

HOUSE BILL REPORT

HB 1649

*As Reported By House Committee on:
Environmental Affairs
Revenue*

Title: An act relating to municipal water discharge permit fees.

Brief Description: Updating municipality water discharge fees.

Sponsor(s): Representative Rust; by request of Department of Ecology and Office of Financial Management.

Brief History:

Reported by House Committee on:
Environmental Affairs, March 5, 1991, DPS;
Revenue, March 9, 1991, DPS(ENA).

**HOUSE COMMITTEE ON
ENVIRONMENTAL AFFAIRS**

Majority Report: *That Substitute House Bill No. 1649 be substituted therefor, and the substitute bill do pass.*
Signed by 9 members: Representatives Rust, Chair; Valle, Vice Chair; Horn, Ranking Minority Member; Bray; Brekke; G. Fisher; Phillips; Pruitt; and Sprenkle.

Minority Report: *Do not pass.* Signed by 3 members: Representatives Edmondson, Assistant Ranking Minority Member; Neher; and D. Sommers.

Staff: Harry Reinert (786-7110).

Background: Initiative 97, approved by the voters in 1988, included a provision directing the Department of Ecology to establish a fee schedule for pollution discharges for which the discharger has a permit. The department was directed to establish an initial fee schedule by March 1, 1990. The fee schedule may be adjusted every two years. The fees are to be based on the complexity of permit issuance and compliance. They may also be based on the level and toxicity of the pollutants discharged. The fees are to be set to fully recover the department's costs in processing permits, conducting inspections, obtaining laboratory analysis, and reviewing plans. In April 1990, the department adopted the fee schedule.

The initiative set a maximum fee that may be imposed on municipal domestic wastewater facility permits. The fee may not exceed five cents per residence per month.

Summary of Substitute Bill: The maximum fee for municipal domestic wastewater facility permits is increased to 15 cents per residence per month.

Substitute Bill Compared to Original Bill: The original bill eliminated the cap on the maximum permit fee that may be imposed on municipal wastewater facilities. The substitute bill raises the cap from five to 15 cents.

Fiscal Note: Available. The substitute was requested March 6, 1991.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The Department of Ecology's effluent permit program is severely underfunded. The cap included in the current law means that local governments do not pay their fair share of the administrative costs of the program. This means that industrial permit holders will be subsidizing the costs of the program unless the cap is removed.

Testimony Against: Eliminating the municipal cap essentially gives the Department of Ecology a blank check to set whatever fee it sees fit. Many local governments are already facing severe financial problems as they attempt to come into compliance with the secondary sewage treatment standards. Raising this fee will put even more financial strain on these governments.

Witnesses: Mike Llewelyn, Department of Ecology (pro); Kathleen Collins, Association of Washington Cities (con on original bill); Ed Thorpe, Executive Director, Coalition for Clean Water (con on original bill); Denise Lahmann, City of Centralia (con on original bill); Bruce Wishart, Sierra Club and Citizens Toxic Coalition (pro); Chris Hedrick, Puget Sound Water Quality Authority (pro); Kris Backus, Association of Washington Business (pro); and Joe Daniels, Washington State Association of Water/Wastewater Districts (con on original bill).

**HOUSE COMMITTEE ON
REVENUE**

Majority Report: *The substitute bill by Committee on Environmental Affairs be substituted therefor and the substitute bill do pass.* Signed by 11 members:

Representatives Wang, Chair; Fraser, Vice Chair; Holland, Ranking Minority Member; Wynne, Assistant Ranking Minority Member; Belcher; Brumsickle; Day; Morris; Phillips; Rust; and Silver.

Minority Report: *Do not pass.* Signed by 1 member: Representative Morton.

Staff: Harry Reinert (786-7110).

Summary of Recommendation of Committee on Revenue Compared to Recommendation of Committee on Environmental Affairs: No new changes were recommended.

Fiscal Note: Available. Requested March 6, 1991 for the substitute.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The 15 cent cap is fair. It will require the Legislature to review future increases.

Testimony Against: The substitute bill will cause industry to subsidize the permit system for municipalities. The original bill was more fair.

Witnesses: Carol Jolly, Department of Ecology (preferred original bill); Kathleen Collins, AWC (pro); Chris Backes, AWB (preferred original bill); Llewellyn Matthews, NW Pulp and Paper Association (con on substitute bill); and Bruce Wishart, Sierra Club (preferred original bill).