

**NORTH CAROLINA GENERAL ASSEMBLY  
LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 1019 (2<sup>nd</sup> Edition)

**SHORT TITLE:** Amend Septage Management Program

**SPONSOR(S):**

	<b>FISCAL IMPACT</b>				
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>
<b>REVENUES:</b>					
Div. of Waste Mgt.					
Septage Fees	\$109,600	\$109,600	\$109,600	\$109,600	\$109,600
<b>EXPENDITURES:</b>					
Div. of Waste Mgt.					
Septage Mgt. Program	\$70,000	\$70,000	\$70,000	\$70,000	\$70,000
Increase Cash Balance	\$39,600	\$39,600	\$39,600	\$39,600	\$39,600
<b>POSITIONS:</b>	1.0	1.0	1.0	1.0	1.0
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Environment and Natural Resources, Division of Waste Management					
<b>EFFECTIVE DATE:</b> When the bill becomes law.					

**BILL SUMMARY:** The bill amends the septage management program by 1) raising the annual fees for a septage management firm, 2) establishing a new annual fee for septage management facilities, 3) creating a new inspection requirement for septage land application sites, and 4) establishing a septage operator training requirement. The bill also adds a new requirement to keep fees remaining at the end of the fiscal year from reverting to the General Fund.

**ASSUMPTIONS AND METHODOLOGY:**

**Background:** The Department of Environment and Natural Resources' Division of Waste Management administers the septage management program. Of the five FTEs employed in

the septage management program, three are supported from the existing septage management fees and two are supported from a General Fund appropriation.

**Revenues:** HB 1019 increases the annual fee paid by septage management firms from \$300 to \$550 for a company that operates one pumper truck and from \$400 to \$800 for a company that operates two or more pumper trucks. The Department anticipates receiving \$148,900 from 421 firms in FY 2000-01. Under the proposed bill, the Department expects the number of regulated firms to decrease to 400 due to normal attrition, the fee increase, and the educational requirements. The industry and the Department expect little or no growth in the number of septage management firms over the next five years. Using the current ratio of small and large firms, the chart below shows the anticipated revenue from the increased fees paid by 400 companies. The chart also shows the revenue from a new \$200 fee imposed on the five septage management facilities in the state. (These firms do not own pumper trucks.)

	<u># of firms</u>	<u>Proposed Fee</u>	<u>Total Revenue</u>
Septage management firm			
One pumper truck	250	\$550	\$137,500
Two or more pumper trucks	150	\$800	\$120,000
Septage management facility	5	\$200	<u>\$1,000</u>
			\$258,500

The difference in the proposed revenue and the FY 2000-01 estimated revenue is \$109,600. All revenues from septage fees are to be applied to the septage management program. The bill imposes a new requirement that funds remaining in the program at the end of the fiscal year shall not revert to the General Fund.

**Expenditures:** In addition to raising fees, the bill places additional responsibilities on the Division's septage management program. These new responsibilities include: 1) mailing an annual fee notice to all septage management firms and facilities two months prior to the date the fees are due, 2) providing technical and regulatory assistance to site operators and permit applicants, 3) taking soil samples on permitted septage land application sites, 4) providing the required training to the septage management firm operator and to the septage land application site operator, and 5) inspecting septage land application sites at least twice a year, reviewing septage land application site records at least annually and inspecting pump trucks used for septage management at least once every two years.

While some of these activities, such as technical assistance, are currently taking place within the Division's septage program, the new inspection and training requirements add to the Division's current workload and will take additional resources to complete. The bill requires the Division staff to provide a minimum of four hours of training per year to each septage management firm operator, of which there are currently 421. Each septage land application site operator, of which there are approximately 130, will also be required to complete a minimum of three hours of training per year provided by the Division. The new twice a year inspection requirement of septage land application sites will require approximately 315 on-site inspections annually by Division staff.

To complete these new responsibilities, the Division will need one additional staff person. A Soil Scientist II position with benefits and operating support will require additional

expenditures of approximately \$60,000. The Division estimates that it will cost approximately \$10,000 a year to cover the required septage operator training for approximately 530 operators. The total additional expense to the Division to fulfill its the new responsibilities required by the bill is \$70,000.

While the bill prohibits the reversion of fee revenue to the General Fund, a surplus in fee revenue might be used to reduce the annual General Fund subsidy for the septage management program. This action might be taken by a future General Assembly or by the Office of State Budget, Planning and Management.

**TECHNICAL CONSIDERATIONS:** None

**FISCAL RESEARCH DIVISION 733-4910**

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