

## **Department of Planning and Budget**

### **2018 Fiscal Impact Statement**

**1. Bill Number:** HB 888

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Orrock

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

**4. Title:** Onsite sewage systems; evaluation and design services.

**5. Summary:** Directs the Department of Health to take steps to eliminate evaluation and design services for onsite sewage systems and private wells provided by the Department. The bill provides specific requirements and a timeline for such elimination.

**6. Budget Amendment Necessary:** See item 8.

**7. Fiscal Impact Estimates:** See item 8.

**8. Fiscal Implications:** This bill, as amended, would have a nongeneral fund fiscal impact on the Commonwealth, however no budget amendment is necessary as the Governor's proposed budget includes an amendment to address the loss of revenue associated with this bill. The proposed amendment creates fees for existing and continuing services, including onsite sewage systems repair, voluntary upgrades, and safe, adequate, and proper (SAP) applications in order to maintain current staffing levels during and after the transition of evaluation and design services to the private sector. If the proposed budget amendment is not included in the final budget, then the provisions of this bill will have a fiscal impact on the Department of Health and the Commonwealth that would require an increase in general fund appropriation to pay for staff during the transition.

The bill directs VDH to shift applications for evaluation and design services for onsite sewage system and private wells to the private sector over a five-year transition period and be the provider of last resort after the transition. Shifting evaluation and design applications for construction permits and certification letters completely to the private sector would result in an estimated revenue loss of \$513,430 annually for the agency.

Between FY 2014 and FY 2016, VDH received an average of 2,510 applications for onsite sewage system construction permits. If all construction applications shift to the private sector, VDH would lose approximately \$502,000 annually based on the current \$200 fee. From FY 2014 through FY 2016, VDH received an average of 381 applications for certification letters. If those applications shift to the private sector, VDH would lose \$11,430 annually based on the current \$30 fee. Without a corresponding budget amendment, VDH

would lose revenue that supports approximately eight Environmental Health Specialist Seniors (EHS Sr.) statewide, based on the median EHS Sr. salary of \$41,563, plus \$21,653 in fringe benefits for a total of \$63,216. These positions are necessary to maintain current onsite sewage services and because the provisions of the bill require VDH to be a provider of last resort in areas with an insufficient number of licensed service providers and for low-income populations. The fees collected for evaluation and design services as the provider of last resort will be sufficient and any additional impact can be absorbed by the agency. These positions account for more than an 8 percent of VDH's Environmental Health Specialist workforce and are necessary to support the divisions overall workload. HB888 is based on a five-year transition of services; therefore, impacts to revenue will gradually increase as more services are directed to the private sector.

The bill directs VDH to work with stakeholders to establish guidelines as a provider of last resort and post proposed guidelines on the agency's website, which can be absorbed within current resources.

**9. Specific Agency or Political Subdivisions Affected:** No.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.