Department of Planning and Budget
2024 Session Fiscal Impact Statement

1. **Bill Number:** HB1295

House of Origin	☒	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☐ Enrolled

2. **Patron:** Campbell

3. **Committee:** Health and Human Services

4. **Title:** Drinking water; maximum contaminant levels; water treatment systems; Rural Water Supply Program.

5. **Summary:** Directs the State Board of Health to adopt regulations to utilize point-of-use or point-of-entry drinking water treatment or filtration to remove or significantly reduce concentrations of contaminants of concern that meet or exceed any maximum contaminant level or health advisory for the same contaminant adopted by the U.S. Environmental Protection Agency. The bill also establishes the Rural Water Supply Program and Fund to allow the Department of Health's Office of Drinking Water to test and treat contaminated drinking water for individuals on private wells and small rural public water systems.

6. **Budget Amendment Necessary**: Yes, item 280

7. **Fiscal Impact Estimates:** Preliminary.

8. **Fiscal Implications:** The provisions of this legislation would have a fiscal impact on the Virginia Department of Health's (VDH) Office of Drinking Water (ODW) to establish and operate the Rural Water Supply Program (the Program) and to administer the associated Rural Water Supply Program Fund (the Fund). The fiscal impact from establishing and operating the Program would involve testing drinking water for those who receive their drinking water from private wells or small rural public water systems, and treating the drinking water for those whose water is identified as contaminated through the tests. Point-of-use and point-of-entry treatment systems are expressly eligible to serve as the source of treatment pursuant to the bill as introduced. The bill provides that the cost of operating the Program shall not exceed $5 million annually. The cost of the program is scalable depending on the level of funding provided. VDH provided cost estimates to implement the Program, funded at $1 million, $2 million, and $5 million.

   The exact number of private wells is unknown, but based on data provide by Virginia Tech, an estimated 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. While the bill does not set forth a definition of "small rural public water systems," there are over 2,600 waterworks in Virginia that serve a population considered "small" or "very small" (3,300 or fewer people) by EPA.

Each service connection of the small rural public water system would be eligible for testing and a filter, depending on the final program established by the regulations and policies.

Laboratory costs to determine Perfluoroalkyl and polyfluoroalkyl substances (together known as PFAS) concentration in the drinking water supply will range from about $300 to $550 per sample, depending on the lab and the number of samples contracted with the lab for sampling. There are additional costs for properly collecting and delivering a sample to a certified lab. The point-of-use filters currently available on the market for PFAS removal cost $40 to $400 per filter, depending on the filter type and volume of water. Point-of-entry filters are significantly more costly to purchase and maintain. Filters would need to be replaced periodically, most likely every 6-months, so there are operation and maintenance costs, and follow-up effort to replace filters.

In addition to costs related to testing and treatment, agency resources would be needed to administer the Program and the Fund, such as determining who is eligible to receive testing and, based on testing results, who is eligible to receive a treatment system and what type of treatment system is appropriate. Operation and maintenance oversight for installed treatment would also be needed as part of the Program. Agency staff would market the program, answer questions, establish regulations, implement the procedures and policy, and ensure that filters are properly distributed, used, and replaced.

The bill states that the cost of the Program shall not exceed $5 million annually. The amount of the fiscal impact would depend upon the size of the Program. The more funding that is provided to the Fund, the more testing and work that VDH would need to perform. In turn, the more testing that is conducted and the more treatment devices that are supplied, the more resources VDH would need for staff to implement and manage the Program and the Fund.

Funding of $1 million per year would require two full-time equivalent employees (FTEs) to collect approximately 1,200 PFAS samples per year at 600 locations throughout the Commonwealth that are served by private wells or small waterworks. Based on prior sampling of waterworks, VDH expects the cost to obtain 1,200 sample results would be $630,000. VDH estimates about 15 percent of the sampling locations might find PFOA or PFOS levels above the proposed primary maximum contaminant levels (PMCLs). Approximately 90 systems would need treatment (estimated 68 private wells and 22 waterworks with a varying number of service connections). Some waterworks would require multiple point-of-use units. A total of 180 point-of-use treatment systems would be funded for installation and replacement filters during the first year of the Program. VDH estimates treatment systems would cost, on average $500 each, with an additional $150 for one replacement cartridge for each system during the first year, for a total cost of $117,000 for 180 treatment systems and 180 replacement cartridges. VDH anticipates costs of $111,968 for one supervisor and $101,328 for one inspector in the first year, plus milage of $44,850 related to traveling 69,000 miles to carry out the Program. These estimates lead to a total cost of $1,005,146 in first year, which would increase each subsequent year as more owners enter the program over time. These amounts are roughly scalable based on total funding

provided. The following chart lays out these expected costs in the first year for scenarios of $1 million in funding, $2 million in funding, and $5 million in funding per year.

$1 million – Year 1	Qty	Unit cost	Cost
Sample Cost	1,200	$525	$630,000
Mileage	69,000	$0.65	$44,850
Treatment System	180	$500	$90,000
Replacement Cartridges	180	$150	$27,000
Supervisor	1	$111,968	$111,968
Inspector	1	$101,328	$101,328
TOTAL			**$1,005,146**

$2 million – Year 1	Qty	Unit cost	Cost
Sample Cost	2,520	$525	$1,323,000
Mileage	145,000	$0.65	$94,250
Treatment System	280	$500	$140,000
Replacement Cartridges	280	$150	$42,000
Supervisor	1	$111,968	$111,968
Inspector	3	$101,328	$303,984
TOTAL			**$2,015,202**

$5 million – Year 1	Qty	Unit cost	Cost
Sample Cost	6,480	$525	$3,402,000
Mileage	373,000	$0.65	$242,450
Treatment System	510	$500	$255,000
Replacement Cartridges	510	$150	$76,500
Supervisor	1	$111,968	$111,968
Inspector	9	$101,328	$911,952
TOTAL			**$4,999,870**

After the first year of the Program, the Fund would need to provide for two sets of replacement filter cartridges for point-of-use treatment systems installed during year one of the Program for each remediation site, assuming funds are available and the $5 million cap has not been reached. After the first year, the Program would also sample another batch of systems and install more treatment systems to the extent allowed by proceeds in the Fund. Replacement filters start at $157.50 and increase each subsequent year. Starting in year two an additional $80,000 to $270,000 would be needed depending on the amount of point-of-use filters and point-of-use systems for Scenario 1. This amount is scalable dependent on the scenario and funding level provided. For comparison, Scenario three in year five would have an estimated upper cost of $870,000 in replacement filter costs for approximately 2,620 new and existing systems with a program staff of 10 people. However, given that Scenario 3 is at the top of the threshold for the program's budget, the amount of replacement filters, samples, mileage, treatment systems, etc., provided will decrease to stay within the $5.0 million budget as costs increase in the out years.

9. Specific Agency or Political Subdivisions Affected: The Virginia Department of Health.

10. Technical Amendment Necessary: No.

11. Other Comments: None.