

HOUSE BILL REPORT

HB 1275

As Reported by House Committee On:
Environment

Title: An act relating to domestic wastewater facilities permit discharge fees.

Brief Description: Regarding water discharge fees.

Sponsors: Representatives Hunt, Upthegrove, Dunshee and Ryu; by request of Department of Ecology.

Brief History:

Committee Activity:

Environment: 1/30/13, 2/21/13 [DP].

Brief Summary of Bill

- Authorizes the Department of Ecology, in setting fees for domestic municipal wastewater permits, to charge the greater of either a minimum fee adopted by rule, or an annual fee of up to 20 cents per month for each residence or residential equivalent contributing to the wastewater system.
- Requires the wastewater permit fee cap of 20 cents per month per residence to rise in step with the fiscal growth factor, starting July 1, 2015.

HOUSE COMMITTEE ON ENVIRONMENT

Majority Report: Do pass. Signed by 7 members: Representatives Upthegrove, Chair; McCoy, Vice Chair; Farrell, Fey, Kagi, Liias and Morris.

Minority Report: Do not pass. Signed by 6 members: Representatives Short, Ranking Minority Member; Pike, Assistant Ranking Minority Member; Crouse, Nealey, Overstreet and Tharinger.

Staff: Jacob Lipson (786-7196).

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.

The federal Clean Water Act establishes the National Pollutant Discharge Elimination System (NPDES), which regulates wastewater discharges. The NPDES permitting authority is delegated to the state, allowing the Department of Ecology (Department) to issue wastewater permits to cities and counties. The NPDES permits are required for anyone, including a municipality, who discharges wastewater to state surface waters. In addition to NPDES permits, a state wastewater discharge permit is also required for municipal wastewater discharge into either surface or groundwater. Municipal dischargers of wastewater into surface waters must apply for a joint NPDES-state waste discharge permit, while municipal wastewater dischargers into groundwater must apply for a state waste discharge permit.

Wastewater discharge permits place limits on the quantity and type of contaminants that may be discharged. Permits may require wastewater treatment or impose other operating conditions, including monitoring, reporting, and spill prevention planning. The NPDES and state wastewater discharge permits are valid for five years.

The Department collects wastewater permit fees that cover both state and NPDES permits. The fee amount is based on the complexity of permit issuance and compliance, and may also consider pollutant loading in the receiving water body and the toxicity of the discharged wastewater. Fees may not exceed the Department's costs associated with issuing and administering the permit, which include reviewing the permit application and other planning documents, monitoring permit compliance, conducting inspections, and supporting directly-related overhead. The fee amount that the Department may establish is capped at 18 cents per residence or residential equivalent contributing to the municipality's wastewater system.

The fiscal growth factor is the average growth in state personal income for the prior 10 years. A 2009 law temporarily authorized the Department to increase wastewater fees up to the fiscal growth factor in fiscal years 2010 and 2011.

Summary of Bill:

The Department is authorized to set wastewater permit fees for municipalities at the greater of either a minimum fee adopted by rule, or an annual fee of up to 20 cents per month for each residence or residential equivalent contributing to the wastewater system. The increase in the maximum fee cap to 20 cents per month per residence does not, by itself, entail an increase in the Department's fees charged for wastewater permits; instead, the Department completes a biennial rule-making process to establish the wastewater permit fee schedule. Starting July 1, 2015, the municipal wastewater discharge fee cap of 20 cents per month will rise each year by the amount of the fiscal growth factor. Minimum fees adopted by the Department by rule are not tied to the fiscal growth factor.

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) This bill would raise the cap on how much the Department can charge municipal wastewater permit holders, and allow a minimum annual fee, which would increase the equity in the relative amounts paid by permit holders. This bill would remedy the current situation where small facilities currently pay less than their fair share of permit fees, and where a few large facilities have to pay more than it costs the Department to administer their permits. This bill would also be a step toward fixing the fact that municipal wastewater permit holders, as a group, do not pay enough to cover the Department's municipal wastewater permitting costs, which results in funds being pulled in from elsewhere, including holders of other types of permits. The wastewater statute requires full funding from permit fee collection, but this statutory requirement is not being met. This bill is not quite as good of a solution as implementing an actual fee-for-service based on the amount of time that the Department spends on each permit; however, because there are other problems with that approach, this bill is an acceptable solution.

By tying the fee cap increase to the fiscal growth factor, the Department will not have to continually come back to the Legislature to ask for a fee cap increase, since the cap will automatically rise slowly over time. This bill would not automatically result in an increase in the fees charged by the Department to permit holders; instead, it would allow future fees charged to certain permit holders to be raised to up to the cap amount, or above a minimum fee established by rule. Any rise in fees to municipal wastewater permit holders would cause only very small cost impacts on homeowners, who might see a two cent per month increase in their bills.

(With concerns) The rule-making around the minimum fee would be burdensome to small cities, which might see substantial increases in their wastewater permit fee costs. We would want there to be a period of adjustment built in to any fee changes to help impacted municipalities. The Legislature should provide specific direction to the Department regarding how the agency should implement any fee changes. An evaluation of the benefits municipalities get from the wastewater permit program is warranted, as is an evaluation of whether there are other types of permit holders that currently do not pay enough to cover the Department's administrative and oversight costs.

(Opposed) None.

Persons Testifying: (In support) Representative Hunt, prime sponsor; Don Seeberger, Department of Ecology; Ed Thorpe, Coalition for Clean Water; and Bruce Wishart, People for Puget Sound and Puget Soundkeeper.

(With concerns) Carl Schroeder, Association of Washington Cities.

Persons Signed In To Testify But Not Testifying: None.