

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 1117** HLS 14RS 2378

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 23, 2014 8:25 AM	<b>Author:</b> JOHNSON
<b>Dept./Agy.:</b> Environmental Quality	<b>Analyst:</b> Matthew LaBruyere
<b>Subject:</b> Water Remediation	

ENVIRONMENT/WATER

OR INCREASE SD EX See Note

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Provides for water remediation standards

Proposed law creates a groundwater resource classification system for the Department of Environmental Quality to use in developing minimum remediation standards.

Proposed law provides for a classification system based on the use of the aquifer, such as for public water supply, the yield of the aquifer, the quality of the groundwater in terms of concentrations of total dissolved solids, and the aquifer's location relative to other aquifers of differing classification.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The proposed legislation would result in a significant increase in statutory dedicated fund (Environmental Trust Fund and Motor Fuel Underground Storage Trust Fund) and potentially SGF expenditures as a result of changing the classification system for groundwater. The proposed legislation decreases the threshold for the amount of water pumped from the aquifer for Groundwater Classification 2 from a minimum of 800 gallons per day to a minimum of 150 gallons per day and decreases the Groundwater Classification 3 from less than 800 gallons per day to less than 150 gallons per day. By decreasing the threshold of amounts pumped daily, it is likely that more aquifers would be monitored by the Department of Environmental Quality (DEQ) and need site remediation. According to DEQ, there are potentially hundreds of sites that now may require monitoring and remediation by the department as a result of the proposed legislation.

**Permit Modifications**

According to DEQ, there are currently 70 sites in Assessment Monitoring. DEQ estimates that potentially 50 of the sites may need corrective action under the proposed legislation. To the extent these sites need corrective action, permit modifications will be needed. Permit modifications will include confirmation and determination of groundwater classification, software analysis, review of existing permits, parameters, standards, and revise monitoring zones. To handle permit modifications, DEQ estimates 6 positions (4 geologists, 1 scientist, and 1 supervisor) will be **(CONTINUED ON PAGE 2)**

**REVENUE EXPLANATION**

The proposed legislation may result in an increase in statutory dedicated Environmental Trust Fund (ETF) revenues as a result of more sites needing corrective action. To the extent a site changes from assessment monitoring to corrective action, the permit must be modified, which is a \$1,320 fee. In addition, there is a per year, per permit cost of \$10,395 on corrective action sites. According to DEQ, there are currently 50 sites in assessment monitoring. DEQ estimates that potentially 50 of the sites may need corrective action under the proposed legislation. To the extent 50 sites need to modify permits, \$66,000 (\$1,320 permit fee x 5 sites) in fees would be generated and \$519,750 (\$10,395 per year fee x 50 sites) would be generated by the annual fee. The total amount generated in FY 15 would be \$585,750 (\$66,000 permit fee + \$519,750 annual permit fee) and \$519,750 in the following years.

According to DEQ, there are potentially hundreds of sites that now may require monitoring and remediation by the department as a result of the proposed legislation. To the extent additional sites would need permits or modified permits, DEQ may potentially collection revenue above and beyond what is mentioned above.

- |                                                                                  |                            |       |                                                                                            |
|----------------------------------------------------------------------------------|----------------------------|-------|--------------------------------------------------------------------------------------------|
| Senate                                                                           | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}                  |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}      |                            |       | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

*Evan Brasseaux*  
**Evan Brasseaux**  
**Staff Director**

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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE:**

needed at a cost of \$571,600 (salaries and benefits) and an additional \$15,500 for operating expenses for total cost of \$587,100. SGF resources may be needed in the event Environmental Trust Fund cannot fund for the new positions.

**Site Remediation**

DEQ also states that the sites will require more intense remediation as the standards increase. Currently, the average cost to remediate a site is approximately \$250,000. The average time it takes to remediate a site is approximately 8.5 years. According to the department, the proposed legislation would result in an increase of approximately \$230,000 for each site, which would result in \$480,000 in remediation costs. The increase in remediation costs is due to the increased standards that the groundwater will have to meet as a result of the legislation. To the extent all 50 sites would require approximately \$230,000 in additional remediation costs, the department would spend approximately \$11.5 M (\$230,000 cost x 50 sites) over the 50 remediation sites. To the extent more sites will need remediation, this amount may increase. It should be noted that remediation costs vary by site.

In addition to the \$11.5 M discussed above, the department states that it will need additional staff to handle the increased workload of remediating more sites. The department estimates 4 positions (3 scientists and 1 manager) will be needed in FY 15 at a cost of \$373,000 (salaries, related benefits, and operating expenses). Costs would be paid out of the Environmental Trust Fund and Motor Fuel Underground Storage Trust Fund. The total annual costs for new positions would be \$951,000 (\$578,000 for permit positions + \$373,000 for remediation positions).

**FY 16 and Subsequent Years**

In FY 16 and subsequent years, the department estimates it would need an additional 5 positions (3 scientists and 2 project specialists) for a cost of \$415,000 (salaries, related benefits, and operating expenses). These positions may be needed by the department if more sites than are anticipated need remediation. The total personnel costs in FY 16 and subsequent years would be \$788,000. FY 16 and subsequent year costs would be \$1.37 M (\$578,000 for permit positions + \$788,000 for remediation positions).

The department also estimates that approximately 120 new sites may be added to the Underground Storage Tank Program as a result of the proposed legislation and potentially 500 sites within the Hazardous Waste Site Cleanup Program. To the extent additional sites are added, additional positions may be needed.

While the LFO believes DEQ will see an increased workload, the LFO cannot determine the exact number of positions and amount of resources that will be needed to handle increased remediation of sites by the department. However, any increase in sites by DEQ that are not currently remediated by the department will require additional staff and resources.

Senate Dual Referral Rules House  6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}  6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*

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