

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

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FISCAL IMPACT STATEMENT

LS 7415

BILL NUMBER: SB 432

NOTE PREPARED: Feb 26, 2007

BILL AMENDED: Feb 8, 2007

SUBJECT: Environmental fees.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR: Rep. Dvorak

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill modifies various environmental fees.

Effective Date: July 1, 2007.

Summary of Net State Impact: (Revised)

Total Increase Revenue Resulting from Increases in Fees			
Increased Fee	2006 Collection	2008 <u>New Revenue</u> (in addition to 2006 collections)	2009 <u>New Revenue</u> (in addition to 2006 collections)
Wastewater Examination	\$0	\$62,000	\$62,000
Wastewater Certification Application	\$65,455	\$23,800	\$23,800
Wastewater Treatment Plant Operator Renewal		\$86,490	\$86,490
Late Fees for Wastewater Treatment Operators	\$0	\$85,000	\$85,000
Drinking Water Examination	\$37,560	\$63,600	\$63,600
Drinking Water Certification Application		\$34,200	\$34,200
Drinking Water Operator Renewal		\$395,160	\$53,160
25% Increase in NPDES Permits	\$3,793,247	\$943,716	\$943,716
Stormwater Construction Application (Rule 5)	\$207,650	\$660,000	\$660,000
Stormwater Industrial Application (Rule 6)	\$157,670	\$70,000	\$70,000
Storm Sewer System General Permit (Rule 13)	\$0	\$150,000	\$150,000
Industrial Waste Pretreatment	\$53,900	\$23,100	\$23,100
Wetlands Permits	\$0	\$100,900	\$100,900
Old Hazardous Waste Generator	\$826,320	(\$826,320)	(\$826,320)
Annual Operation Small Quantity Generator		\$576,000	\$576,000
Annual Operation for Transporters		\$100,000	\$100,000
New Hazardous Waster Generator	\$0	\$1,470,500	\$1,470,500
Hazardous Waste Shipped	\$0	\$1,568,500	\$1,568,500
TOTAL	\$5,141,822	\$5,586,646	\$5,223,846

Explanation of State Expenditures: *Education Requirements:* Proof of compliance with continuing education requirements must be submitted to the Department of Environmental Management (IDEM). This provision should result in no significant impact to IDEM.

Explanation of State Revenues: *Examination Fees:* Under existing law, the Department of Environmental Management certifies operators of water treatment plants, water distribution systems, and wastewater treatment plants. Currently, a fee is paid only for certification. An individual, however, must pass the test to receive certification. The bill provides that each person who applies for an examination to qualify as a certified operator must pay an examination fee of \$100 for a wastewater certification and \$150 for a drinking water certification examination.

Wastewater Examination Fees: The bill imposes a \$100 examination fee for wastewater operators who seek certification. In 2006, 619 took the certification exam. If this number remains constant, the new wastewater exam fee would generate around \$62,000 annually.

Wastewater Certification Application Fees: The bill increases the wastewater certification application fee from \$30 to \$100, for an increase of \$70. In 2006, new certification applications equaled 340. If this number remains constant, the increase in the wastewater certification application fee would generate an additional \$23,800 (\$70 * 340) annually.

Wastewater Treatment Plant Operator Renewal Fees: The bill increases the renewal fee for a wastewater treatment plant operator from \$30 to a fee based on the classification of the certificate as listed below:

Wastewater Treatment Plant Operator Renewal Fees				
Classification	2008 Applicants	Fee Increase Only	2008 New 2-Year Renewal Fee Revenue	New Annual Revenue
Class I-SP	25	\$30	\$750	\$375
Class I	619	\$30	\$18,570	\$9,285
Class A-SO	154	\$30	\$4,620	\$2,310
Class A	379	\$30	\$11,370	\$5,685
Class II	547	\$50	\$27,350	\$13,675
Class B	295	\$50	\$14,750	\$7,375
Class III	248	\$70	\$17,360	\$8,680
Class C	198	\$70	\$13,860	\$6,930
Class IV	380	\$90	\$34,200	\$17,100
Class D	335	\$90	\$30,150	\$15,075
Total	3,180		\$172,980	\$86,490

There are approximately 3,180 active certifications. If all 3,180 individuals renewed their biennial certifications and based on fee increases as listed above, total revenue would equal \$172,980. However, because the certification is biennial, annual revenue increases beginning in FY2008 would equal \$86,490.

Late Fees for Wastewater Treatment Operators: The bill provides a late fee of \$100 for renewal of a certificate for any classification after July 1. Based on 2006 data, about 850 operators would need to pay a late fee. Based on this figure, the late fee would generate \$85,000 annually. However, actual revenue collection may be less if the late fee encourages on time renewals.

Drinking Water Examination Fees: This bill establishes an examination fee for drinking water and water distribution operators of \$150. The total number of water treatment and distribution system operators that took the exam in May and November 2006 equaled 424. If the number of test takers remains constant, the

new exam fee for drinking water and water system distribution operators will generate annually \$63,600 (424 * \$150).

Drinking Water Certification Application Fees: Of the total 424 who took the exam, 285 passed and would presumably apply for certification. (Approximately 33% of those who took the exam failed.) The bill raises the certification application fee for certification from \$30 to \$150, for an increase of \$120. If the number of individuals who pass the exam remains constant, the new certification application fee for drinking water and water system distribution operators would generate annually \$34,200 (285 * \$120).

