

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

301 State House
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FISCAL IMPACT STATEMENT

LS 6760
BILL NUMBER: SB 317

DATE PREPARED: Mar 6, 2000
BILL AMENDED: Mar 3, 2000

SUBJECT: Operator certification.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (CCR Amended) This bill contains the following provisions:

Adding Certification Requirements for Certain Water System Operators: This bill provides that the law concerning water distribution system operator certification applies to non-transient, non-community water systems and community water systems.

Extending the Operator Certification Period: A certified water treatment plant operator or water distribution system operator may renew the operator's certification every three years instead of every two years by paying a renewal fee; and meeting continuing education requirements established by the Department of Environmental Management (IDEM). (A certified wastewater treatment plant operator must still renew the operator's certificate every two years by paying a renewal fee.)

Suspending or Issuing Certificates: The IDEM Commissioner may suspend the certificate of a water treatment plant operator, water distribution system operator, or wastewater treatment plant operator under certain circumstances. The Commissioner may also issue a water treatment plant operator or water distribution system operator certificate under certain circumstances if the person is an operator in charge of a water treatment plant or water distribution system that was required by the U.S. Environmental Protection Agency (EPA) to have a certified operator for the first time after February 5, 1999. A water treatment plant or water distribution system that would otherwise not be able to operate to continue operating if the plant or system: (1) meets certain conditions; and (2) applies to the Commissioner for certification of the operator in responsible charge of the water treatment plant or water distribution system.

Effective Date: (Amended) September 1, 2000.

Explanation of State Expenditures: *Extending the Operator Certification Period:* IDEM issues on average approximately 1,800 certificates annually for operators of water treatment plants and water distribution

systems. (IDEM issues 3,600 certifications within the current two-year certification period.) One environmental manager (PAT II) and one environmental scientist (PAT III) administer the certification program. Assuming that IDEM processes an equal number of certifications each year, extending the certification period from two years to three years for 3,600 operators will result in an average annual processing rate of 1,200 certifications per year, down 600 certifications from the current 1,800 per year.

Adding Certification Requirements for Certain Water System Operators: The proposal requires an estimated additional 1,104 operators of non-transient, non-community water systems and community water systems that serve fewer than 100 people to be certified. This provision will add on average an additional 368 certifications per year.

Net Impact on State Expenditures: IDEM should experience on average a net decrease of 232 in the number of certifications processed annually, or 13% reduction of the current workload (600 fewer due to the extension of the certification period plus 368 more resulting from the requirement that additional operators be certified equals 232). Again, the above estimate assumes that IDEM processes an equal number of certifications each year. However, the reduction in the number of certifications processed will not result in a decrease in the number of personnel employed to administer the certification program. Employees will be assigned other areas or projects. Therefore, the anticipated reduction in administrative activity will not result in a reduction of state expenditures.

Explanation of State Revenues: *Adding Certification Requirements for Certain Water System Operators:* An estimated additional 1,104 operators will require certification. IDEM collects \$30 for each certificate issued. Revenue collections should increase over the three-year certification period by \$33,120 (1,104 X \$30 = \$33,120). Annual revenue increases are estimated at \$11,040, assuming that IDEM issues an equal number of certifications each year ($\$33,120 / 3 = \$11,040$).

Extending the Operator Certification Period: This proposal extends the certification period from two to three years, beginning September 1, 2000. The certificate generates approximately \$108,000 every two years (3,600 X \$30 fee = \$108,000 in revenue). On average annual revenue collections equal \$54,000. Under the proposal, revenue generated by the certificate will be collected over a three-year period as opposed to a two-year period. Assuming that IDEM issues an equal number of certifications annually, annual revenue is estimated at \$36,000 (\$108,000 in certificate revenue divided by 3 years equals \$36,000 annually). The annual decrease in revenue is estimated at \$18,000 (\$54,000 in current annual revenue minus \$36,000 in estimated annual revenue equals an annual decrease of \$18,000).

Net Impact on State Revenues: The decrease in annual revenue of \$18,000 anticipated from the extension of the certificate period combined with the estimated annual increase in revenue of \$11,040 resulting from adding certification requirements for certain operators will result in an estimated net annual decrease in certificate revenue of \$6,960 ($\$18,000 - \$11,040 = \$6,960$).

The \$30 certificate fee is deposited with the Treasurer of State who deposits the revenue into the Water Management Permit Fund, a dedicated fund within the State General Fund.

Impact on Federal Revenues. The federal Safe Drinking Water Act requires states to comply by February 2001 with federal regulations pertaining to certification standards for operators of non-transient non-community water systems and community water systems that serve fewer than 100 persons per day. Failure to comply would result in a 20% decrease in funding from the U.S. EPA. IDEM receives on average \$9 to \$10 M per year for the federal Safe Drinking Water Program. A 20% reduction would result in the loss of

\$1.8 to \$2 M annually. The federal revenue is deposited in Indiana's Drinking Water Revolving Fund and distributed to qualifying entities in the form of low interest loans used to improve public water system infrastructure in order to comply with the Safe Drinking Water Act.

Explanation of Local Expenditures:

Explanation of Local Revenues: See *Impact on Federal Revenues* above.

State Agencies Affected: Department of Environmental Management.

Local Agencies Affected: Local units involved in providing water systems and water system infrastructure.

Information Sources: Dan Bastin, Auditor of State, (317) 232-3309; Clara Farrow, Assistant Controller, Fiscal Management Division, IDEM (317) 232-8206; Ryan Pastorius, Budget Analyst, Budget Agency (317) 232-5629; Erika Seydel Cheney, Director of the Office of Business and Legislative Relations, IDEM (317) 232-8598; and Wendy Hoffspiegel, Legislative Coordinator, IDEM.