

LEGISLATIVE FISCAL OFFICE

Fiscal Note



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

Date: May 22, 2017 3:48 PM	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 EG 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 certain secondary drinking water standards established by the US Environmental Protection Agency (US EPA). Proposed law limits secondary drinking water standards to color, corrosivity, iron and manganese. Proposed law requires all water systems to perform regular established by federal and state law. 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 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.

(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 increase state expenditures within the LA Department of Health (LDH) as well as a significant increase in expenditures of water systems within the town of St. Joseph by an indeterminable amount as discussed below. The proposed legislation applies only to municipalities with a population great than 1,100 but less than 1,180 located within a parish with a population less than 6,000 using the latest 2010 federal census. The Legislative Fiscal Office (LFO) has identified only one municipality that meets the above criteria - Town of St. Joseph in Tensas Parish.

Public Water Systems, Town of St. Joseph

The proposed legislation is anticipated to result in a significant increase in costs to local water systems within the town of St. Joseph by an indeterminable amount as a result of the following additional requirements: (1) regular (quarterly) water testing for conformance with secondary drinking water standards established by the U.S. Department of Environmental Protection (US EPA); (2) testing to meet primary drinking water standards established by the US EPA after a boil water advisory notice; and (3) potential public notification via radio, telephone, and newspapers in the event of boil water advisory. Information provided by LDH indicates that quarterly testing of secondary drinking water standards may cost the water systems \$1,100 annually. In FY 16, water systems within the town of St. Joseph issued 13 boil water advisories. Under this legislation, water systems are required to test for primary contaminants after each boil water advisory. The cost of testing for primary contaminants is projection at \$4,375 per advisory. Therefore, the town of St. Joseph may potentially have expenditures of \$56,875 for primary contaminant testing (13 boil water advisories x \$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.

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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}

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Staff Director

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CONTINUED EXPLANATION from page one: Page 2 of 2

(CONTINUED BILL SUMMARY Continued from Page 1)

Proposed law requires water systems to submit testing reports to LDH, DEQ, and PSC for publishing on the agency’s website or face penalties. If inspections show an imminent danger to human health, proposed law authorizes 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. Proposed law applies to any municipality with a population great than 1,100 but less than 1,180 located within a parish with a population less than 6,000 using the latest 2010 federal census.

(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 proposed legislation, there is no anticipated impact on the department’s expenditures as a result of this measure. The proposed legislation requires the Department of Environmental Quality (DEQ) to do the following: (1) conduct random unannounced inspections of drinking water systems within St. Joseph to determine compliance, and (2) maintain results of water testing and inspections on the department’s website. Information provided by DEQ indicates that providing the required information under this measure can be accomplished with existing resources. Presently, DEQ enforces the Clean Water Act regarding water pollution and wastewater treatment, not drinking water or groundwater. Therefore, the LFO anticipates that DEQ would only be required to post the results of water testing by the water system located within St. Joseph on the department’s website, which is anticipated to be minimal.

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

This measure is anticipated to result in an 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 St. Joseph’s 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 authorizes OPH to appoint a fiscal administrator of a St. Joseph’s water system if an 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 \$12,090 for primary drinking water contaminants levels and \$668 for quarterly drinking water testing for secondary drinking water contaminant levels. Information provided by OPH indicates the need for an additional 2 positions (1 Sanitarian and 1 Engineers) to meet the workload increase additional water testing and inspections of the town of St. Joseph under this measure. However, the number of positions depends if water systems within the town of St. Joseph are unable to comply with quarterly 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)

There is no anticipated direct material effect on expenditures within Public Service Commission (PSC) as a result of this measure. The proposed legislation requires the PSC to expand 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. In accordance with the Constitution Article IV, Section 2(C), the PSC is prohibited from regulating public water systems. Therefore, the PSC cannot regulate public water systems within the town of St. Joseph.

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