Drinking Water Operator Renewal Fees: The bill increases the renewal fees for a water treatment plant operator or a water distribution system operator from \$30 to \$150, for an increase of \$120. There are currently 5,525 active certificates in Drinking Water and Water Distribution. Certification for a water treatment plant operator or a water distribution system operator must be renewed every third year. The new fees become effective on July 1, 2007. The number due to renew certifications by 6/30/2008 equals 3,293 with 443 due by 6/30/2009. Assuming comparable renewals, if 3,293 renew by 6/30/2008, additional revenue would equal \$395,160 (3,293 * \$120) for FY2008 and \$53,160 (443 * \$120) for FY2009.

National Pollutant Discharge Elimination System (NPDES): The bill proposes a 25% increase in annual fees for NPDES permits. Existing annual fees generate \$3,774,867. The bill proposes to increase fees across the board by 25%. This increase in fees will generate an additional \$943,716.

Background for NPDES Permits: IDEM NPDES division employs 79 staff and currently issues 340 permits annually, generating \$3.8 M in fee revenue. Annual expenses equal \$5.5 M.

Stormwater Construction Application Fees: The bill increases storm water application fees for construction activity from \$100 to \$400, for an increase of \$300. Over the past two years applications have averaged about 2,200 per year. Applying this figure, the increased fee will generate an additional \$660,000 annually.

Stormwater Industrial Application Fees: The bill increases industrial storm water application fees from \$100 to \$150, for an increase of \$50. This increase will apply to approximately 1,400 entities. Applying this figure, the increased fee will generate an additional \$70,000 annually.

Industrial Waste Pretreatment Permit Annual Fees: The bill increases the industrial pretreatment fee from \$350 to \$500, for an increase of \$150. This increase will apply to approximately 154 entities. Applying this figure, the increased fee will generate an additional \$23,100 annually.

Storm Sewer System General Permits. The bill increases the fee for storm sewer system general permits. The fee is based on population with one exception that comprises Tippecanoe County, Purdue University, Lafayette, and West Lafayette. The fees range from \$250 to \$2,000. The fee would apply to about 150 entities. If the average fee equaled \$1,000, total new revenue would equal \$150,000.

Background: The Stormwater Section currently consists of 8 staff with expenses of \$698,000. The annual number of permits issued equal about 4,050, including municipal, industrial, and Rule 5, which is stormwater. The proposed fee increase would generate \$1.4 M for an increase of \$1,035,000.

(Revised) *Wetland Permit Fees:* Section 18 of the bill requires an applicant for a wetland individual permit required to authorize a wetland activity in a Class III wetland to submit a fee of \$1,000 at the time of application. This fee would apply to approximately 5 entities per year, which would generate an additional

\$5,000.

Section 19 of the bill provides that for a general permit for wetland activity, the bill provides a fee of \$100 to be submitted with the notice of intent. Approximately, 7 general permits are issued for this category each year, which would generate \$700.

Section 20 (a) provides that an applicant for an individual certification under Section 401 of the Clean Water Act must submit a fee of \$200 to IDEM at the time of making an application. This provision would apply to around 223 entities and would generate \$44,600 annually.

Section 21(b) provides that an applicant for a regional general certification under Section 401 of the Clean Water Act must submit a fee of \$100 to IDEM with the notice of intent. This provision would apply to around 506 entities and would generate \$50,600 annually.

Total revenue generated from the new wetland permit fees would equal \$100,900 annually.

Background: The Wetland Water Quality Certification Section expenses are \$538,000 annually.

Hazardous Waste Annual Operation Fees: The bill eliminates the \$1,565 fee for a generator. This fee generates \$826,320 annually. Although the bill eliminates this fee, the proposal adds a fee for generating hazardous waste and for transporting the waste. However, this provision would result in a reduction of revenue of \$826,320.

The proposed annual operation fee for a large quantity generator (LQG) is based on the amount of hazardous waste generated as follows:

LQGs	Hazardous Waste Generated	Fee	Revenue
117	Less than 10 tons	\$1,000	\$117,000
275	At least 10 tons and less than 100 tons	\$2,500	\$687,500
113	At least 100 tons and less than 1,000 tons	\$4,000	\$452,000
26	At least 1,000 tons and less than 10,000 tons	\$5,000	\$130,000
12	10,000 tons or more	\$7,000	\$84,000
Total: 543			Total: \$1,470,500

The proposed annual fee for a LQG is based on the amount shipped offsite in the past year as follows:

LQG	Hazardous Waste Shipped	Fee	Revenue Generated
127	Less than 10 tons	\$1,500	\$190,500
266	At least 10 tons and less than 100 tons	\$2,500	\$665,000
115	At least 100 tons and less than 1,000 tons	\$4,500	\$517,500
26	At least 1,000 tons and less than 10,000 tons	\$5,500	\$143,000
7	10,000 tons or more	\$7,500	\$52,500
Total: 541			Total: \$1,568,500

Annual Operation Fee for Small Quantity Generator and Transporter: The bill adds an operation fee for a small quantity generator (SQG) of \$500, which will apply to 1,152 generators. Given this figure, the new Small Quantity Generator fee will generate an estimated \$576,000 annually.

The fee for a transporter of \$500 will generate an estimated \$100,000 annually given the 200 transporters to which the fee will apply.

Total additional fees will generate an estimated \$5,545,746 in FY2008 and \$5,203,746 in FY2009. All fees are deposited in the Environmental Permit Operations Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM.

Local Agencies Affected:

Information Sources: Sandra Flum, IDEM, 317.233.9479; Bruce Palon, Deputy Commissioner, IDEM, 233-6591; Mary E. Hollingsworth, Section Chief Permit, Certification and Capacity Section, Drinking Water Branch, IDEM, Phone 317.308.3331.

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