

## Department of Planning and Budget 2007 Fiscal Impact Statement

1. **Bill Number:** HB 3134H1

**House of Origin** ☐ Introduced ☒ Substitute ☐ Engrossed

**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Harvey B. Morgan

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Onsite sewage systems; operation and maintenance program

5. **Summary/Purpose:** Requires the Board of Health to establish a program for the operation and maintenance of all onsite sewage systems. Requires regular inspection and reporting on the maintenance of such systems, and creates a special fund to cover the costs of the program. Also requires licensure, by the Board of Waterworks and Wastewater Works, of operators of alternative onsite sewage systems. Sewage Handlers, accredited system inspectors, or licensed operators must report the results of their field visits using the commercially available web-based reporting system and the fee to report will be \$1.00. Substitution also establishes the Onsite Operation and Maintenance Fund, which will be used to support the operation and maintenance of onsite systems. The bill specifies that the \$1.00 fee for filing a report will be used to establish the Fund to train operators and to support the web-based reporting system. The bill also eliminated the Fund as a source of revenue to license operators. As with the original bill, the substitute language defines the terms “alternative” and “conventional” onsite sewage systems; “operation”; “maintenance”, and “operator”. It requires the Board of Health to establish a program to require operation and maintenance for all onsite sewage systems, which requires owners of alternative onsite systems to have their systems operated by a licensed operator and visited by the operator as specified in the operation permit; regulations developed in consultation with the Board of Waterworks and Wastewater Works Operators to establish education and training; work experience; and knowledge, skills and ability requirements for operators of alternative onsite sewage systems; the sewage handler, accredited system inspector, or licensed operator to provide a report of their site visits; and a statewide web-based reporting system to track operation and operation and management of each system.

6. **Fiscal Impacts are Preliminary:** See item #8.

**Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>		<i>Positions</i>
	<i>GF</i>	<i>NGF</i>	
2006-07	-	-	0.0
2007-08	\$96,200	-	1.0
2008-09	\$215,650	-	1.0
2009-10	\$222,120	-	0.0
2010-11	\$228,783	-	0.0
2011-12	\$235,647	-	0.0
2012-13	\$242,716	-	0.0

**7. Budget amendment necessary:** Yes. Item #565.

**8. Fiscal implications:** In FY 2008, the Virginia Department of Health (VDH) would expect to hire one person to draft regulations and begin the process of developing a request for proposals (RFP) for a new data system provider. Using the midpoint of salary of 60,000 plus 27 percent in benefits, the expected cost of the position is \$76,200. There would be associated costs of \$20,000 for equipment, supplies, meetings for regulation development, and stakeholder collaboration. The position would develop the parameters of the data system and perhaps initiate the RFP. Total FY 2008 expenditures are estimated to be \$96,200.

In FY 2009, VDH would expect to hire one additional support level full-time equivalent at an estimated cost of \$44,450 (\$35,000 plus 27 percent benefits). These two positions would implement the new regulations, monitor and enforce requirements of the bill and regulations, develop a complete system inventory, provide operator training as well as continue educating owners, sewage haulers, and other stakeholders about the requirements of the bill and the web reporting system. These positions would also begin data evaluation and manipulation to manage risks from sewage system operation. The total expenditure in FY 2009 is estimated to be \$120,650 for salary and benefits; \$20,000 for mailings, enforcement, education, and other training provided to stakeholders; and \$75,000 per year for database management (\$215,650 total).

Currently there is not a reliable statewide data concerning the total number of onsite sewage systems in use in the Commonwealth, partly because VDH has not yet captured the existing, or “legacy,” systems in VENIS. In its 2002 Five Year Report, VDH estimated that there were 927,400 households using onsite sewage systems in the Commonwealth. That figure was an extrapolation of the 1997 figure which had been obtained from the 1990 US Census. Unfortunately the 2000 US Census did not report “septic tank or cesspool” usage. Therefore the best estimate of the number of households utilizing onsite sewage systems is obtained by taking the estimate from December 2002 and adding to it the estimated number of onsite systems installed per year. Using the estimate of 20,000 systems installed per year, there are approximately 1,027,400 households in the Commonwealth using onsite sewage systems. Most peer-reviewed papers report that 35 to 40 percent of housing units in Virginia have an onsite sewage system. VDH expects that it would begin receiving monies from the \$1.00 reporting fee in FY 2009. Also, the bill’s proposed definition for “alternative system” is unclear so VDH cannot determine how many sewage systems might be defined as “alternative”. VDH believes that the maximum revenue would be less than \$10,000 per year. General fund support is assumed due to the difficulty in estimating the fee revenues.

**9. Specific agency or political subdivisions affected:** Virginia Department of Health and Department of Professional and Occupational Regulations

**10. Technical amendment necessary:** No.

**11. Other comments:** No.

**Date:** 2/7/07

**Document:** HB3134H1.doc

cc: Secretary of Health and Human Resources