

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0166
Prime Sponsor(s): Sen. Harvey
 Rep. May

Date: February 6, 2013
Bill Status: Senate Agriculture
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING THE CONTINUATION OF THE WATER AND WASTEWATER FACILITY OPERATORS CERTIFICATION BOARD, AND, IN CONNECTION THEREWITH, IMPLEMENTING THE RECOMMENDATIONS OF THE 2012 SUNSET REPORT BY THE DEPARTMENT OF REGULATORY AGENCIES.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
General Fund		\$16,055
State Expenditures		\$211,414
General Fund		\$316
Cash Funds		
Water Quality Control Fund		101,247
Federal Funds		109,851
FTE Position Change		2.0 FTE
Effective Date: July 1, 2013.		
Appropriation Summary for FY 2013-2014: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill implements the recommendations of the Department of Regulatory Agencies in its sunset review of the Water and Wastewater Facility Operators Board in the Department of Public Health and Environment (DPHE), and continues certification requirements for water and wastewater facility operators until September 1, 2020. Generally, this bill reorganizes statutes relating to the board. In addition, the bill modifies current law by:

- expanding the authority of the board to exempt a facility from the requirement to operate under the supervision of a certified operator if the exemption does not endanger public health or the environment—expanding this authority from, under current law, only industrial wastewater facilities to, under the bill, any water or wastewater facility; and
- changing the qualifications of one member of the board to require that the member represent water facilities serving less than 3,300 people.

Fiscal impact of programs set to expire. This bill continues a program in the DPHE that is set to expire on July 1, 2013. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2014-15, one year after the repeal date. Ongoing funding for the program is included in the department's base budget request for FY 2013-14.

State Revenue

There is no state revenue effect of this bill in FY 2013-14. In FY 2014-15, reauthorization of the program results in General Fund revenue estimated at \$16,055.

By law, the nonprofit contractor administering the water and wastewater certification program transmits a \$5 portion of each certification or renewal fee to the state treasurer for deposit in the General Fund. In the most recent year for which data is available (2011), this deposit totaled \$16,055, and the fiscal note assumes continuation of the certification program would result in similar General Fund revenue.

By rule, the contractor administering certifications assesses fees for each class of operator certification, including water treatment facility operators, domestic wastewater treatment facility operators, industrial wastewater treatment facility operators, water distribution system operators, wastewater collection system operators, small system operators, and multiple facility operators. The contractor currently collects fees from 5,650 operators, with 10,144 certifications under the program.

Fee Impact on certified water and wastewater operators. Section 2-2-322, C.R.S., requires legislative service agency review of measures that create or increase any fee collected by a state agency. Fee calculations are based on the existing fund balance, and the estimated costs of the program distributed across the estimated number of licensees. Based on the current number of certifications issued to operators, continuation of the program maintains the fees adopted by rule and are displayed in Table 1. Assuming that each operator must pay total fees of at least \$70 (for renewal of an existing certification), the total fee impact of continuing regulation on operators is at least \$395,500.

Type of Fee	Continued Fee	Number Affected	Total Fee Impact
Application Fee	\$15	5,650	At least \$395,500
Examination Fee (for each class held by an operator)	45		
Electronic Examination Surcharge	35		
Administration Fee (new applicant)	55		
Administration Fee (renewals or reciprocity)	70		
Late Fee	50		
Miscellaneous Fees (replacement documents, course review)	varies		

State Expenditures

In FY 2013-14, this bill has no new costs. In FY 2014-15, total costs to reauthorize the water and wastewater operators certification program are \$211,414 and 2.0 FTE. Major cost components are summarized in Table 2 and discussed below.

Cost Components	FY 2013-14	FY 2014-15
Personal Services		\$207,414
FTE		2.0
Operating Costs		4,000
TOTAL		\$211,414

The bill continues existing regulation of water and wastewater operators with no significant changes to the workload of DPHE staff. Based on statutory wind-up provisions, this cost is included in the FY 2013-14 base budget request of the DPHE. The program is not authorized to continue in FY 2014-15 under current law, and is reauthorized under this bill; thus, costs for DPHE staff and operating expenses are included in this bill for FY 2014-15.

Local Government Impacts

Local governments that operate water or wastewater treatment works, employing the majority of certified water and wastewater facility operators, will continue to pay certification fees for facility operators in FY 2014-15 and subsequent years. This is an increase in local government expenditures relative to current law, but generally the current levels of local expenditures on credentials for operators of these facilities are expected to continue.

Departments Contacted

Public Health and Environment
Local Affairs

Municipalities
Corrections

Counties
Higher Education