

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 995** HLS 16RS 1722
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 2, 2016 9:50 AM	Author: JONES
Dept./Agy.: Health & Hospitals/Office of Public Health	Analyst: Patrice Thomas
Subject: Increases the Admin. Fee for Safe Drinking Water Program	

WATER/DRINKING WATER EG +\$13,461,600 SG RV See Note
 Increases the safe drinking water administration fee

Proposed law increases the administration fee for the Safe Drinking Water Program from \$3.20 (water systems retain \$0.32) to \$12 (water systems retain \$0.60). Proposed law requires that the fee revenue shall be used as follows: (1) comply with the federal Safe Drinking Water Act; (2) fund up to 40 sanitarian positions within the Safe Drinking Water Program within the Office of Public Health (OPH); and (3) \$500,000 to the LA Rural Water Association, a non-profit organization. Proposed law renames the administration fee the "Safe Drinking Water Fee".

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total						

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$13,461,600	\$13,461,600	\$13,461,600	\$13,461,600	\$13,461,600	\$67,308,000
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation requires all revenue generated from the fee increase to be used by the Office of Public Health (OPH) as follows: (1) comply with the federal Safe Drinking Water Act; (2) fund up to 40 sanitarian positions within the Safe Drinking Water Program within the Office of Public Health (OPH); and (3) transfer \$500,000 to the LA Rural Water Association. The annual cost of a sanitarian position is approximately \$96,000 (\$65,000 average salary plus \$31,000 related benefits).

REVENUE EXPLANATION

Office of Public Health

The proposed legislation increases Fees and Self-Generated Revenues by \$13,461,600 in FY 17 and in future fiscal years within the Department of Health & Hospitals, Office of Public Health (OPH). The proposed legislation increases the existing administration fee of the Safe Water Drinking Program from \$3.20 (water systems retain \$0.32) to \$12 (water systems retain \$0.60). See table below.

	Number of Customers	Current Fee	Proposed Fee	Projected Revenue Increase
Safe Drinking Water Fee*	1,580,000	\$2.88	\$11.40	\$13,461,600

*Amount of fee submitted to OPH from water systems

Public Water Systems

The proposed legislation increases the Safe Water Drinking Program administration fee retained by water systems from \$0.32 to \$0.60. To the extent some of the 1,341 water systems are owned by local governmental units, the \$0.28 fee increase is anticipated to increase local revenues by an indeterminable amount.

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|----------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------------------------------------------|
| Senate | <u>Dual Referral Rules</u> | House |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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