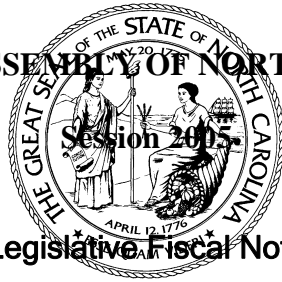


GENERAL ASSEMBLY OF NORTH CAROLINA



Legislative Fiscal Note

**BILL NUMBER:** House Bill 2873 (Second Edition)

**SHORT TITLE:** Safe Drinking Water/Private Wells.

**SPONSOR(S):** Representatives Insko and L. Allen

<b>FISCAL IMPACT</b>					
	Yes (X)	No ( )	No Estimate Available ( )		
	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
<b>REVENUES:</b>	See Technical Considerations				
<b>EXPENDITURES:</b>					
DENR	See Technical Considerations				
DHHS	\$1,156,828	\$1,291,517	\$1,406,239	\$1,406,239	\$1,406,239
<b>POSITIONS</b> (cumulative):					
DENR	See Technical Considerations				
DHHS	3.0	3.0	3.0	3.0	3.0
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	Local Governments; Department of Environment and Natural Resources, Division of Environmental Health; Department of Health and Human Services, Division of Public Health				
<b>EFFECTIVE DATE:</b>	G.S. 87-97, as enacted by Section 4 of this act, becomes effective 1 July 2008 except that G.S. 87-97(i) becomes effective when this act becomes law. All other sections of this act become effective when this act becomes law.				

**BILL SUMMARY:** Adds to GS 87-85 a definition of “private drinking water well.” Rewrites GS 87-88 to provide that private drinking water wells are subject to permitting and inspection by the Environmental Management Commission if they have a designated capacity of 100,000 or more gallons per day or are to be constructed in an area for which the commission has found that prior permission is necessary. Adds new GS 87-97, effective July 1, 2008, requiring each county, through the local health department, to implement a private drinking water well permitting, inspection, and testing program. Requires local health departments to administer the program and enforce minimum well construction, permitting, inspection, repair, and testing requirements.

Requires a local permit for construction or repair (but not maintenance) of any well not subject to permitting by the commission. Sets out duties of local health departments with respect to evaluation of well sites; issuance of permits (good for up to five years unless revoked based on material change); inspections; issuance of certificates of completion; testing for specified parameters; and maintenance of a registry of permits and test results. Rewrites GS 130A-39(g) to authorize local boards of health to impose cost-related fees for these services. Rewrites GS 87-87 to require the Environmental Management Commission to adopt rules governing the permitting and inspection (1) by the Commission, of private drinking water wells with designated capacity of 100,000 or more gallons per day; and (2) by local health departments, of private drinking water wells pursuant to new GS 87-97. Rewrites GS 143-300.8 to extend the provision for representation by the Attorney General to local health department sanitarians enforcing rules of the Environmental Management Commission. In new GS 87-97, requires the Commission for Health Services to adopt rules governing the sampling and testing of well water and the reporting of test results. This provision in GS 87-97 and the remainder of the bill are effective when the act becomes law.

#### **ASSUMPTIONS AND METHODOLOGY:**

With the exception of the drinking water testing, the costs imposed by this bill would be borne by local governments and would include the cost of evaluating well sites, issuing permits and certificates of completion, inspecting wells, testing for specified parameters, and maintenance of a registry of permits and test results. For most local health departments, new employees would need to be hired and trained both to inspect wells and to maintain the registry. Additionally, local governments may choose to pass these costs on to citizens through fees. **Estimates for the cost to local governments are not available at this time.**

#### Drinking Water Testing

Section 4 amends Article 7 of Chapter 87 of the General Statutes by adding a new section titled “Permitting, inspection, and testing of private drinking water wells.” Paragraph (h) of this new section requires local health departments to test water from a newly constructed private drinking water well within 30 days after issuing a certificate of completion. The test shall test for the following parameters: arsenic, barium, cadmium, chromium, copper, fluoride, lead, iron, magnesium, manganese, mercury, nitrates, selenium, silver, sodium, zinc, pH, and bacterial indicators.

