

**Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement**

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ORIGINAL

Bill Number: HB348

Patron: McLaughlin

Bill Title: Residential Well Water Testing and Treatment Program and Fund; established.

Bill Summary: Directs the State Board of Health to adopt regulations to utilize point-of-use or point-of-entry drinking water treatment or filtration systems to remove or significantly reduce concentrations of perfluorooctanoic acid, perfluorooctane sulfonate, and other established and emerging contaminants of concern that meet or exceed maximum contaminant levels or health advisory levels for the same contaminant adopted by the U.S. Environmental Protection Agency (EPA) or, in the in the absence of an EPA health advisory for such contaminant, a contaminant level determined by the Virginia Department of Health's (VDH) Office of Drinking Water (ODW).

The bill also establishes the Residential Well Water Testing and Treatment Program (the Program) and Program Fund (the Fund) to allow VDH to test and treat contaminated drinking water through grants for the use of eligible treatment or filtration systems in private residential wells. Program operating costs are limited to \$3 million annually and grant awards are subject to available funding. This bill is a recommendation of the State Water Commission.

Budget Amendment Necessary: See below **Items Impacted:** 284

Explanation: VDH would require additional resources to administer the Program and make grant awards provided funding is made available. Program operations cannot exceed \$3 million annually.

Fiscal Summary: Establishing and administering the Program would generate additional costs for VDH. However, the total costs of operating the Program must not exceed \$3 million annually. Moreover, the cost of the Program is scalable depending on the level of funding provided. Should no funding be provided, it is assumed that VDH would not establish the Program.

The bill requires VDH to adopt regulations to enable the utilization of eligible treatment and filtration systems defined as point-of-entry or point-of-use drinking water treatment systems. The agency has indicated that this provision can be absorbed within existing resources.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
VDH (601)	-	\$0 - \$2,999,775				

Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
VDH (601)	-	0 - 6	0 - 6	0 - 6	0 - 6	0 - 6

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Fiscal Analysis: The purpose of the Program and Fund is to assist low-income owners of private residential wells through grants for the use of eligible treatment systems. VDH’s ability to award grants is contingent on available funds, the severity of contamination, and the economic need of the well owner. Responsibilities of the Program are expected to include reviewing grant applications and associated documentation, administering grant funds, and overall program administration. The following analysis reflects the scalable nature of the Program.

While the exact number of private wells is unknown, VDH estimates there are over 700,000 in Virginia. Virginia Tech estimated that 22 percent of Virginians rely on private wells for drinking water, which could be as many as 1.6 million homes using a private well.

In the past, VDH’s Septic and Well Assistance Program covered costs of approximately \$2,500 for a qualified professional to install treatment devices; however, other estimates for the cost of installation have been as low as \$400, for an average cost of \$1,450. The bill states that grants from the Program shall not exceed 50 percent of the cost of eligible treatment or filtration systems. VDH estimates the average reimbursement for treatment and filtration system installation will be \$725 (50 percent of \$1,450) based on the range of costs for treatment devices and installation costs when using qualified professionals. VDH estimates replacing cartridges for treatment will cost \$150 per cartridge for each system. Therefore, for the purpose of this statement, total reimbursement per applicant is estimated to cost an average of \$975. Actual reimbursements would vary based on applications received.

Depending on the number of grants, VDH reports that additional full-time positions would be needed to administer the Program. Responsibilities would include reviewing applications, conducting site inspections, consulting with well owners, awarding grants, and providing appropriate oversight. The cost of a position, including benefits, travel, and other nonpersonal services, is estimated to be \$115,000 annually. Based on the administration of similar programs, VDH indicates that each position would be able to handle approximately 400 applications per year.

As the amount of grant funding provided increases, so do the administrative costs. The following tables outline the increase in administrative costs and the associated grant funding for support provided at approximately \$1.0 million, \$2.0 million, and \$3.0 million.

	Cost Per	800 Grants	1,600 Grants	2,369 Grants
Grants	\$ 975	\$ 780,000	\$ 1,560,000	\$ 2,309,775
Positions	\$ 115,000	<u>\$ 230,000</u>	<u>\$ 460,000</u>	<u>\$ 690,000</u>
	Total	\$ 1,010,000	\$ 2,020,000	\$ 2,999,775

VDH reports that the cost of promulgating regulations can be absorbed within existing resources.

Other: None