2026 Special Session I

Budget Bill - HB30 (Chapter 1)

Item 283	First Year - FY2027	Second Year - FY2028
Drinking Water Improvement (50800)	**$139,697,000**	**$85,160,285**
Drinking Water Regulation (50801)	$17,731,299	$19,659,384
Drinking Water Construction Financing (50802)	$121,467,545	$65,002,745
Public Health Toxicology (50805)	$498,156	$498,156
Fund Sources:		
General	$69,134,236	$14,597,521
Special	$6,821,355	$6,821,355
Dedicated Special Revenue	$60,105,238	$60,105,238
Federal Trust	$3,636,171	$3,636,171

Authority: §§ 32.1-163 through 32.1-176.7, 32.1-246, 32.1-246.1, and 62.1-44.18 through 62.1-44.19:9, Code of Virginia; and P.L. 92-500, P.L. 93-523 and P.L. 95-217, Federal Code.

A. It is the intent of the General Assembly that the Virginia Department of Health be the agency designated to receive and manage general and nongeneral funds appropriated pursuant to the federal Safe Drinking Water Act of 1996.

B. The fee schedule for charges to community waterworks shall be adjusted to the level necessary to cover the cost of operating the Waterworks Technical Assistance Program, consistent with § 32.1-171.1, Code of Virginia, and shall not exceed $3.00 per connection to all community waterworks.

C. Out of this appropriation, $1,500,000 the first year and $1,500,000 the second year from the general fund shall be provided to the Virginia Department of Health to implement a Water Sampling Verification Program. The program shall ensure sampling is valid and representative of the actual water quality and conditions at the waterworks.

D. Out of this appropriation, $6,464,800 the first year from the general fund is provided as state match for additional federal awards for the Drinking Water State Revolving Fund from the Infrastructure Investment and Jobs Act (P.L. 117-58).

E. Out of this appropriation, $3,624,600 the first year and $3,624,600 the second year from the general fund is provided as state match for additional federal awards for the Drinking Water State Revolving Fund from the Safe Drinking Water Act.

F. Out of this appropriation, $1,803,598 the first year and $1,803,598 the second year from the general fund shall be provided to ensure compliance with the Safe Drinking Water Act, National Primary Drinking Water Regulations,

Virginia Public Water Supplies Law, Virginia Waterworks Regulations, and to support Office of Drinking Water programs.

G.1. The unexpended balance remaining at the close of business on June 30, 2026, in the appropriation made in Item 280 I., Chapter 725, 2025 Acts of Assembly, shall not revert to the general fund but shall be carried forward and reappropriated for this purpose consistent with the funding offers made by December 1, 2025.

2. Out of this appropriation, $50,000,000 the first year from the general fund shall be provided for the Virginia Department of Health to provide one-time grants to localities to upgrade or replace existing drinking water infrastructure. The Department shall use existing guidelines established pursuant to Item 280 I., Chapter 725, 2025 Acts of Assembly. The Department may consider previous applications submitted pursuant to Item 280 I., Chapter 725, 2025 Acts of Assembly, as well as new applications.

3. To receive a grant, localities must provide proof of at least a 25 percent match for the cost of a project. No grant to a locality shall fully fund a drinking water project.

4. The Department shall report to the Chairs of the Senate Finance and Appropriations and House Appropriations Committees on the number of applications received for grants, the total grants and grant amounts awarded, the localities to which grants will be awarded, and the description of drinking water infrastructure projects for which the grants will be used no later than December 1, 2026.

5. After allocating funds for H.1., priority consideration shall be given to the Town of Orange, Town of Jarratt, and Town of Blackstone. Priority consideration shall also be given to Fairfax County only for the purposes of providing assistance for local governments and well owners to connect to the public surface water systems when reasonably available.

6. The Department may use up to $500,000 of the funds in paragraph G.2. for administration costs of providing drinking water infrastructure grants to localities.

7. Any unexpended balances in paragraph G.2. at the close of business on June 30, 2027, shall not revert to the general fund but shall be carried forward and reappropriated for this purpose.

H.1. Out of the amounts in G.2. the Department shall allocate no less than $20,000,000 to the City of Richmond which shall be designated for the purposes of capital improvements and repairs to the City of Richmond's Water Treatment Plant as set forth in the Virginia Department of Health's Comprehensive Waterworks Evaluation and Cost Estimate report dated April 8, 2025, and pursuant to recommendations of the Richmond Regional Water Workgroup established in this Item. Funding for the capital improvements and repairs is contingent upon the execution of a memorandum of understanding among the City of Richmond and the Virginia Department of Health. In the event the Virginia Department of Health issues a grant agreement covering the same roles and obligations, execution of a separate memorandum of understanding shall be optional and the grant agreement shall serve as the governing instrument. The memorandum of understanding and any associated grant agreement must be executed by August 31, 2026, and such agreement shall include the process and conditions related to the disbursement of funds from the Virginia Department of Health to the City of Richmond. The agreement shall also include provisions pertaining to the maintenance of effort by the City related to capital improvements and repairs to and the operations and maintenance of its water treatment plant. These funds may not be used to supplant other local, state, or federal funds dedicated for capital improvements and repairs to and operations and maintenance of the City of Richmond's Water Treatment Plant.

2. The Richmond Regional Water Workgroup shall be established and shall include ten members: the Secretary of Health and Human Resources, or a designee, who shall be chair of the Workgroup; the Director of the Department of General Services or a designee, who shall be a full-time employee of the Department of General Services; the chief administrative officer and director of public utilities of the City of Richmond or a designee; the chief

administrative officer and director of public utilities of the County of Chesterfield or a designee; the chief administrative officer and director of public utilities of the County of Hanover or a designee; and the chief administrative officer and director of public utilities of the County of Henrico or a designee. Additional members may be appointed at the discretion of the Secretary of Health and Human Resources based on expertise or service area. A quorum of the Workgroup shall consist of six members, with at least one member from three of the four participating localities present. At its first meeting to be held in or before August, 2026, the Workgroup shall elect from among its members a vice-chair. Meetings of the Workgroup shall be held at the call of the chair, and no fewer than six meetings shall be held each year. The Secretary of Health and Human Resources shall staff the Workgroup.

3. The Richmond Regional Water Workgroup shall: (i) review and make recommendations concerning the program for maintenance of and capital improvements and repairs to the City of Richmond's Water Treatment Plant to ensure its reliability as a supplier of drinking water; (ii) review and make recommendations concerning the staffing, operations, and long term sustainability of the City of Richmond's Water Treatment Plant to ensure its reliability as a supplier of drinking water; (iii) review and identify compliance concerns for any party to a wholesale water contractual agreementfor the provision of drinking water; and (iv) prepare, publish, and deliver a report of its findings, recommendations, and use of funding in this Item to the Governor, the Chair of the Senate Finance and Appropriations Committee and the Chair of the House Appropriations Committee, and the chief elected officers of the City of Richmond, and the counties of Chesterfield, Hanover, and Henrico each year by November 1. The Workgroup shall continue to monitor compliance with the grant agreement until all funds provided in this Item have been disbursed and the projects for which the funds were provided have been completed, or until such time as any other state funds appropriated or granted for the Richmond Water Treatment Plant are similarly disbursed and executed.