

# HOUSE BILL REPORT

## HB 1715

---

### As Reported by House Committee On:

Environment  
Appropriations

**Title:** An act relating to protecting Puget Sound through funding and implementing local on-site sewage program management plans.

**Brief Description:** Protecting Puget Sound through funding and implementing local on-site sewage program management plans.

**Sponsors:** Representatives Peterson, Fitzgibbon and S. Hunt; by request of Department of Health.

### Brief History:

#### Committee Activity:

Environment: 2/12/15, 2/19/15 [DPS];

Appropriations: 2/25/15, 2/27/15 [DP2S(w/o sub ENVI)].

#### Brief Summary of Second Substitute Bill

- Directs the officers of local health jurisdictions in the 12 counties bordering Puget Sound to update and submit on-site sewage management plans to the Department of Health by July 1, 2016, and every five years thereafter.
- Permits the Department of Health and counties to consult with the Department of Ecology to administer low-interest loans for on-site sewage system repairs and replacements.

---

### HOUSE COMMITTEE ON ENVIRONMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Fitzgibbon, Chair; Peterson, Vice Chair; Farrell, Fey, Goodman and McBride.

**Minority Report:** Do not pass. Signed by 5 members: Representatives Shea, Ranking Minority Member; Short, Assistant Ranking Minority Member; Harris, Pike and Taylor.

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Staff:** Daniel Rusk (786-7290) and Jacob Lipson (786-7196).

**Background:**

Twelve counties in Washington are located within the Puget Sound basin. Within the basin, there are an estimated 600,000 on-site sewage systems (OSS). Local health jurisdictions administer regulations regarding OSS.

In 2005 the Department of Health (Department) reset standards and expectations regarding the management and care of OSS. These standards require an owner of an OSS to maintain the OSS and complete a full system evaluation every three years. In general, the owner bears the costs associated with repair and upkeep of the OSS.

Beginning in July 2007, local health boards in the 12 counties bordering the Puget Sound basin were required to develop an OSS management plan. The management plans are intended to help owners of an OSS evaluate and maintain their systems. When developing the management plans, the local health board must propose marine recovery areas where OSS are a significant contributing factor to concerns associated with: shellfish growing, marine waters with low-dissolved oxygen or fecal coliform, and waters where nitrogen is a contaminant. These local management plans must include information on how the local health jurisdiction will, among other things:

- maintain an inventory of all the OSS within the local health jurisdiction;
- identify areas where an OSS may pose an increased risk to public health;
- identify requirements for an OSS to address areas of increased risk; and
- help and encourage homeowners to inspect and maintain their OSS.

Each county was required to have its OSS management plan approved by the Department. The local health board in the counties bordering the Puget Sound may collect reasonable rates from OSS owners to help administer a management plan.

The Washington State Water Pollution Control Revolving Fund and the Centennial Clean Water Fund are loan programs funded by state and federal money that may be used for a variety of programs related to water quality.

---

**Summary of Substitute Bill:**

The local health board in the 12 counties bordering the Puget Sound must impose an annual fee of at least \$30 on owners of an OSS located within the Puget Sound basin. The fee may be imposed on areas of the counties located outside the basin. However, certain elderly persons and disabled veterans who are exempt from paying property taxes are exempt from paying this fee. Additionally, counties that adopted an on-site sewage fee prior to December 31, 2014, may maintain that charge if it is less than \$30. The local health board must use the fee for implementing an OSS management plan. This fee may not be used to finance OSS management plan services financed by another funding source. However, any existing fee that covers substantially the same service must be adjusted to account for this new fee.

The Department must review and approve local health boards' on-site sewage management plans to ensure that they meet specific standards to be set by the Department by rule. Once approved, or after 60 days without notification from the Department, the local health board must implement the management plan. The local health board must update these plans at least once every five years.

Additionally, the Department and counties may coordinate with the Department of Ecology to establish a low-interest loan program to help owners repair and replace their on-site sewage systems.

**Substitute Bill Compared to Original Bill:**

The substitute bill allows counties that implemented an on-site sewage system charge prior to December 31, 2014, to maintain that charge if it is less than \$30.

---

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 1, 2015.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The number of septic systems in the counties bordering the Puget Sound pose problems for water quality. The problems are well-documented and routine septic system maintenance to protect against these problems is not occurring. Additionally, the current funding system to address these problems is not adequate. Poor water quality poses issues to both shellfish and beaches, and a long-term funding program is needed to address these issues. This bill provides the necessary tools to continue to address water quality. It will help address this problem through two finance programs: local funding coming through an annual fee, and a low-interest loan program. The bill also ensures that the counties continue to update their management plans.

