigation requirements by the purchase or use of credits from any wetland or stream mitigation bank in
147 the Commonwealth, or in Maryland on property wholly surrounded by and located in the Potomac River
148 if the mitigation banking instrument provides that the Board shall have the right to enter and inspect the
149 property and that the mitigation bank instrument and the contract for the purchase or use of such credits
150 may be enforced in the courts of the Commonwealth, including any banks owned by the permit applicant,
151 that has been approved and is operating in accordance with applicable federal and state guidance, laws, or
152 regulations for the establishment, use, and operation of mitigation banks as long as (i) the impacted site is
153 located in the bank's primary or secondary service area as provided in subsection C or it meets all the
154 conditions found in clauses (a) through (d) and either clause (e) or (f); (ii) the bank is ecologically
155 preferable to practicable onsite and offsite individual mitigation options as defined by federal wetland
156 regulations; and (iii) the banking instrument, if approved after July 1, 1996, has been approved by a
157 process that included public review and comment. When the impacted site is not located in the bank's
158 primary or secondary service area, the purchase or use of credits shall not be allowed unless the applicant
159 demonstrates to the satisfaction of the Department of Environmental Quality that (a) the impacts will occur

160 as a result of a Virginia Department of Transportation linear project or as the result of a locality project
161 for a locality whose jurisdiction encompasses multiple river watersheds; (b) there is no practical same
162 river watershed mitigation alternative; (c) the impacts are less than one acre in a single and complete
163 project within a subbasin; (d) there is no significant harm to water quality or fish and wildlife resources
164 within the river watershed of the impacted site; and either (e) impacts within the Chesapeake Bay
165 watershed are mitigated within the Chesapeake Bay watershed as close as possible to the impacted site or
166 (f) impacts within subbasins 02080108, 02080208, and 03010205, as defined by the National Watershed
167 Boundary Dataset, are mitigated in-kind within those subbasins, as close as possible to the impacted site.
168 For the purposes of this subsection, the hydrologic unit boundaries of the National Watershed Boundary
169 Dataset or other hydrologic unit system may be adjusted by the Department of Environmental Quality to
170 reflect site-specific geographic or hydrologic information provided by the bank sponsor.

171 C. For impacts to a site for which no credits are available to purchase (i) in the primary service
172 area of any mitigation provider or (ii) at a price below 200 percent of the current price of credits applicable
173 to that site from a Board-approved fund dedicated to achieving no net loss of wetland acreage and
174 functions, a permit applicant may be permitted to purchase or use credits from the secondary service area
175 of a mitigation provider to satisfy all or any part of such applicant's mitigation requirements. For purposes
176 of this subsection, the permit applicant shall provide a determination of credit availability and credit price
177 no later than the time such applicant submits to the Department (a) its proof of credit acquisition or (b) a
178 later change to such proof.

179 If a permit applicant purchases or uses credits from a secondary service area, the permit applicant
180 shall:

181 1. Acquire three times the credits it would have had to acquire from a bank in the primary service
182 area for wetland impacts and two times the number of credits it would have had to acquire in the primary
183 service area for stream impacts;

184 2. When submitting proof of acquisition of credits for a subdivision or development, provide to
185 the Department a plan that the permit applicant will implement that is certified by a licensed professional
186 engineer, surveyor, or landscape architect for the planting, preservation, or replacement of trees on the

187 development site such that the minimum tree canopy percentage 20 years after development is projected
188 to be as follows:

- 189 a. Ten percent tree canopy for a site zoned for business, commercial, or industrial use;
- 190 b. Ten percent tree canopy for a residential site zoned for 20 or more units per acre;
- 191 c. Fifteen percent tree canopy for a residential site zoned for more than eight but fewer than 20
192 units per acre;
- 193 d. Twenty percent tree canopy for a residential site zoned for more than four but not more than
194 eight units per acre;
- 195 e. Twenty-five percent tree canopy for a residential site zoned for more than two but not more than
196 four units per acre; and
- 197 f. Thirty percent tree canopy for a residential site zoned for two or fewer units per acre.

198 For a mixed-use development, the tree canopy percentage required pursuant to this subdivision
199 shall be that which is applicable to the predominant use.

200 The tree canopy requirements established under this subsection shall not supersede any additional
201 requirements imposed by a locality pursuant to § 15.2-961 or 15.2-961.1.

202 D. The Department is authorized to serve as a signatory to agreements governing the operation of
203 mitigation banks. The Commonwealth and its officials, agencies, and employees shall not be liable for
204 any action taken under any agreement developed pursuant to such authority.

205 E. State agencies and localities are authorized to purchase credits from mitigation banks.

206 F. A locality may establish, operate and sponsor wetland or stream single-user mitigation banks
207 within the Commonwealth that have been approved and are operated in accordance with the requirements
208 of subsection B, provided that such single-user banks may only be considered for compensatory mitigation
209 for the sponsoring locality's municipal, joint municipal or governmental projects. For the purposes of this
210 subsection, the term "sponsoring locality's municipal, joint municipal or governmental projects" means
211 projects for which the locality is the named permittee, and for which there shall be no third-party leasing,
212 sale, granting, transfer, or use of the projects or credits. Localities may enter into agreements with private

213 third parties to facilitate the creation of privately sponsored wetland and stream mitigation banks having
214 service areas developed through the procedures of subsection B.

215 G. Notwithstanding any provision of this section restricting the location of the source of credits,
216 the Department may, for tidal wetland impacts, authorize the use of, including without the application of
217 subsection C, an approved wetland mitigation bank located in an adjacent river watershed when such bank
218 contains substantially the same plant community type and salinity regime as the impacted wetlands, which
219 shall be the preferred form of compensation. This subsection shall apply only (i) to approved wetland
220 mitigation banks and (ii) when an approved wetland mitigation bank with substantially the same plant
221 community type and salinity regime as the impacted wetlands is not available in the same river watershed
222 as the impacted wetland.

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