

Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number:** HB 2366

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron:** Edward T. Scott

3. **Committee:** Passed Both Houses

4. **Title:** Water systems; chronically noncompliant systems

5. **Summary/Purpose:** The legislation defines "chronically noncompliant waterworks" and authorizes localities to acquire chronically noncompliant waterworks. Legislation also requires the Board of Health to develop regulations to implement a program to identify chronically noncompliant water systems and create additional mechanisms or enforcement options to eliminate underperforming systems.

6. **Fiscal Impact Estimates are Final:** See item #8.

Expenditure Impact:

	<i>Dollars</i>		
<i>Fiscal Year</i>	<i>GF</i>	<i>NGF</i>	<i>Positions</i>
2006-07	-	-	0.0
2007-08	\$75,000	-	0.0
2008-09	\$75,000	-	0.0
2009-10	\$75,000	-	0.0
2010-11	\$75,000	-	0.0
2011-12	\$75,000	-	0.0

7. **Budget amendment necessary:** No, see Item 8.

8. **Fiscal implications:** The conferees recommended and the General Assembly adopted a budget amendment in FY 2008 for \$75,000 to implement the bill, which will cover the costs in future years if the appropriation remains in the agency's base.

The legislation directs the Virginia Department of Health (VDH) to develop regulations to implement a program to identify chronically noncompliant water systems and to create additional mechanisms or enforcement options to eliminate underperforming systems. This process (of eliminating underperforming systems) has been attempted in only a few states. Currently, North Carolina and Maryland are operating similar programs and their experience shows the process to be complex as noted in the JLARC study, "Performance and Oversight of Virginia's Small Community Drinking Water Systems". These states have attempted to limit the extent of governmental regulations while protecting public health.

VDH has identified that there will be an immediate (short term) fiscal impact to accomplish the items required under this legislation. These services would focus on the research of

existing state programs (related to this effort) and the associated statutory and financial requirements for a successful implementation. The consultant would need to develop regulations, draft statutory language, and document program parameters designed to identify chronically noncompliant water systems.

9. Specific agency or political subdivisions affected: Virginia Department of Health

10. Technical amendment necessary: None.

11. Other comments: Legislation is identical to SB 998.

Date: 3/14/2007

Document: HB2366.doc

cc: Secretary of Health and Human Resources