It is assumed for the purposes of this analysis that local health departments would use the State Laboratory for Public Health for this testing. As the rules requiring sampling are phased in, the number of samples sent to the State Laboratory for Public Health for this testing would increase until 2008-09, when it is anticipated that all new private wells (estimated at 26,000 wells per year) would have samples sent to the laboratory. The table below summarizes the anticipated number of samples sent to the State Laboratory for Public Health for this testing (labeled “Anticipated number of panel tests”) and the anticipated total cost of those tests. The Division of Public Health in the Department of Health and Human Services estimates a total materials cost of \$37.1624 per test, a panel kit cost of \$10 per test, an additional three (3.0) positions needed to handle the

increased testing volume with a total annualized cost of \$157,017, additional operating costs of \$23,000, additional equipment needs of \$226,000 in the first fiscal year and \$150,000 in the second fiscal year, and equipment maintenance costs of \$5,000. The total estimated cost for SFY 2006-07 is \$1,156,828.

**Table1: Estimated Drinking Water Testing Costs**

	2006-07	2007-08	2008-09	2009-10	2010-11
<i>Anticipated number of panel tests</i>	16,646	20,387	26,000	26,000	26,000
Materials cost (\$37.1624/panel)	\$ 618,605	\$ 757,630	\$ 966,222	\$ 966,222	\$ 966,222
Panel Kit Cost (\$10/kit)	\$ 166,460	\$ 203,870	\$ 260,000	\$ 260,000	\$ 260,000
Salaries and Fringes (3 positions)	\$ 117,763	\$ 157,017	\$ 157,017	\$ 157,017	\$ 157,017
Additional operating costs	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
Equipment Costs	\$ 226,000	\$ 150,000	\$ -	\$ -	\$ -
Maintenance Costs	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>Total Anticipated Costs</b>	<b>\$ 1,156,828</b>	<b>\$ 1,291,517</b>	<b>\$ 1,406,239</b>	<b>\$ 1,406,239</b>	<b>\$ 1,406,239</b>

**SOURCES OF DATA:** Department of Environment and Natural Resources; Department of Health and Human Services, Division of Public Health

**TECHNICAL CONSIDERATIONS:**

1. The Joint Conference Committee Report on Senate Bill 1741 includes funding and fee authority sufficient to cover the expenditures anticipated for the Drinking Water Testing section of this bill. It includes non-recurring appropriations of \$226,000 for the equipment costs and authorizes three (3.0) positions to be supported through fees. Section 10.20 of this bill amends the General Statutes to give the Secretary of the Department of Health and Human Services the authority to charge a fee of up to \$55.00 for analyzing private well-water samples from newly constructed wells sent to the State Laboratory for Public Health. This section also gives the Division of Public Health the authority to use available funds to pay for the authorized positions in 2006-07 and directs that fees collected in 2006-07 be used to replace available funds used.

2. The Joint Conference Committee Report on Senate Bill 1741 contains \$1,098,629 in funding for the Department of Environment and Natural Resources to assist counties with local well construction programs. The appropriation provides funds for five (5.0) positions in the Department of Environment and Natural Resources, Division of Environmental Health to serve as technical support and enforcement assistance to all 100 counties as they enforce private water supply well construction standards. This funding also provides \$800,000 to fund start-up costs for those counties which still need to establish well construction programs. Twenty-seven (27) counties currently have active private well construction inspection programs. It is anticipated that this money would aid an additional 19 counties in establishing programs.

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**APPROVED BY:** Lynn Muchmore, Director  
Fiscal Research Division



**DATE:** July 6, 2006

**Signed Copy Located in the NCGA Principal Clerk's Offices**