

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2860 - A

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires Oregon Health Authority to analyze ground water contaminant data and provide education in areas with ground water contaminant problems.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Environmental Quality (DEQ)

Summary of Fiscal Impact:

Quantifiable costs related to the measure will require budgetary action. In addition, the fiscal impact has elements that are indeterminate at this time - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
General Fund		
Personal Services	449,013	643,239
Services and Supplies	354,168	294,898
Total Funds	\$803,181	\$938,137
Positions	5	5
FTE	2.60	3.50

Analysis:

HB 2860 appropriates an unspecified amount of General Fund to the Oregon Health Authority for deposit into the Safe Well Water Fund. The measure establishes new monitoring requirements for landlords of dwellings that use wells for drinking water. The measure specifies requirements for reporting the test results and for treating contaminated water. The monitoring requirements specify that drinking water be tested for E. coli and nitrates annually, and at least once during the life of the well for arsenic. The measure prescribes required response by landlords for repair or replacement in the event that contaminants are identified, as well as notification and reporting requirements to tenants. These requirements become operative on March 1, 2020, and test results must be electronically submitted by the laboratory conducting the tests to the Department of Environmental Quality (DEQ) for processing.

The fiscal impact of this measure is indeterminate depending on availability of funding. The measure establishes the Safe Groundwater Fund and authorizes OHA to use monies from the Fund to make grants and loans to assist low-income and rental property owners who use groundwater for their drinking water source and need to repair or replace wells or install treatment systems because of groundwater contamination. The measure authorizes OHA to pay for administrative expenses incurred for the purpose of making grants and loans from the Fund. The measure authorizes OHA to use moneys from the Safe Well Water Fund to pay for expenses incurred for testing of wells that supply ground water for domestic purposes, as well as for activities to administer grants and loans. The fiscal impact of these provisions of the measure are indeterminate because of several variables, including:

1. Source of Revenue: The measure establishes a fund for which revenue sources have yet to be identified.

2. Compliance Uncertainty: OHA reports that there are approximately 350,000 private domestic wells in Oregon, mostly in rural areas serving one to three connections, not regulated as public water supply systems. Because most private domestic wells are not subject to testing requirements OHA does not know how many require repair or treatment systems.
3. Amount of Grants and Loans: OHA cannot quantify the amount of grants and loans that will be needed. Due to the inability to accurately quantify the number of private domestic wells that may be affected by this measure, OHA cannot quantify how many private domestic well owners would meet income eligibility requirements for the Safe Well Water Fund to assist low income well owners.

Oregon Health Authority (OHA)

	2019-21 Biennium	2021-23 Biennium
General Fund		
Personal Services	270,803	396,174
Services and Supplies	190,954	164,285
Total Funds	\$461,757	\$560,459
Positions	3	3
FTE	1.51	2.00

Assuming the availability of funding for the Safe Well Water Grants and Loans program, OHA estimates the fiscal impact of this measure to be \$461,757 General Fund and 3 positions (1.51 FTE) for the 2019-21 biennium; and \$560,459 General Fund and 3 positions (2.00 FTE) for the 2021-23 biennium. In addition to the grant program, the measure requires OHA to analyze the results of tests received from the sale or exchange of real estate that includes a well for domestic use to identify areas with likely ground water contamination problems. Personal services and related services and supplies reflect the cost of the following three limited duration positions:

- One full-time Program Analyst 2 position to coordinate rule making, manage the program, assist with educational materials and outreach, engage with partners and stakeholders regarding well data, findings and new rule requirements.
- One part-time Public Health Educator 2 position to develop educational material for areas identified as high risk, information on well treatment and repair referrals, and develop template for landlords to disseminate water quality tests.
- One part-time Epidemiologist 2 position to analyze data, share data results with partners and the public, and request and receive data from DEQ.

In addition to staffing costs, the services and supplies amount includes:

- \$75,000 per biennium to contract with the Oregon Business Development Department to administer loans to qualifying individuals using private well water.
- \$41,108 one-time cost to design the interface specifications and write the software to create the interface in the Real Estate Transaction Well Transaction Database (RETWELL) to enable data collection and sharing.

Department of Environmental Quality (DEQ)

	2019-21 Biennium	2021-23 Biennium
General Fund		
Personal Services	178,210	247,065
Services and Supplies	163,214	130,613
Total Funds	\$341,424	\$377,678
Positions	2	2
FTE	1.09	1.50

DEQ estimates the fiscal impact of this measure to be \$341,424 General Fund and 2 positions (1.09 FTE) for the 2019-21 biennium; and \$377,678 General Fund and 2 positions (1.50 FTE) for the 2021-23 biennium. Personal services and related services and supplies reflect the cost of two limited-duration positions, one full-time Natural Resource Specialist 2 position and one part-time Natural Resource Specialist 3 position to support data analysis associated with

receiving test results and processing the data for inclusion into the agency's database. DEQ will need to develop a reporting template and conduct outreach with certified drinking water laboratories in Oregon to inform them of the reporting procedures and forms. DEQ will also coordinate with OHA to do outreach with statewide landlord associations to provide information on the reporting process. In addition to the staffing costs, the 2019-21 services and supplies amount includes \$70,000 to modify existing databases, however, if this measure were to pass, any necessary changes to existing databases would need to be included in the current Environmental Data Management System project underway at DEQ to update current data systems. DEQ based the agency's fiscal on the following assumptions:

- Renters occupy approximately 37% of the roughly 350,000 households in Oregon that use well water as a drinking source. Therefore, 129,500 households may be subject to the new reporting requirements proposed by this measure.
- A 30% compliance rate with the measure's testing requirements would result in DEQ receiving and processing 46,620 reports during the first operative year. This compliance rate is assumed to be higher than existing Real Estate Transaction drinking water testing requirements because this bill would require laboratories to directly submit the results to DEQ rather than real estate transaction rules that require report submittal by property owner to OHA.
- During the first year, an additional 20% of samples (25,900) may be generated by dwellings that will need one or more additional tests in response to initial sampling showing concentrations above acceptable levels.
- During the second and third years, DEQ anticipates resolution of some initial stage problems, resulting in a slight decrease in the number of retests required.
- Following the first three years, DEQ estimates a 50% decrease in the dwellings that require annual testing due to those that achieve three consecutive years where the samples did not contain any bacteria or nitrates.

Taking into account compliance rate uncertainties and limited ability to estimate the extent to which testing and reporting may decrease beyond the first three operative years, this fiscal analysis assumes positions will be established as limited duration through the end of the 2019-21 biennium. The fiscal impact amounts for the 2021-23 serve only as placeholders. It is expected that OHA and DEQ will re-evaluate workload assumptions and submit a policy option package reflecting the resource needs with each agency's 2021-23 budget request.

This measure requires budgetary action for the allocation of General Fund resources and position establishment.