

SENATE BILL REPORT

SB 5534

AS REPORTED BY COMMITTEE ON WAYS & MEANS, MARCH 11, 1991

Brief Description: Modifying conditions regarding water discharge permit fees.

SPONSORS: Senators Metcalf and Matson.

SENATE COMMITTEE ON ENVIRONMENT & NATURAL RESOURCES

Majority Report: That Substitute Senate Bill No. 5534 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Metcalf, Chairman; Oke, Vice Chairman; Conner, Owen, and Snyder.

Minority Report: Do not pass.

Signed by Senators Barr, Patterson, and Sutherland.

Staff: Gabrielle Horner (786-7717)

Hearing Dates: February 6, 1991; February 21, 1991

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5534 be substituted therefor, and the second substitute bill do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bauer, Bluechel, Cantu, Hayner, Johnson, Matson, Metcalf, Newhouse, L. Smith, and West.

Minority Report: Do not pass.

Signed by Senators L. Kreidler, Niemi, Rinehart, Talmadge, and Williams.

Staff: Michael Groesch (786-7715)

Hearing Dates: March 11, 1991

BACKGROUND:

Federal and state law requires the Department of Ecology to administer a point source wastewater discharge permit program for the protection of state water quality. All entities discharging wastewater into state waters must pay a fee to obtain a discharge permit.

State law enacted by Initiative 97 (I-97) in 1988 requires Ecology to fully recover all eligible costs of operating the permit program. Eligible costs include permit processing, permit compliance monitoring and evaluation, laboratory analysis, reviewing permittee operating plans, and overhead

expenses directly related to these activities. Enforcement of permit compliance is not an eligible cost.

Initiative 97 allows Ecology to consider the economic impact of fees on small dischargers and to provide for appropriate fee adjustments, and also limits fees paid by municipal dischargers to five cents per month per household. In many cases the costs to administer such dischargers' permits exceeds this limit. Full recovery of the costs of the program would require adding this differential to the fees paid by other dischargers.

SUMMARY:

Permit fees shall be established in amounts to recover 50 percent of the eligible expenses incurred by the department.

A "cap" of five cents per month per household on the fees paid by municipalities for domestic wastewater facility permits is removed.

EFFECT OF PROPOSED SUBSTITUTE:

Permit fees are to be established in amounts to recover fee eligible expenses provided for in existing law, except for indirect and overhead program expenses determined by rule. Fee eligible expenses are not to include program enforcement, or the department's administrative overhead.

\$14.6 million is appropriated from the water quality permit account to the department for administering the permit program in the 1991-93 biennium. \$4 million of this appropriation is a one-time addition to the program's budget, recoverable from permit fees, and provided solely for permit program improvements recommended by the Efficiency Commission, and to identify and regulate point source dischargers.

Future permit program fees are limited to a 6 percent biennial increase commencing July 1, 1993. The first fee increase is to be based upon and added to a "core" program budget (\$10.6 million), established by subtracting the one-time "surcharge" (\$4 million) for program improvements from the appropriated 1991-93 permit program budget (\$14.6 million).

The department is directed to convene and consult with a permit fee advisory committee to review proposed fee increases. Municipal credits for comprehensive monitoring are not to exceed 4 percent of annual municipal permit fees. \$100,000 is appropriated from the general fund to offset municipal and small discharger permit costs, subject to existing department policy.

The department is to structure permit monitoring requirements so that if baseline sampling discloses no measurable or potential adverse effects to state waters, biota, or sediments, a reduced schedule may apply. Coordinated ambient monitoring by permittees discharging into the same receiving waters is authorized, subject to department approval.

Permittees can request that the department contract with third parties, contingent upon state and federal requirements, to prepare permits or permit applications.

A department report to the Legislature, detailing program expenses and collected fees, is to be submitted in November of each even year, instead of annually. Additional report requirements include actual costs for representative permits in municipal and industrial categories, recommendations for permit program cost reductions, and recommendations for alternative approaches to control point source dischargers.

EFFECT OF PROPOSED SECOND SUBSTITUTE:

Sections dealing with appropriations, contracting provisions, and use of permit fees as credits for matching grants are eliminated. Total discharge fees collected within a biennium may not exceed the appropriations from the water discharge permit account.

Appropriation: none

Revenue: yes

Fiscal Note: requested February 22, 1991

TESTIMONY FOR (Environment & Natural Resources):

Removing the cap on municipal discharge permit fees will provide a more equitable distribution of permit fee rates among municipal and industrial dischargers. A reduction in the proportion of program expenses recoverable by permit fees will help dischargers meet increasing fee costs, but does not address concerns with the program's financial and operational efficiency.

TESTIMONY AGAINST: (Environment & Natural Resources):

Public subsidy of the permit program's expenses contradicts the intention of Initiative 97. Dischargers must pay the full cost of regulating their license to pollute.

TESTIFIED (Environment & Natural Resources): Carol Jolly, Department of Ecology; Bruce Wishart, Sierra Club (con); Kathleen Collins, Association of Washington Cities (pro); Ed Thorpe, Coalition for Clean Water (pro); Kathy Fletcher (con); Kathy Callison, Puget Sound Alliance (con); Jeff Parsons, Audubon Society (con); Kris Backes, Association of Washington Business (pro)

TESTIMONY FOR (Ways & Means):

The bill provides incentives to control the costs of the program. The advisory committee provides a forum for permittees to participate in the program oversight.

TESTIMONY AGAINST (Ways & Means):

The bill will create an increased cost to the general fund. The costs should be borne by the permittees. A programmatic cap will delay cleanup of Puget Sound.

TESTIFIED (Ways & Means): Bill Fritz, WA Food Processors Council (pro); Carol Jolly, Dept. of Ecology; Bruce Wishart, Louanne Houck, Sierra Club, CTCC (con); Kris Backes, AWB (pro); Ed Thorpe, Coalition for Clean Water (pro); Kathleen Collins, AWC (pro)