(Opposed) None.

**Persons Testifying:** Representative Peterson, prime sponsor; Jerrod Davis, Department of Health; Jeff Parsons, Puget Sound Partnership; Bill Dewey, Taylor Shellfish Farms; Keith Grellner, State Board of Health and Kitsap Public Health; Terri Jeffreys, Mason County; Art Starry, Thurston County Public Health; Bruce Wishart, Washington Environmental Council and Puget Sound Kelper; and Adrienne Thompson, Professional and Technical Employees Local 147.

**Persons Signed In To Testify But Not Testifying:** None.

---

**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 Environment. Signed by 18 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Hansen, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Pettigrew, Sawyer, Senn, Springer, Sullivan, Tharinger and Walkinshaw.

**Minority Report:** Do not pass. Signed by 13 members: Representatives Chandler, Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Condotta, Dent, Haler, G. Hunt, MacEwen, Magendanz, Schmick, Stokesbary, Taylor and Van Werven.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Fagan.

**Staff:** Mary Mulholland (786-7391).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Environment:**

The second substitute bill eliminates the mandate that local boards of health in the 12 counties bordering Puget Sound impose a minimum \$30 annual charge for each OSS. Authorization for the 12 counties to collect a charge to implement OSS program management plans is retained. Provisions related to adjusting other fees, rates, or charges to account for the minimum \$30 annual charge are eliminated. Local boards of health must submit updated OSS program management plans to the Department by July 1, 2016, and every five years thereafter. Additional requirements and standards for OSS program management plans established in rule by the State Board of Health do not take effect until one year after adoption.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 1, 2015.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) The 600,000 OSS in the Puget Sound basin is a daunting number. The bill focuses on clean water and is not an anti-OSS bill. Septic systems, if done correctly, are an integral part of supporting water quality for shellfish and for public health. A strength of the bill is that it takes a preventative approach. Stakeholders are working on potential amendment language to ensure that local health jurisdictions are inspecting OSS and perhaps have the ability to fund simple repairs that can prevent catastrophic failures. The bill would also help OSS owners access existing low-interest loans.

The bill is the product of significant work by a broad stakeholder group, carried out at the request of Puget Sound environmental health directors. The bill establishes two financing mechanisms: (1) a dedicated charge for all OSS and; (2) the creation of a region-wide low-interest loan program. The bill provides a state financing directive to improve local oversight

of OSS, protect shellfish beds and water resources in the Puget Sound region, and encourage homeowner access to low-interest loans to fix problem systems. The bill aims to provide local financing for local solutions, and is a priority project for the Puget Sound Action Agenda.

Thurston County has about 70,000 OSS that are responsible for treating an estimated 15,750,000 gallons of sewage a day. It is important for Thurston County to help people manage OSS. Thurston County implemented an OSS management plan in 2008 to respond to state law and rule. The plan has been successful in some areas and less successful in others. In 2014 the plan was amended with the help of an advisory committee. The advisory committee consisted of a broad group of realtors, people from the building industry, people from septic system management firms, and others. The 13 advisory committee members unanimously recommended that an annual fee on all OSS owners replace other existing fees as a financing mechanism for OSS, and that the fee be collected via property tax statements. The unanimous agreement on this recommendation was surprising.

One challenge for counties is finding the dollars to repair or replace septic systems of concern, particularly when the septic system is owned by a low-income family. An amendment to the bill could potentially allow revenue from the annual OSS charge to be used to offer incentives or rebates for small repairs.

The bill allows other existing fees to be replaced by a single annual charge. For example, Whatcom and San Juan counties have replaced other fees, such as tipping or inspection fees, with an annual charge as authorized under current law.

(With concerns) The Washington Realtors' Association spent two years on the advisory committee that made the recommendations included in this bill. Realtors are well-aware of septic system issues, particularly for low-income people. There is concern over specifying how revenue from the annual OSS charge would be used so that it benefits local health jurisdictions and homeowners. There should be some direction from the Legislature on how those dollars are integrated. The changes in the amendment that the sponsor and the Department of Health are working on would help move in the right direction. The Washington Realtors' Association would also like some metrics in the bill to measure outcomes and to report information back to the Legislature.

(Opposed) None.

**Persons Testifying:** (In support) Representative Peterson, prime sponsor; Jerrod Davis, Washington State Department of Health; and Art Starry, Thurston County Public Health Department.

(With concerns) Jeanette McKaque, Washington Realtors Association.

**Persons Signed In To Testify But Not Testifying:** None.