



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: [Sub. H.B. 352 of the 128th G.A.](#) **Date:** June 3, 2010
Status: As Reported by House Local Government and Public Administration **Sponsor:** Rep. Bolon

Local Impact Statement Procedure Required: Yes

Contents: Requires certain public water systems to submit technical, managerial, and financial capability plans under certain specified conditions and makes other changes

State Fiscal Highlights

- The Division of Drinking and Ground Waters within the Ohio Environmental Protection Agency (EPA) could incur new costs for ensuring that applicable public water systems comply with the requirements in the bill. These new costs would be paid from the Safe Drinking Water Fund (Fund 4K50), which receives water system licensing fees, plan approval fees, and penalty revenues.
- The bill could affect state agencies that operate noncompliant water systems at facilities that serve the public. This could include the Department of Natural Resources and other agencies.
- The Attorney General could incur new expenses and costs for prosecuting operators of public water systems covered by the bill, both from the GRF and other funds. These cases would be handled by the Environmental Enforcement Division within the Attorney General's office.

Local Fiscal Highlights

- Certain community and nontransient noncommunity water systems operated by political subdivisions, such as cities, villages, and schools, could incur additional costs to produce documentation that demonstrates compliance with the requirements in the bill.
- Any new violations under the bill would be heard in civil or, in some instances, criminal courts, potentially increasing costs for the relevant jurisdictions. Some of this expense would be offset by court costs assessed against violators.

Detailed Fiscal Analysis

Overview

The bill creates new reporting requirements applying to "community water systems" and "nontransient noncommunity systems" that have failed to meet certain compliance and public health standards under the Safe Drinking Water Law. In these cases, the bill requires water systems to submit additional technical, managerial, and financial capability plans to the Division of Drinking and Ground Waters within the Ohio Environmental Protection Agency (EPA). Community water systems are those that serve at least 15 service connections used by year-round residents or regularly serve at least 25 year-round residents, such as cities, mobile home parks, and nursing homes. Nontransient noncommunity systems include those that serve at least 25 of the same persons over six months per year, such as schools, hospitals, and factories. As a result of these changes, political subdivisions that operate these systems could incur new compliance costs.

State Enforcement Costs

On the state level, the EPA's Division of Drinking and Ground Waters could incur new costs for assuring that affected community and nontransient noncommunity water systems meet the new reporting requirements under the bill. According to the EPA's Public Water Systems Annual Compliance Report for Calendar Year 2007, there are just over 2,200 community and nontransient noncommunity systems in Ohio. These systems served approximately 10.6 million residents. The Division is funded by water system licensing fees, plan approval fees, and penalty revenues deposited into the Drinking Water Protection Fund (Fund 4K50). Appropriations for the Division's oversight of public water systems are \$7.5 million in FY 2010 and \$7.7 million in FY 2011.

Compliance

Any public water system, including those operated by state agencies that operate water systems serving the public, such as the Department of Natural Resources, could incur new costs for providing the additional data required under the bill. However, the bill would have a broader effect on political subdivisions, such as school districts, municipalities, and villages that operate public water systems covered by the bill. These additional expenses would vary, depending on the current compliance status of the public water system.

Penalties

The bill includes one new misdemeanor and four new felony penalties for specified violations that occur at *all* public water systems. These penalties apply to persons who (1) falsify or misrepresent information reported to the EPA, (2) falsify or conceal water sample data, or (3) interfere with the operations of water systems in an

authorized fashion. As under current law, the bill requires the Attorney General, upon written request by the Director, to bring an action for injunction or another appropriate civil action or criminal prosecution against any person who is violating or threatening to violate those provisions. The Attorney General's Environmental Enforcement Division would be responsible for any such actions. The cost implications of these new violations, both for the state and the court jurisdictions in which these cases would be heard, will depend on how many additional cases result from the bill. Fund 4K50 collected \$17,480 in civil penalties in FY 2009.

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