

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6149

BILL NUMBER: SB 87

NOTE PREPARED: Nov 13, 2003

BILL AMENDED:

SUBJECT: Sewage Disposal Rules.

FIRST AUTHOR: Sen. Riegsecker

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill removes the State Department of Health from the list of agencies that must adopt groundwater quality rules. The bill prohibits the Department from imposing groundwater quality standards in onsite sewage disposal rules.

Effective Date: Upon passage.

Explanation of State Expenditures: *See Explanation of Local Expenditures.*

Explanation of State Revenues:

Explanation of Local Expenditures: This bill would eliminate the compliance and monitoring costs to state and local governments that would have been associated with the onsite sewage disposal rules under 410 IAC 6-8.2-55. This proposed rule would require local health departments to monitor secondary septic systems. If the rule was implemented, local health departments would have likely required additional staff to implement the requirement and expenditures would likely have increased for departments as a result. Expenditure increases due to the rule would vary by locality and would be dependent on the number of new permits annually which require secondary septic systems. In addition, government entities would have seen increases in expenditures if new facility construction were located in one of the specified counties where a secondary septic system is required. Prohibiting implementation of 410 IAC 6-8.2-55 will result in these costs being avoided.

Background Information: Rule 410 IAC 6-8.2-55 would require that new construction in certain areas of the state include a secondary treatment system for the removal of nitrate from the wastewater; approximately

forty-four counties would be affected.

Three manufacturers currently produce systems that are anticipated to be used: (1) Earthtek, (2) Orenco, and (3) Zoeller systems. Costs of secondary treatment systems vary according to capacity. An Earthtek system for a three-bedroom house costs between \$6,500 and \$11,500 installed. Commercial secondary treatment costs vary depending upon industry type and facility size. Estimates for commercial applications range from \$10,000 to the hundreds of thousands of dollars. In addition, both residential and commercial systems require continuous monitoring and maintenance. Estimated cost per unit for monitoring and maintenance is approximately \$300 for residential and \$400 to thousands of dollars for commercial. Total annual costs may decrease due to technical advances and decreasing manufacturing costs.

Local Departments of Health: This rule will increase expenditures for local health departments. It will require them to monitor whether new septic systems have appropriate maintenance contracts. This will increase the number of active permits that local departments monitor. Local health departments may require additional staff to monitor these systems.

The State Department of Health prepared estimates of the number of new permits each year that would require secondary treatment systems. The estimates are based upon the percentage of soils in a given county that meet the Department criteria for requiring secondary treatment. It is important to note that the Department analysis looked specifically at the percentage of soils meeting the set criteria and then multiplied this percentage by the number of new septic permits issued in 2001 for that county.

The Department did not use the number of permits issued in soils that meet the criteria specified in the new rule (this data is not readily available statewide). This may increase the cost of this provision statewide. For example, a recent Purdue University research project plotted the location of all new septic permits in Elkhart County for a given year. This project found that 66% of all new septic permits issued in Elkhart County were in soils that do not meet the nitrate absorption requirements. However, this study did not apply the second criteria of the rule which requires that at least three soil borings be drilled at a proposed septic site. This factor may have reduced the study's percentage. The Department assumed that 24.93% of new permits would be affected in its analysis. Elkhart County averages 700 new construction permits annually. Between 175 and 462 of these would require a secondary septic system; a difference of 287 permits.

The number of permits requiring a secondary septic system is dependent on the percentage of soils in a given county that require a secondary septic system and the number of new construction permits applied for in the required areas. Furthermore, the percentage of permits necessitating a secondary septic system varies by county. An estimate of the actual number of permits in the state (or in any given county) that will require a secondary septic system, and consequently monitoring by local health boards, is not feasible without additional data.

Based on the findings of Purdue University, Elkhart County estimates a need for two additional staff, one clerical and one professional, after the first year of implementation. Furthermore, the county estimates a need for one additional staff member every three to four years thereafter as the number of septic tanks requiring monitoring increases. Elkhart County estimates the cost for additional staff to be \$60,000 in year one and approximately \$40,000 to \$60,000 every two to three years thereafter. Costs will vary by locality due to staffing cost and the number of septic tanks needing to be monitored. Currently, the Department does not have an estimate for additional expenditures to counties.

Governmental Entities: This rule may increase new construction costs for governmental facilities. The

construction costs may increase if the new facility construction occurs in one of the specified counties and requires an onsite sewage system. The number of new government facilities impacted by the provisions of this rule is currently unknown and contingent upon administrative action. Cost to the state is dependent upon type and size of septic system required if other sewage treatment options are not readily accessible.

Explanation of Local Revenues:

State Agencies Affected: Department of Health.

Local Agencies Affected: Local health departments.

Information Sources: Zach Cattell, Director of Legislative Affairs, Department of Health, 233-2170; Robert Watkins, Elkhart County Environmental Health Services, 574-875-3391; Brad Lee, Purdue University; 765-496-6884; Marlie Pedtke, Indiana Builders Association, 317-283-4266; Stuart Meade, Meade Septic Designs, 574-533-1470; Kevin Chafee, Earhtek Environmental Systems; 812-934-5035; Mike Robertson, Earthtek Environmental Systems, 812-934-5035; Joe Schaeffer, Midwest Tile and Concrete, 260-749-5173; John Crist, Hartford Concrete Products, 765-348-3506; Terry Herschberger, Indiana Builders Association, Septic Committee, 574-825-1579; Brod Boyer, PM & Associates, 317-849-0641; Scott Rexroth, PM & Associates, 317-849-0641; Tim Andrews, Press-Seal Gasket Corporation, 1-800-348-7325; Ronnie Boehm, Department of Natural Resources, 812-482-1171.

Fiscal Analyst: Sarah Brooks, 317-232-9559.