

Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number:** HB 2366H1
- House of Origin** ☐ Introduced ☒ Substitute ☐ Engrossed
- Second House** ☐ In Committee ☐ Substitute ☐ Enrolled
2. **Patron:** Edward T. Scott
3. **Committee:** Health, Welfare and Institutions
4. **Title:** Water systems; chronically noncompliant systems
5. **Summary/Purpose:** This legislation proposes to amend the *Code of Virginia* by adding a section numbered 32.1-174.4, requiring 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	\$90,000	-	1.0
2008-09	\$85,000	-	0.0
2009-10	\$85,000	-	0.0
2010-11	\$85,000	-	0.0
2011-12	\$85,000	-	0.0

7. **Budget amendment necessary:** Yes. Item # 294. Drinking Water Improvements (50801)
8. **Fiscal implications:** The revised 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. Finally, VDH would need to create additional mechanisms or enforcement options to eliminate underperforming systems based on the details of the research. This approach would allow VDH to complete the requirements of the legislation without expanding current staff allocations. The alternative of using existing staff is not viable because VDH employs only one Enforcement/Compliance Officer within the Office of Drinking Water to cover the state.

This legislation was based on the recommendations in the JLARC Study that first requires the development of regulations and a program (mechanisms and enforcement options) for the elimination of underperforming systems. The next step is to adopt the regulations and ultimate legislation that would give VDH the authority and funding to eliminate these underperforming systems. An effective “abandonment” program will need to include technical, legal, financial, and programmatic support to be successful.

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

10. Technical amendment necessary: None.

11. Other comments: Legislation is similar to SB998ES1.

Date: 2/9/2007

Document: HB2366H1.doc

cc: Secretary of Health and Human Resources