

**SENATE FISCAL AGENCY
 ADMINISTRATIVE RULES FISCAL NOTE**

DATE: March 26, 2020
ANALYST: Abbey Frazier
PHONE: 373-2768

<u>TRANS. NO.</u>	<u>AGENCY</u>	<u>SUBJECT</u>
20-08	Department of Environment, Great Lakes, and Energy Drinking Water and Environmental Health Division	Supplying Water to the Public

FISCAL IMPACT:

The rules to establish new drinking water standards for per and poly-fluorinated substances (PFAS) and related sampling and response requirements will have a negative fiscal impact to the State and local government. The rules will increase data handling and oversight activities of the Department's drinking water and environmental health program for approximately 2,700 public water supplies. Increased costs to the Department and local health departments will be mitigated, in part, due to the fact that the rule requires sampling, analysis, and compliance calculations with the same methodology as existing rules.

Local units of government will experience increased costs related to sampling and monitoring PFAS in drinking water supplies and installation of treatment where supplies exceed the newly established PFAS limit. These rules will impose costs on local government units that own or operate a public water supply, including most municipalities, schools, and other public entities. The Department estimates additional costs related to sampling will amount to approximately \$6.4 million in the first year. Local units of government will also experience increased costs related to the installation of treatment, which could include connection to alternate water systems or treatment of water supplies for systems that exceed established PFAS limits. The Department estimates the cost for treatment installation at water supplies with known PFAS needs to be addressed is approximately \$11.0 million.

The fiscal year 2019-20 EGLE budget included \$1.9 million in ongoing funding and 10.0 new FTEs to provide technical support to communities with implementation assistance. \$40.0 million in one-time funds was also included to assist communities with implementation, including grants to local governments for contaminant remediation, connection to alternate systems, and technologies to address contaminants in public water systems.