

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



Fiscal Note On: **SCR 59** SLS 13RS 1640

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 13, 2013 9:27 AM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> DHH/Office of Public Health	<b>Analyst:</b> Jennifer Katzman
<b>Subject:</b> Public Water Systems	

SANITARY CODE

OR SEE FISC NOTE GF EX

Page 1 of 2

Directs the state health officer and the Department of Health and Hospitals, office of public health, to provide for certain limitations relative to actions or rules requiring modification of certain existing community water systems.

Proposed legislation would limit the application of the Ten State Standards to public water supply systems in Louisiana. They would serve as a recommendation or guide for review of plans and specifications submitted with an application for a permit for a new public water supply system or for modification of an existing one, but not as a requirement for any public water supply systems. Instead, permits shall be issued in accordance with the National Primary Drinking Water Standards. In addition, no public water supply system shall be required to make modifications unless the Office of Public Health (OPH) can demonstrate that it is not in compliance with the National Primary Drinking Water Standards.

<b>EXPENDITURES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</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	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	(\$16,800,000)	(\$18,362,000)	(\$18,362,000)	(\$18,362,000)	(\$18,362,000)	<b>(\$90,248,000)</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>(\$16,800,000)</b>	<b>(\$18,362,000)</b>	<b>(\$18,362,000)</b>	<b>(\$18,362,000)</b>	<b>(\$18,362,000)</b>	<b>(\$90,248,000)</b>

**EXPENDITURE EXPLANATION**

To the extent that OPH continues its current level of enforcement and monitoring functions relative to the Public Water System Supervision (PWSS) program as a result of the proposed resolution, it is assumed that these costs will need to be funded with \$4.6 M in SGF. Currently, OPH expends \$4,623,000 in Federal funds on the operating expenses associated with monitoring and regulating drinking water through public water supply systems throughout the state. These expenses are funded through the Public Water System Supervision Grant (\$1.4 M) & the State Revolving Fund (SRF) Capitalization Grant (\$3.2 M) from the federal Environmental Protection Agency (EPA). However, the EPA requires that OPH have primary enforcement authority (primacy) over the PWSS program in order to retain the grant funds. A letter from the EPA regarding this legislation states that certain provisions listed within the proposed resolution limit OPH "from adopting future regulations or from effectively enforcing existing regulations that take a proactive and preventative approach to protecting human health" since they reduce OPH's authority to implement and enforce sanitary survey requirements. The letter further states that this directly contradicts the EPA's regulatory intent to prevent contamination from reaching consumers. Therefore, with the passage of this proposed resolution, it is anticipated that OPH will be in danger of losing its primacy to the EPA and losing the Federal grant awards beginning in FY 14. Once primacy reverts to the EPA, it is unknown whether the PWSS program's operational costs will be assumed by the EPA or if OPH will continue to be responsible for these functions and costs.

**Expenditure Explanation Continued on Page 2**

**REVENUE EXPLANATION**

OPH is susceptible to losing the Federal revenues from the Public Water System Supervision Grant and the SRF Capitalization Grant in the amount of approximately \$16.8 M in FY 14 and \$18.3 M in subsequent years as a result of the proposed resolution.

Note: The FY 14 SRF Capitalization Grant award is less than subsequent years due to sequestration reductions.

In FY 14, approximately \$15.4 M in SRF Capitalization Grant funds were awarded for low-interest loans in the state's Safe Drinking Water Revolving Loan Fund for infrastructure modifications to current public water supply systems with a percentage allocated to OPH for administrative and operating costs. With the proposed legislation, OPH will no longer be the primary enforcement authority for the PWSS program, and this source of Federal funding will be threatened. The reduced Federal revenue loss increases to \$16.9 M in FY 15 after sequestration reductions are non-recurred.

The remaining \$1.4 M is from the Public Water System Supervision Grant to be used for monitoring and regulating public water supply systems. Since the proposed legislation sets the regulatory standards for public water supply systems and limits OPH's rule making and enforcement authority, OPH is susceptible to losing this source of federal revenue as well and will need SGF to continue these operational functions at their current level.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input checked="" type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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}

**John D. Carpenter**  
**Legislative Fiscal Officer**

LEGISLATIVE FISCAL OFFICE  
Fiscal Note



Fiscal Note On: SCR 59 SLS 13RS 1640

Bill Text Version: ORIGINAL

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 13, 2013 9:27 AM	<b>Author:</b> DONAHUE
<b>Dept./Agy.:</b> DHH/Office of Public Health	<b>Analyst:</b> Jennifer Katzman
<b>Subject:</b> Public Water Systems	

**CONTINUED EXPLANATION from page one:**

**Continued Expenditure Explanation**

In addition, this legislation will remove the Ten State Standards as a current requirement for public water systems and make it a recommendation only since standardized enforcement of the Ten State Standards would have increased local costs by a substantial amount. As the requirement stands in the 1974 State Sanitary Code (Part XIII section 8.2.2) and through final rule in September of 2012, some local public water systems would have to make significant modifications in order to be in compliance with the Ten State Standards. Specific costs depend on the status of each local government's current public water system. Therefore, with the implementation of this proposed resolution, the future costs to modify current local public water systems in order to fully comply with the Ten State Standards is eliminated.

Senate

Dual Referral Rules

House

- |  |  |
|--|--|
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input checked="" type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {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} |

**John D. Carpenter**  
**Legislative Fiscal Officer**