

HOUSE BILL REPORT

HB 2874

As Reported By House Committee On:
Agriculture & Ecology
Appropriations

Title: An act relating to the wastewater discharge permit program.

Brief Description: Changing administration of the wastewater discharge permit program.

Sponsors: Representative Chandler.

Brief History:

Committee Activity:

Agriculture & Ecology: 1/31/96, 2/1/96, 2/2/96 [DPS];
Appropriations: 2/3/96 [DP2S(w/o sub AG)].

HOUSE COMMITTEE ON AGRICULTURE & ECOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Chandler, Chairman; Koster, Vice Chairman; Chappell, Ranking Minority Member; Linville, Assistant Ranking Minority Member; Boldt; Clements; Delvin; Honeyford; Johnson; Mastin; Ogden; Robertson and Schoesler.

Minority Report: Do not pass. Signed by 3 members: Representatives R. Fisher; Murray and Rust.

Staff: Rick Anderson (786-7114).

Background: Any person conducting a commercial or industrial operation that results in the disposal of waste into the waters of the state is required to obtain a wastewater discharge permit from the Department of Ecology. The permit generally specifies the type, quantity, and concentration of pollutants that may be discharged. The permit is valid for up to five years.

Until 1988, the permit program was funded solely through the general fund. In 1988, Initiative 97 was approved, which requires holders of discharge permits to pay fees to cover the direct and administrative costs of issuing the permits. The fee schedule is adopted by rule, and may be amended no more often than every two years. All fees collected are deposited in the water quality permit account, to be used for the

purposes of administering wastewater permits. In the 1993-95 biennium, the department adopted its first fee schedule that was funded solely from permit fees.

The department currently administers approximately 4,000 discharge permits. The department has several types of permits that fall into two broad categories, individual and general. Individual permits are developed specifically for individual dischargers. General permits are generic permits that are issued to like categories of dischargers. The department administers approximately 1,000 individual permits and 3,000 general permits. Approximately 1,800 of the general permits are issued for stormwater discharges.

The department was appropriated \$19.6 million to administer the wastewater discharge permit during the 1995-97 biennium. This appropriation supports approximately 140 full-time equivalent staff.

Summary of Substitute Bill:

Findings: The bill makes a finding that the Department of Ecology has administered its wastewater discharge program in a manner that does not equitably allocate the costs of water pollution control among point and non-point dischargers.

Administration: The Department of Ecology is directed to make a number of changes to the way it administers its wastewater discharge permit program. Specifically, the department must

- (1) identify industry-wide or basin-wide needs;
- (2) establish permit requirements that fairly allocate the costs of water quality control among point and non-point dischargers;
- (3) develop permit fees based on a workload model;
- (4) streamline permit requirements for small volume dischargers;
- (5) reduce the number and scope of special studies that are required of the permittee;
- (6) provide information relating to the percentage of pollution a discharger is responsible for and on the need for any new significant permit conditions.

Fee Eligibility: The department is prohibited from charging and collecting permit fees for overhead programmatic expenses relating to the development of a sediments program; appeals; rule development; and the training of staff that are not included in the Department's workload model.

Appropriations: An appropriation of \$110,000 is made from the water quality permit account. The appropriation must be used to hire a consultant to develop fees based on a workload model and to fee levels for the 1997-1999 biennium.

Substitute Bill Compared to Original Bill: The substitute bill deletes a provision that would have reduced the appropriation to the wastewater discharge permit program by approximately 50 percent. A provision is added that increases the appropriation for the consultant from \$50,000 to \$110,000.

Appropriation: \$110,000 from the water quality permit account.

Fiscal Note: Requested on January 26, 1996.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill appropriately reduces the size of the permit program. Polluters should pay for the program, but the costs of the program need to be fairly allocated. The amount of overhead charged by the department is too high. A consultant is needed to assist the advisory group and the department to develop fees. Streamlining the permit process for small volume dischargers is a good idea. Not all of the costs incurred by the department should be paid by the permittees. It is time to address the department's fee development process.

Testimony Against: This bill will result in the state losing its authority to implement the federally required wastewater discharge permit program. Fee payers are getting their money's worth with the current program. This program has been studied extensively. The question of who should pay for the program should be discussed further. Polluters should pay for the regulatory programs they necessitate. The advisory group assisting Ecology is working to make the fees more equitable.

Testified: Gary Smith, Independent Business Association; Ken Johnson and Lori Blau, Association of Washington Businesses (all in favor). Mary Reveland, Department of Ecology; and Jeff Parsons, People for Puget Sound (all against).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Agriculture & Ecology. Signed by 20 members: Representatives Huff, Chairman; Clements, Vice Chairman; H. Sommers, Ranking Minority Member; Beeksma; Brumsickle; Carlson; Cooke; Dyer; Grant; Hickel; Kessler; Lambert; Linville; McMorris; Poulsen; Reams; Sehlin; Sheahan; Talcott and Wolfe.

Minority Report: Without recommendation. Signed by 4 members: Representatives Valle, Assistant Ranking Minority Member; Chappell; Dellwo and Rust.

Staff: Nancy Stevenson (786-7137).

Summary of Recommendation of Committee on Appropriations Compared to Recommendation of Committee on Agriculture & Ecology: The appropriation section is removed. A technical correction is made to delete an obsolete statutory reference.

Appropriation: None.

Fiscal Note: Requested on January 26, 1996.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Concerns were expressed last session regarding the wastewater discharge permit program. At that time, a waiver to exceed the fee increase provision of Initiative 601 was denied. The Department of Ecology has done a good job in setting up an advisory group to review the program. This bill moves the process forward. Making adjustments in the program for de minis dischargers is important. A major concern to small businesses and small municipalities is the fact that using a workload model as a basis for fee setting will increase their fees substantially. An explicit provision is needed to mitigate the impact to these dischargers.

Testimony Against: None.

Testified: Jim King, Coalition of Small Dischargers; and Maureen Morris, Association of Washington Cities.