

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 13-0615
Prime Sponsor(s): Rep. Fischer
 Sen. Schwartz

Date: February 6, 2013
Bill Status: House Agriculture
Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING GRANTS FOR DOMESTIC WASTEWATER TREATMENT PLANTS TO COMPLY WITH THE WATER QUALITY CONTROL COMMISSION'S NUTRIENTS MANAGEMENT CONTROL REGULATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Transfers or Diversions Transfer from the Water Quality Improvement Fund to the Nutrients Grant Fund	See State Transfers section.	
State Expenditures Cash Funds Nutrients Grant Fund	\$58,588	\$53,112
FTE Position Change	1.0 FTE	1.0 FTE
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill, **recommended by the Capital Development Committee**, establishes the Nutrients Grant Fund, to be administered by the Department of Public Health and Environment (DPHE). The DPHE will make grants from the fund to assist local governments that operate wastewater treatment facilities with planning, design, construction, and other improvements necessary for compliance with recently-adopted nutrient management control regulations. Up to five percent of the fund may be expended on the DPHE's costs to administer these grants. The Water Quality Control Commission (WQCC) must adopt rules to administer the fund, including a means of prioritizing grants to local governments least financially capable of complying with nutrient regulations. The fund is repealed September 1, 2016.

Background

Nutrients, such as chlorophyll-a, nitrogen, and phosphorus, are a common constituent of wastewater outflows and a water quality concern. Based on federal directives under the Clean Water Act, in June 2012 the Water Quality Control Commission (WQCC), under the DPHE, adopted technology-based standards that require approximately one-quarter of wastewater plants in the state to upgrade or overhaul treatment facilities. The DPHE submitted a proposal to the Capital Development Committee for the FY 2013-14 capital construction cycle that would provide \$15 million in matching grants to assist local government operators with critical construction projects. At this funding level, appropriated through the capital construction budget to the Water Quality Improvements Fund (WQIF), grants will offset about two percent of the cost to engineer, document, and construct adequate nutrient controls at eligible facilities.

State Transfers

Creation of the Nutrients Grant Fund provides an account to receive funds appropriated from the WQIF to assist local wastewater treatment plant upgrades and other nutrient control projects. The bill does not specify any transfer amount or require the transfer, but the fiscal note assumes that a transfer will immediately follow enactment of the bill if the proposed funding is approved through the annual capital construction budget.

State Expenditures

In FY 2013-14, the DPHE's expenditures increase by \$58,588 and 1.0 FTE to implement the bill. In FY 2014-15, costs to administer grants require \$53,112 and 1.0 FTE.

One-time costs to implement the bill occur in FY 2013-14, when the DPHE will undertake rulemaking. Initially, DPHE requires 10 hours of legal services from the Department of Law to conduct the rulemaking specified in the bill. Until the Nutrients Grant Fund is exhausted, the DPHE will incur costs to administer grants, including issuing a formal request for applications, prioritizing applications, awarding contracts, and monitoring and enforcing contracts. The bill permits up to five percent of the fund balance to be used for administrative purposes. The DPHE will require one additional staff member, with occasional assistance from existing staff, to perform this work, with costs detailed in Table 1.

Table 1. Expenditures Under HB 13-1191		
Cost Components	FY 2013-14	FY 2014-15
Personal Services	\$52,162	\$52,162
FTE	1.0	1.0
Operating Expenses and Capital Outlay	5,653	950
Legal Services	773	0
TOTAL	\$58,588	\$53,112

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB 13-1191*		
Cost Components	FY 2013-14	FY 2014-15
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,713	\$6,713
Supplemental Employee Retirement Payments	3,202	3,622
TOTAL	\$9,915	\$10,335

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

Local governments that operate wastewater treatment facilities are the specific and only beneficiary of grants from the Nutrients Grant Fund. An average grant of approximately \$500,000 will allow recipient local governments to appropriately plan, design, or construct facilities for the control of nutrients in wastewater. If funding at the requested level of \$15 million is deposited in the Nutrients Grant Fund, an estimated 29 local government projects will receive grants.

State Appropriations

In FY 2013-14, the Department of Public Health and Environment requires a cash funds appropriation of \$58,588 and 1.0 FTE from the Nutrients Grant Fund. Of this amount, \$773 is reappropriated to the Department of Law for legal services.

Departments Contacted

Public Health and Environment
Municipalities
Law

Personnel and Administration
Counties