

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 1006

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: MAY 19, 2022

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 and school districts.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Expenditure Increase	Indeterminate
Local Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill would result in an indeterminate annual expenditure increase by the State, local government units, and school districts that own or operate certain buildings to utilize water management programs, conduct water monitoring and testing, and to investigate cases of reported Legionnaires' Disease.
- According to information from the Department of Health (DOH), annual departmental expenditures under the bill could be \$18 million annually, comprised of \$12 million for water management program evaluation and enforcement costs, and \$6 million to investigate cases of Legionnaires' disease. Depending on how certain investigate responsibilities are delegated, some of these costs could be borne by the affected local government entity rather than the State.
- For local governments and school districts, 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, each program 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 (DEP), the DOH, 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 would require the owner or operator of a public water system with at least 100 service connections to maintain a minimum detectable disinfectant residual of free chlorine of at least 0.3 milligrams per liter in all active parts of the public water system at all times and to conduct disinfectant residual testing at frequent and regular intervals to determine the amount and type of detectable disinfectant residual existing at different points in the public water system. The bill would also require the owner or operator of such a public water system to provide written notice to its residential, commercial, and institutional customers and to residents located in an affected area of disruptions in the water distribution system that could result in increased levels of *Legionella* bacteria being present in the public water system. The bill would require the DEP to establish on its website a publicly accessible database of the records of a disruption in the water distribution system submitted to the DEP.

The bill would require the DOH to conduct an investigation into every reported diagnosis of Legionnaires' disease and require the DOH to advise an individual diagnosed with Legionnaires' disease about the availability of testing by the DOH of the fixtures and water-using equipment in the individual's residence, locations frequently visited, and places of employment in the 45 days immediately prior to the individual's diagnosis. The bill would require the DOH to develop procedures and guidelines regarding investigations of reported cases of Legionnaires' disease. The bill would authorize the DOH to delegate certain responsibilities and duties for administering the testing and investigatory provisions of the bill to a local health officer having jurisdiction over the locality in which a patient diagnosed with Legionnaires' disease lives, frequently visits, or is employed. The bill would also require the DOH to establish on its website a registry accessible to the public of data related to each case of Legionnaires' disease reported to the DOH.

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 bill also establishes penalties for the owner or operator of a facility or building who fails to implement a water management program or fails to demonstrate compliance with a water management program.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The OLS has not received a fiscal note from the Executive for this bill. However, the DOH provided informal information to the OLS that the bill would increase departmental spending by about \$17.8 million annually. Approximately \$5.8 million of that total would be to perform investigations of reported cases of Legionnaires' disease, including repeat visits by DOH

employees and water sampling and testing. The remaining \$12 million would be to enforce the requirement that certain buildings implement water management programs to reduce the spread of *Legionella* bacteria. The DOH estimates that 60 professional staff members would be needed if the DOH were expected to review each water management plan to verify that it satisfied the provisions of the bill. The DOH noted that New York City has 50 fulltime professional staff to inspect cooling towers and verify their compliance with local water management laws.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that this bill would result in an indeterminate annual expenditure increase by the State, local government units, and school districts that own or operate buildings required to utilize water management programs. 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, or a school district, and, of these, how many of those have already implemented water management programs that would satisfy the bill's requirements. However, many large office buildings and schools 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, each program could cost several thousand dollars annually for water monitoring and testing.

The bill would also result in an indeterminate annual expenditure increase by the State and by local government units that operate public water systems with more than 100 service connections, in order to satisfy the bill's requirement that public water systems maintain a certain level of free chlorine in their water supply and institute a testing regimen to verify this level. Current DEP 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 testing regimens 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 bill would also result in an indeterminate annual expenditure increase by the DOH or local health officers, since it requires the DOH 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. The bill would result in marginal one-time expenditure increases by the DEP and the DOH, in order to accomplish the administrative tasks required by the bill, including publishing notice requirements for public water systems, reporting cases of Legionnaires' disease, and adopting rules and regulations to implement the bill. Finally, the DOH 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.

The OLS notes that 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.

Section: Environment, Agriculture, Energy, and Natural Resources

*Analyst: Eric Hansen
Associate Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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