

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 995** HLS 16RS 1722
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

| | |
|--|--------------------------------|
| Date: May 31, 2016 4:50 PM | Author: JONES |
| Dept./Agy.: Health & Hospitals/Office of Public Health | Analyst: Patrice Thomas |
| Subject: Increases the Admin. Fee for Safe Drinking Water Program | |

WATER/DRINKING WATER RE +\$13,461,600 SG RV See Note Page 1 of 1
 Increases the safe drinking water administration fee

Proposed law increases the administration fee for the Safe Drinking Water Program from \$3.20 (water systems retain \$0.32) to \$12 (water systems retain \$0.60). Proposed law provides that water systems shall collect the \$12 fee in monthly installments from customers and remitted in quarterly payments to OPH. Proposed law requires that the fee revenue shall be used as follows: (1) comply with the federal Safe Drinking Water Act; (2) fund up to 40 sanitarian positions within the Safe Drinking Water Program within the Office of Public Health (OPH); and (3) \$500,000 to the LA Rural Water Association, a non-profit organization. Proposed law renames the administration fee the "Safe Drinking Water Fee".

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

| REVENUES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$13,461,600 | \$13,461,600 | \$13,461,600 | \$13,461,600 | \$13,461,600 | \$67,308,000 |
| 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 | | | | | | |

EXPENDITURE EXPLANATION

The proposed legislation requires all revenue generated from the fee increase to be used by the Office of Public Health (OPH) as follows: (1) comply with the federal Safe Drinking Water Act; (2) fund up to 40 sanitarian positions within the Safe Drinking Water Program within the Office of Public Health (OPH); and (3) transfer \$500,000 to the LA Rural Water Association. The annual cost of a sanitarian position is approximately \$96,000 (\$65,000 average salary plus \$31,000 related benefits).

REVENUE EXPLANATION

Office of Public Health

The proposed legislation increases Fees and Self-Generated Revenues by \$13,461,600 in FY 17 and in future fiscal years within the Department of Health & Hospitals, Office of Public Health (OPH). The proposed legislation increases the existing administration fee of the Safe Water Drinking Program from \$3.20 (water systems retain \$0.32) to \$12 (water systems retain \$0.60). See table below.

| | Number of Customers | Current Fee | Proposed Fee | Projected Revenue Increase |
|--------------------------|---------------------|-------------|--------------|----------------------------|
| Safe Drinking Water Fee* | 1,580,000 | \$2.88 | \$11.40 | \$13,461,600 |

*Amount of fee submitted to OPH from water systems

Public Water Systems

The proposed legislation increases the Safe Water Drinking Program administration fee retained by water systems from \$0.32 to \$0.60. To the extent some of the 1,341 water systems are owned by local governmental units, the \$0.28 fee increase is anticipated to increase local revenues by an indeterminable amount.

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| Senate | <u>Dual Referral Rules</u> | House |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" 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
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