

HOUSE BILL REPORT

SSB 5364

As Reported by House Committee On:

Environment
Ways & Means

Title: An act relating to public water system operating permits.

Brief Description: Concerning public water system operating permits.

Sponsors: Senate Committee on Environment, Water & Energy (originally sponsored by Senators Swecker, Pridemore, Fraser, Nelson, Honeyford, Shin and Morton; by request of Department of Health).

Brief History:

Committee Activity:

Environment: 3/8/11, 3/15/11 [DPA];

Ways & Means: 3/30/11, 3/31/11 [DP(w/oENVI amd)].

Brief Summary of Substitute Bill

- Removes the statutory operating permit fees for Group A public water systems and satellite system management agencies.
- Requires the Department of Health to establish operating permit fees for Group A public water systems and satellite system management agencies by rule with certain limitations.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass as amended. Signed by 9 members: Representatives Uptegrove, Chair; Rolfes, Vice Chair; Fitzgibbon, Jacks, Jinkins, Morris, Moscoso, Takko and Tharinger.

Minority Report: Do not pass. Signed by 5 members: Representatives Short, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Nealey, Pearson and Taylor.

Staff: Courtney Barnes (786-7194).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Group A Public Water System Operating Permit Fees.

Group A public water systems have 15 or more service connections, or regularly serve 25 or more people on 60 or more days per year. Group A public water systems must apply to the Department of Health (DOH) for an annual operating permit. A new permit application must be submitted upon any change in ownership of the system. Any person operating a public water system on July 28, 1991, may continue to operate the system until the DOH takes final action on a permit application.

The DOH may require each application to include information that is reasonable and necessary to determine that the system complies with application standards and requirements of the federal Safe Drinking Water Act and state law. The DOH must act on permit applications within 120 days of receipt of the application or of any supplemental information required to complete the application.

Each application must be accompanied by an annual fee as set in statute. The current annual fees are as follows:

- \$25 for public water systems serving 15 to 49 service connections;
- \$1.50 per service connection for public water systems serving 50 to 3,333 service connections;
- \$1.50 per service connection plus 10 cents for each service connection in excess of 3,333 service connections for water systems serving 3,334 to 53,333 service connections; and
- \$10,000 for public water systems serving 53,334 or more service connections.

Satellite System Management Agency Fees.

In addition to the annual operating permit fees, the DOH may charge an additional one-time fee of \$5 for each service connection in a new water system. The DOH must issue one operating permit to any approved satellite system management agency, as defined by the DOH. The operating permit fee for approved satellite system management agencies is \$1 per connection, per year for the total number of connections under the management of the approved satellite agency.

Summary of Amended Bill:

Group A Public Water System Operating Permit Fees.

The statutory fees for Group A public water systems operating permits are removed. The DOH must adopt rules establishing categories of annual operating permit fees based on system size, complexity, and number of service connections. Fees charged must be sufficient to cover, but may not exceed, the costs to the DOH of administering a program for safe and reliable drinking water. The DOH must use operating permit fees to monitor and enforce compliance by Group A public water systems with state and federal laws that govern planning, water use efficiency, design, construction, operation, maintenance, financing, management, and emergency response.

The annual per-connection fee may not exceed \$1.50. The DOH must phase-in the implementation of any annual fee increase greater than 10 percent and establish the schedule for implementation by rule.

Satellite System Management Agency Fees.

The statutory fees for approved satellite system management agencies operating permits are removed. Operating permit fees for approved satellite system management agencies must be established by the DOH by rule. Rules established by the DOH must set a single fee based on the total number of connections for all Group A public water systems owned by a satellite system management agency.

Other.

The bill removes the provision that allows a person operating a public water system on July 28, 1991, to continue operating the system until the DOH takes final action on a permit application. The bill removes provisions creating a committee to create draft rules for water systems having fewer than 500 service connections.

Amended Bill Compared to Substitute Bill:

The amended bill removes the provision limiting the annual operating permit fee for any public water system to not greater than \$100,000 prior to 2020.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 16, 2011.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The bill will help the Office of Drinking Water protect public drinking water systems. The fees in the bill apply only to Group A public water systems. These fees have not been increased since they were enacted in 1991. While the bill makes a large increase in fees, there are limitations on annual increases. The maximum fee allowed under the bill is \$100,000. The bill funds an important program, and the fee is designated for drinking water protection.

(Opposed) None.

Persons Testifying: Senator Swecker, prime sponsor; Denise Clifford, Department of Health; and Dave Williams, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass without amendment by Committee on Environment. Signed by 16 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Carlyle, Cody, Dickerson, Haigh, Hudgins, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Seaquist, Springer and Sullivan.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Chandler, Haler, Hinkle, Parker, Ross, Schmick and Wilcox.

Staff: Amy Skei (786-7109).

Summary of Recommendation of Committee On Ways & Means Compared to Recommendation of Committee On Environment:

The underlying bill, as passed by the Ways and Means Committee, includes a provision that limits the annual operating permit fee for any public water system to not greater than \$100,000 prior to 2020. The bill as amended by the Environment Committee removed this provision.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The fees in the bill have been set in statute since 1991 but have not been changed since they were enacted. The bill will change the fee structure for Group A water systems only. As drafted, the bill has both a per-connection fee cap and an overall cap of \$100,000, which affects large municipal systems with many connections. The overall cap of \$100,000 was removed in an amendment, but the cap should be restored.

Many Group A water systems are small, and the smaller systems cause most of the safe drinking water violations. The bill will increase technical, managerial, and financial support for smaller systems to increase their long-term sustainability.

(In support with concerns) Switching from fees set by statute that are set by rule is a significant change. Larger systems will be subsidizing smaller systems under the new fee structure so the bill should be amended to restore the \$100,000 cap for larger systems. The bill includes water use efficiencies, which are very important.

(Opposed) None.

Persons Testifying: (In support) Gregg Grunenfelder, Department of Health.

(In support with concerns) Steve Robinson, Center for Environmental Law and Policy; and Dave Williams, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.