



Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

Drafting Number: LLS 11-0126
Prime Sponsor(s): Rep. Gerou

Date: February 17, 2011
Bill Status: House Health and Environment
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING ON-SITE WASTEWATER TREATMENT SYSTEMS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
Cash Funds		
Water Quality Control Fund	\$26,533	\$26,146
FTE Position Change	0.4 FTE	0.4 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill updates statutes related to the regulation of on-site wastewater treatment systems (OWTS).

Under the bill, the Water Quality Control Division (WQCD) in the Colorado Department of Public Health and Environment must periodically advise the Water Quality Control Commission (WQCC) of changes in technology and practice that could warrant revision of pertinent rules. The state is authorized to consider performance-based approaches to regulation. The bill removes criteria for OWTS permit variances from statute and authorizes the WQCC to adopt variance criteria by rule.

Local boards of health are authorized to adopt certain OWTS rules and practices appropriate to local conditions. The bill repeals certain uniform, statewide criteria, deferring to local rules. The bill clarifies that a permit variance complies with regulations. Local boards of health are, however, required to adopt rules phasing out cesspools.

The bill eliminates references to individual sewage disposal systems (ISDS) and sanitarians and defines OWTS, soil evaluation, and soil treatment area. The bill clarifies that owners are under a duty to continue repairs when authorized to make emergency use of an OWTS. Finally, the bill clarifies that the OWTS fee applies to new, repaired, and upgraded systems.

Background

Under current law, a sewage treatment system not connected to a larger system (e.g., a municipal or district sanitary sewer) is known as an individual sewage disposal system, or ISDS. These systems are regulated by the WQCC under administrative rules that have been revised only twice in over 20 years. The technology underlying ISDS/OWTS has advanced substantially from the time of pit toilets and cesspools, and continues to advance. For example, given appropriate design and maintenance, systems may presently be installed in locations deemed infeasible using prior technology.

State Revenue

An OWTS fee is presently assessed on newly authorized permits, while the bill assesses the OWTS fee on new, repaired, or upgraded systems. From each OWTS fee, the state receives \$20 for deposit into the Water Quality Control Fund. The number of applicants paying the OWTS fee may increase under the bill, but the potential increase in state revenue is unknown because repair and upgrade caseload information is not currently collected.

State Expenditures

The bill increases costs to the Water Quality Control Division in the Department of Public Health and Environment by \$26,533 and 0.4 FTE in FY 2011-12. The department will incur new costs to monitor OWTS technology and initiate periodic updates to OWTS regulations. Remaining current with OWTS technology will require the department to attend conferences, promulgate new WQCC rules and meet with stakeholders more frequently. Annual travel consists of 2 conferences (1 in-state, 1 out-of-state) and 3 trips to assist Colorado's regulated population. The bill may also accelerate the submittal of new local rules for review by the WQCC. The department's costs, detailed in Table 1, will be paid from the Water Quality Control Fund.

Table 1. Expenditures for the Department of Public Health and Environment Under HB11-1179		
Cost Components	FY 2011-12	FY 2012-13
Personal Services	\$23,672	\$23,285
FTE	0.4	0.4
Operating Expenses	0	0
Travel	2,861	2,861
TOTAL	\$26,533	\$26,146

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB11-1179*		
Cost Components	FY 2011-12	FY 2012-13
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$2,533	\$2,492
Supplemental Employee Retirement Payments	1,071	1,241
Indirect Costs	5,705	5,621
TOTAL	\$9,309	\$9,354

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

On-site wastewater treatment systems are predominantly located in unincorporated areas of the state. This bill therefore affects county government, particularly local health departments (LHDs).

Fee revenue collected by LHDs will increase as result of the bill. Under the bill, LHDs are authorized to raise permit fees with the incorporation of indirect costs. The bill also potentially increases the total number of permits subject to fees for:

- permits for repairs and upgrades to existing systems; and
- OWTS systems permitted in areas previously prohibited.

The bill has a minimal effect on local expenditures. LHDs are required to develop a schedule for adoption of rules that phase out cesspools, and to adopt detailed local rules if default to WQCC's statewide rules is not desired. The bill generally provides flexibility for LHDs to adopt rules with greater local variation and to do so at a pace determined by the LHD.

State Appropriations

The Department of Public Health and Environment requires a cash funds appropriation of \$26,533 from the Water Quality Control Fund and 0.4 FTE for FY 2011-12.

Departments Contacted

Public Health and Environment Local Affairs Natural Resources