

# HOUSE BILL REPORT

## HB 1468

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### 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:** Representatives Jinkins, Upthegrove, Stanford, Chandler, Tharinger and Hunt; by request of Department of Health.

### Brief History:

#### Committee Activity:

Environment: 2/1/11, 2/4/11 [DPS];

Ways & Means: 2/16/11, 2/23/11 [DPS(ENVI)].

#### 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.

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### HOUSE COMMITTEE ON ENVIRONMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Upthegrove, 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:

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*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.

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### **Summary of Substitute 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. Rules established by the DOH prior to 2020 must limit the annual operating permit fee for any public water system to no greater than \$100,000.

#### 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.

#### **Substitute Bill Compared to Original Bill:**

The substitute bill specifies how the operating permit fees must be used by the DOH. The substitute bill limits the annual per-connection fee and operating permit fee. The substitute bill requires the DOH to phase-in fees for any annual fee increase greater than 10 percent. The substitute bill sets a single fee for satellite system management agencies.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute 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 increase fees, but the increase is necessary to fully support the DOH's Office of Drinking Water. The current fees have been on the books for 20 years. The bill attempts to create balance by allowing the DOH to set fees by rule. The bill creates a stable funding source for the DOH and provides some relief to the state's General Fund. The DOH needs the means to support both large and small drinking water systems. Group B systems are not supported by the bill. The bill also cleans up some old language that is no longer necessary.

(In support with concerns) The municipal water law was enacted after 1991 and the bill may need to be amended to incorporate changes made by the municipal water law. The fees charged by the DOH should be based on the system size and the increments should also be examined. The bill may need to be revised so that public water systems have enough notice to prepare for a fee increase.

(With concerns) Switching from fees set by statute to fees that are set by rule is a significant change. The bill needs some constraints, including a cap on the amount charged.

(Opposed) None.

**Persons Testifying:** (In support) Representative Jenkins, prime sponsor; Denise Clifford, Department of Health; Bill Clark, Washington Public Utility District Association; Drew Noble, H2O Management Services; and Jeff Johnson, Water Cooperative of Pierce County.

(In support with concerns) Steve Robinson, Center for Environmental Law and Policy; Steve Lindstrom, Sno-King Water District Coalition; and Bob Mack, Tacoma Public Utilities.

(With concerns) Dave Williams, Association of Washington Cities.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON WAYS & MEANS

**Majority Report:** The substitute bill by Committee on Environment be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Carlyle, Cody, Dickerson, Haigh, Hudgins, Hunt, Kagi, Kenney, Ormsby, Pettigrew, Seaquist and Springer.

**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:**

No new changes were recommended.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute 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) Tap water needs to be safe to drink. The water fee increases would be phased in over three years. The bill has a cap on fees for large systems that has been agreed on. The water systems that the Department of Health works with are in agreement with the fee increases. This is included in the Governor's budget.

(Opposed) None.

**Persons Testifying:** Mary Selecky, Washington State Department of Health.

**Persons Signed In To Testify But Not Testifying:** None.