

# Individual State Agency Fiscal Note

<b>Bill Number:</b> Z-0051.4	<b>Title:</b> Water discharge fees	<b>Agency:</b> 461-Department of Ecology
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**Part I: Estimates**

No Fiscal Impact

**Estimated Cash Receipts to:**

ACCOUNT	FY 2014	FY 2015	2013-15	2015-17	2017-19
Water Quality Permit Account-State 176-1	183,784	379,309	563,093	1,370,892	2,250,342
<b>Total \$</b>	183,784	379,309	563,093	1,370,892	2,250,342

**Estimated Expenditures from:**

NONE

**Estimated Capital Budget Impact:**

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates,*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 08/30/2012
Agency Preparation: Mike Herold	Phone: 360-407-6434	Date: 09/04/2012
Agency Approval: Erik Fairchild	Phone: 360-407-7005	Date: 09/04/2012
OFM Review:	Phone:	Date:

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## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Background: A wastewater discharge permit is required for disposing waste material into “waters of the state.” Ecology’s existing permit program is designed to have permit fees offset the cost of Ecology’s inspections, permit-writing, and other costs to operate the program. Current permit fees from the municipal wastewater category fall short of fully supporting the costs incurred in administering the category. Ecology sets specific fee rates by rule within statutory parameters and Ecology attempts to set fee levels that are equitable among different fee categories.

This bill would modify the statute to allow Ecology to raise municipal permit fee rates to improve equity. This bill would also allow periodic adjustments of statutory fee maximums for municipal wastewater permits based on the fiscal growth factor.

Section 1(2) would amend RCW 90.48.465 to change annual domestic wastewater facility permit fees for municipalities as follows:

- Allow a minimum permit fee to be charged to a municipality in cases where the fee based on Residential Equivalent (RE) is less than the minimum fee. This change would allow, but not require, imposition of a minimum fee. A minimum fee could be established in a future rule.
- Raise the maximum fee rate that may be charged to municipalities from the current 18 cents per month to 20 cents per month per RE. Although this change would allow Ecology to increase revenue through rulemaking, it would not require that the permit fees be raised to the level of 20 cents.
- Require that the annual fee limitations of RE-based maximum fees rise in accordance with the fiscal growth factors established through the procedures of the Expenditure Limitation Committee. Although this would allow Ecology to increase municipal wastewater permit fee rates through its existing rulemaking authority, it would not require that the permit fees be raised to the level that would be allowed under this proposed condition. Any future increases would be proposed through the normal budget development process for legislative action.

Rulemaking: This bill would allow for these provisions to be included in rule-making during changes to the water quality permit fee. Ecology already does rule-making for permit fees following every biennial budget. The changes in this bill would be incorporated into that existing rule-making, which would have no additional fiscal impact.

Revenue: This bill would allow changes to the water quality permit fee structure, addressed in statute, to be set through rule-making. Any fee increases as a result of rule-making would be proposed through a future budget process. This bill would have no direct revenue impact. A likely scenario that would develop from this bill and a separate budget request is presented here as the increased revenue impact. The maximum additional revenue from municipal wastewater facility permit fees that any fiscal growth factor increases this bill would allow is contained in the revenue tables of this fiscal note.

Please note that Ecology has proposed a related decision package PL AK Water Discharge Fees: Ecology has proposed that a fiscal growth factor fee increase of up to 4.55% in FY 2014 and up to 4.63% to be authorized in the

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2013-15 operating budget bill for permittees in each permit fee category that is not supporting the cost of administering the permits in its category. The estimated revenue for 2013-15 would be approximately \$1,222,851. This revenue and an associated request for increased expenditure appropriation are in the decision package. The revenue in the decision package is based on the budget request and includes fiscal growth factor increases for all fee payers including the municipalities, while the revenue related to this bill is only from the domestic wastewater fees paid by municipalities.

Lead Agency Assumptions: This bill would revise the municipal fee cap but not authorize Ecology to increase the fees. The bill, by itself, would not increase the municipal wastewater facility permit fees, but rather establish the new statutory limit for the municipal permit fees that are based on REs. This bill would also authorize, but not require, Ecology to charge the municipalities the greater of a minimum fee or a fee calculated on the basis of the RE.

## **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Any increase to permit fees could be authorized by the legislature in the operating budget bill. It is reasonable to assume that if such an increase was authorized, that Ecology would increase permit fees for the domestic wastewater permit fees paid by municipal facilities that are subject to the limitations contained in the proposed bill. The actual amount by which such fees would rise would depend on future rulemaking by Ecology.

The revenue projected for purposes of this fiscal note is for fiscal growth factor increases on municipal wastewater facility permit fees. The revenue is based on past fees paid by the municipal facilities, the usual fiscal growth factor increase authorized in previous biennia, and estimates of the future fiscal growth factors.

Under this scenario, permit fees for municipal domestic wastewater in 2014 would be increased from the 2013 rate by the draft 2014 FGF of 4.55%. Permit fees for municipalities in 2015 would be increased from the 2014 rate by the estimated 2015 FGF of 4.63%. Permit fees for municipalities during 2016-2019 would be increased each year by an estimated annual FGF of 4.55%.

## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## **Part III: Expenditure Detail**

### **III. A - Expenditures by Object Or Purpose**

NONE

## **Part IV: Capital Budget Impact**

NONE

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

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