

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 533** HLS 17RS 918
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 17, 2017 8:52 AM	Author: HUNTER
Dept./Agy.: Health, Environmental Quality, and Public Service Com	Analyst: Patrice Thomas
Subject: Safe Drinking Water Testing By Water Systems	

WATER/DRINKING WATER OR INCREASE GF EX See Note Page 1 of 2
 Provides relative to drinking water standards

Proposed law requires every water system, whether public or privately owned or managed, to comply with primary and secondary drinking water standards established by the US Environmental Protection Agency (US EPA). Proposed law requires all water systems to perform monthly testing. If secondary standards are greater than maximum contaminant level for two consecutive months, proposed law requires water systems to test for primary contaminant levels within 5 days. If there is a water boil notice, proposed law requires testing for primary contaminant levels within 5 days. Under proposed law, if primary standards are greater than maximum contaminant level, water systems must notify public via radio and television within 24 hours after and newspaper within 48 hours after receiving the testing result. Propose law requires the Dept. of Environmental Quality (DEQ), LA Dept. of Health (LDH), and Public Service Commission to enforce this measure as well as conduct inspections. Proposed law requires water systems to submit monthly reports to LDH, DEQ, and PSC for publishing on the agency's website or face penalties.

(Bill Summary Continued on Page 2)

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	SEE BELOW					
Annual Total						

EXPENDITURE EXPLANATION

This measure is anticipated to result in significant increase in state expenditures within the Department of Environmental Quality (DEQ) or the LA Department of Health (LDH) and the Public Service Commission as well as a significant increase in local expenditures of water systems by an indeterminable amount as discussed below.

Public and Privately Owned or Managed Water Systems

The proposed legislation is anticipated to result in a significant increase in costs to local water systems by an indeterminable amount as a result of the following additional requirements: (1) monthly water testing for conformance with secondary drinking water standards established by the U.S. Department of Environmental Protection (US EPA); (2) water treatment needed to meet all secondary drinking water standards; (3) testing to meet primary drinking water standards established by the US EPA after a boil water advisory notice; and (4) potential public notification via radio, telephone, and newspapers in the event of boil water advisory. Proposed legislation authorizes all water systems to request funding from the Interim Emergency Board (IEB). To the extent water systems request IEB funding to comply with this measure, state expenditures may increase by an indeterminable amount. There are over 1,337 water systems in the state. Information provided by LDH indicates that monthly testing of secondary drinking water standards will cost water systems \$3,300 annually as well as the cost of treating over 300 community water systems to meet secondary standards at over \$1 billion. In FY 16, water systems issued 1,487 boil water advisories. Under this legislation, water systems are required to test for primary contaminants after each boil water advisories. The cost of testing for primary contaminants is projection at \$4,375 per advisory.

The proposed legislation does not specify which agency, DEQ or LDH, is responsible enforcing the provisions of this measure. Therefore, the response from both departments assumes full responsibility for enforcement.

Continue on Page 2

REVENUE EXPLANATION

This proposed legislation creates penalties including civil fines on water systems that fail to comply with this measure. However, the legislation does not specify an amount or indicate how fines are to be deposited and expended. The Legislative Fiscal Office (LFO) assumes fines will be available to mitigate enforcement cost by the Dept. of Environmental Quality, LA Dept. of Health, and Public Service Commission. In addition, the LFO cannot anticipate the amount of funding that may be collected in penalties and civil fines from water systems that fail to comply with this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
Evan Brasseaux
Staff Director

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 533** HLS 17RS 918
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 17, 2017 8:52 AM **Author:** HUNTER
Dept./Agy.: Health, Environmental Quality, and Public Service Com **Analyst:** Patrice Thomas
Subject: Safe Drinking Water Testing By Water Systems

CONTINUED EXPLANATION from page one:

Page 2 of 2

(CONTINUED BILL SUMMARY Continued from Page 1)

If inspections show imminent danger to human health, proposed law requires LDH to appoint a fiscal administrator for the water system. Proposed law provides for the duties of the fiscal administrator. Proposed law requires LDH, DEQ, and PSC to determine penalties under this measure. If no penalties are determined, proposed law defaults to penalties and civil fines established by the US EPA. Proposed law authorizes water systems to request an appropriation through the Interim Emergency Board (IEB) to bring systems into compliance with primary and secondary standards. Proposed law outlines a priority for IEB funding. If water systems fail to meet drinking water standards of this measure for three consecutive days, proposed law requires PSC to implement a policy wherefore consumers receive prorated reductions on their water bills.

(CONTINUED EXPENDITURE EXPLANATION Continued from Page 1)

Department of Environmental Quality (DEQ)

To the extent that DEQ is required to test and inspect drinking water under this measure, the proposed legislation is anticipated to result in a significant increase in expenditures by an indeterminable amount. The proposed legislation requires the Department of Environmental Quality (DEQ) to do the following: (1) conduct random unannounced inspections of drinking water systems to determine compliance; and (2) maintain results of water testing and inspections on the department's website. Information provided by DEQ indicates the need for additional 15 positions to meet the workload increase of water testing and inspections under this measure. However, maintaining water system test results on the department's website under this measure is anticipated to result in a negligible impact. Presently, DEQ enforces the Clean Water Act regarding water pollution and wastewater treatment, not drinking water or groundwater. Therefore, the Legislative Fiscal Office (LFO) anticipates that DEQ would only be required to post the results of water testing by the local water system on the department's website.

LA Department of Health (LDH), Office of Public Health (OPH)

This measure is anticipated to result in a significant increase in state expenditures by an indeterminable amount within the LA Dept. of Health (LDH), Office of Public Health (OPH) as they will be required to conduct random unannounced inspections of water systems to determine compliance with this measure, and maintain results of water testing and inspections on the department's website. In addition, proposed legislation requires OPH to appoint a fiscal administrator of a water system if imminent danger to human health is determined during an inspection. Current statute (R.S. 40:5.6) prohibits OPH from charging public water systems a fee for regulatory activities including testing. To the extent water sample testing is performed by the LDH lab, it is anticipated to cost an additional \$3.7 M for primary drinking water contaminants levels and \$2.7 M for monthly drinking water testing for secondary drinking water contaminant levels. Information provided by OPH indicates the need for an additional 25 positions (15 Sanitarians and 10 Engineers) to meet the workload increase additional water testing and inspections under this measure. However, the number of positions depends of how many water systems are unable to comply with monthly water testing because of funding; thereby requiring OPH to conduct testing and inspections as required by current statute. OPH can utilize existing resources with minimal cost to post the results of water testing by the local water system on the department's website.

Public Service Commission (PSC)

This measure is anticipated to result in a significant increase in state expenditures by an indeterminable amount within the Public Service Commission (PSC) as a result of expanding regulation of public water system to ensure the issuance of refunds to customers when water systems fail to meet drinking water standards of this measure for three consecutive days. Information provided by PSC indicates the need for additional 5 positions to meet the workload increase under this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux
Evan Brasseaux
Staff Director