

**LEGISLATIVE FISCAL ESTIMATE**  
**ASSEMBLY COMMITTEE SUBSTITUTE FOR**  
**ASSEMBLY, No. 1970**  
**STATE OF NEW JERSEY**  
**221st LEGISLATURE**

DATED: JULY 3, 2024

**SUMMARY**

- Synopsis:** Requires DEP, DOH, owners or operators of certain public water systems, and owners or operators of certain buildings to take certain actions to prevent and control cases of Legionnaires' disease.
- Type of Impact:** Annual State and local expenditure and revenue increases.
- Agencies Affected:** Department of Health, Department of Environmental Protection, certain local government units, public institutions of higher education, school districts.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>State Expenditure Increase</b>	Indeterminate
<b>Local Expenditure Increase</b>	Indeterminate
<b>State Revenue Increase</b>	Indeterminate
<b>Local Revenue Increase</b>	Indeterminate
<b>Public Institutions of Higher Education Expenditure Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill would result in an annual expenditure increase by the State, local government units, school districts, and public institutions of higher education associated with their various responsibilities under the bill, such as to implement water management programs in buildings, implement distribution system maintenance plans and maintain disinfectant levels in public community water systems, and to investigate cases of reported Legionnaires' disease.
- According to information from the Department of Health, annual departmental expenditures under the bill could be approximately \$6 million annually to investigate cases of Legionnaires' disease. Depending on how certain investigative responsibilities are delegated, some of these costs could be borne by the affected local government entity rather than the State.

- With respect to buildings covered by the bill, which may be owned by the State, local governments, school districts, or public institutions of higher education, the OLS understands that a water management program that meets the standards required by the bill could cost in the range of \$2,000 to \$10,000 or more, depending on the size and complexity of the building. In addition, certain programs could cost several thousand dollars or more annually for water monitoring and testing.
- The State and municipalities may accrue an indeterminate amount of annual revenue from penalties and court costs paid by building owners or operators that violate the provisions of the bill.

## **BILL DESCRIPTION**

This bill would require the Department of Environmental Protection, the Department of Health, owners or operators of certain public water systems, and the owners or operators of certain types of buildings to take specified actions to help inform citizens of the State about, and prevent and control cases of, Legionnaires' disease.

The bill requires the owners or operators of public community water systems, which have more than 100 service connections, and which are served fully or partially by surface water or groundwater under the influence of surface water, and any other public water systems designated by the Department of Environmental Protection, to maintain a certain minimum detectable disinfectant residual of free chlorine or monochloramine. The bill would require the department to develop a set of best management practices to aid public community water systems in complying with the bill. The bill would also require each public community water system that is subject to the bill's provisions to develop and implement a distribution system maintenance plan for complying with the bill's provisions.

In the event of a disruption to a community water system (e.g. a change in water treatment process or a change in the drinking water's source), a public community water system that is subject to the bill's provisions would be required to provide a record of the disruption to the department within 72 hours. Under the bill, the department would be required to establish a data management system for the submission of records of disruption by a public community water system, and a portal through which records of disruptions may be accessed by the public.

In addition, the bill would require the Department of Health, or a local health officer designated by the department, to perform an epidemiological investigation for each reported diagnosis of Legionnaires' disease in the State. The bill would require the department to develop guidelines concerning the investigations, and would authorize the department to take certain actions during an investigation, including requiring water testing in buildings suspected to be the source of the Legionnaires' case. The bill would also require the department to establish a dashboard accessible to the public and healthcare providers that provides data related to all reported cases of Legionnaires' disease.

The bill would also require the owner or operator of certain types of buildings to implement a water management program to minimize the growth and transmission of *Legionella* bacteria in the building's water system. The owner or operator of a covered facility who fails to implement a water management program would be subject to a civil or civil administrative penalty of not more than \$2,000 for a first violation, and not more than \$5,000 for a second or subsequent violation, except that an owner or operator would be subject to a penalty of not more than \$10,000 for any violation which causes serious injury or death to any person.

Finally, the bill would require the Department of Health to develop a public awareness campaign related to Legionnaires' disease, and to submit an annual report to the Governor and the Legislature on the status of Legionnaires' disease transmission in the State and the progress of the departments in implementing the bill's provisions.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The OLS has not received a fiscal note from the Executive for this bill. However, the Department of Health provided informal information to the OLS that the bill would increase departmental spending by approximately \$5.8 million per year to perform investigations of reported cases of Legionnaires' disease, including repeat visits by department employees and water sampling and testing.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS determines that the bill would result in an annual expenditure increase by the State and by local government units that operate public community water systems that are covered by the bill, in order to satisfy the bill's requirement that public community water systems implement a distribution system maintenance plan and maintain a certain level of disinfectant in their water supply. Current Department of Environmental Protection rules require public water systems to maintain free chlorine levels that are comparable to those required by the bill. In addition, some public water systems may already implement maintenance plans that would satisfy the bill's provisions. For those that do not, however, the OLS understands that such testing would cost up to tens of thousands of dollars per system annually, depending on the size of the system. The bill would also lead to discrete expenditure increases by certain public water systems that experience disruptions that are likely to increase the growth of *Legionella* bacteria, since the bill requires such public water systems to provide written notice to its customers about the disruption. The OLS cannot quantify these expenditure increases because it lacks data about the number of public water systems that would be required to expend funds to come into compliance with the bill, and how many systems will experience disruptions that will require the dissemination of written notices.

The OLS also determines that this bill would result in an annual expenditure increase by the State, local government units, school districts, and public institutions of higher education that own or operate certain buildings to prepare water management programs under the bill. The OLS cannot quantify this expenditure increase because it lacks data about how many buildings covered by the bill are owned or operated by the State, a local government unit, a school district, or a public institution of higher education and, of these, how many have already implemented water management programs that would satisfy the bill's requirements. However, many large office buildings, schools, and public institutions of higher education have cooling towers and would thus be covered by the bill. The OLS understands that implementing a water management program that meets the standards required by the bill could cost in the range of \$2,000 to \$10,000 or more, depending on the size and complexity of the building. In addition, certain programs are required to include periodic sampling and testing for the presence of bacteria, which could cost several thousand dollars annually.

The bill would also result in an annual expenditure increase by the Department of Health or local health officers, since it requires the department or the local health officer to conduct an investigation into any reported diagnosis of Legionnaires' disease, and to perform other tasks

associated with the outbreak. The OLS notes that New Jersey experiences around 350 cases of Legionnaires' disease each year on the high end of the range. According to information from the department, annual departmental expenditure increases under the bill could be about \$6 million to investigate cases of Legionnaires' disease. Depending on how the investigative responsibilities are delegated, some of these costs could be borne by the affected local government entity rather than the State. The bill also would result in one-time expenditure increases by the Department of Environmental Protection and the Department of Health, in order to accomplish the administrative tasks required by the bill, including establishing notice requirements for public water systems, and adopting rules and regulations to implement the bill. In addition, the Department of Health will face costs in the administration of the public awareness campaign and consumer education program campaign required pursuant to this bill. However, the OLS is unable to determine a precise cost estimate since the cost of public awareness campaigns and education programs can vary widely depending on many factors, including the types of media or educational material used.

Finally, the OLS notes that the State may accrue annual revenue from penalties paid by public community water systems and building owners or operators that violate the provisions of the bill.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).