



# NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

## Legislative Fiscal Note

**Short Title:** Amend On-Site Wastewater/Environment Statutes.  
**Bill Number:** House Bill 628 (Third Edition)  
**Sponsor(s):** Rep. Brody, Rep. Dahle, Rep. N. Jackson, and Rep. Cairns

### SUMMARY TABLE

#### FISCAL IMPACT OF H.B. 628, V.3 (\$ in millions)

	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
<b>Local Impact</b>					
Local Revenue	-	-	-	-	-
<u>Less Local Expenditures</u>	=	=	=	=	=
<b>NET LOCAL IMPACT</b>	<b>No Estimate Available - Refer to Fiscal Analysis section</b>				

### FISCAL IMPACT SUMMARY

Sections 1, 3, and 4 make several changes to on-site wastewater statutes anticipated to have a fiscal impact on local governments. The bill caps the fees that Local Health Departments (LHDs) are allowed to charge individuals who elect to use private options for permits for building, upgrading, and operating wastewater systems. The bill also limits the LHDs' scope of responsibility for reviewing wastewater systems designed or permitted under the different private options. It is expected that the changes will reduce the total fee revenue collected by the individual LHDs, but also reduce the time LHD staff are required to spend reviewing permits. Fees and staffing requirements are determined at the local level by individual LHDs and so no estimate is available on the net impact of these changes. The changes included in Sections 1, 3, and 4 would not impact the State's budget.

Section 10.1 establishes a registered environmental health associate certification under the State Board of Environmental Health Specialist Examiners (Board) and authorizes the Board to collect a fee of up to \$100 for certification. The Board's operating budget and spending occur outside the State treasury and budget, so this section would not impact the State's budget.

## FISCAL ANALYSIS

### Section 1

Section 1 includes several changes to the statutes governing on-site wastewater systems that have the potential to have a fiscal impact for local governments. Property owners or operators constructing a new or repairing an existing wastewater system have the option of hiring a qualified licensed soil scientist, Authorized Onsite Wastewater Evaluator (AOWE), or licensed geologist to perform portions of the required pre-construction evaluations of the wastewater site, in lieu of having that work done by LHD staff. Under G.S. 130A-335, soil scientists, AOWE, or licensed geologists are able to provide an Improvement Permit (IP)—which shows the property is able to handle a subsurface wastewater system, and a AOWE is able to provide the Construction Authorization (CA)—which allows construction on the wastewater system to begin and allows the owner to obtain any necessary building permits, or an IP/CA combination permit.

Each LHD sets its own fees for individuals wishing to use the private option for obtaining an IP, CA, or IP/CA combination permit. Currently, LHDs may charge up to 100% of what they would normally charge if the work on the IP, CA, or IP/CA combination permit was done by LHD staff and not through the private option. HB 628 would cap the fees for CA and IP/CA combination permits issued under this option at 40% of an LHD’s typical permit fees. Table 1 shows the current fee schedule and how those fees would change under HB 628.

Table 1	Current and Revised LHD Fees for Improvement Permit/ Construction Authorization Issued by Soil Scientist, AOWE, or Licensed Geologist	
	Current Fee	Revised Fees (HB 628)
Improvement Permit	Up to 100% of the fee established for similar systems permitted by the local health department	Up to 100% of the fee established for similar systems permitted by the local health department
Construction Authorization	Up to 100% of the fee established for similar systems permitted by the local health department	Up to 40% of the fee established for similar systems permitted by the local health department
Improvement Permit/Construction Authorization Combination Permit	Up to 100% of the fee established for similar systems permitted by the local health department	Up to 40% of the fee established for similar systems permitted by the local health department

DHHS estimates that around 3,700 CA or IP/CA combination permits are issued annually in accordance with G.S. 130A-335(a2). HB 628 would reduce the total revenue from each fee collected by the LHD. As fees are set and collected by the individual LHDs, the net loss of revenue across all LHDs cannot be estimated from available data.

HB 628 clarifies that the role of the LHDs in reviewing IP, CA, and IP/CA combination permits is limited to performing a completeness review of the application within 5 business days of the LHD receiving the application. DHHS reports that the reduction of the LHD’s responsibilities will decrease the time the LHD staff spend processing IP, CA, and IP/CA combination permits issued by an AOWE, licensed soil scientist or a licensed geologist, and thus should reduce the overall cost associated with issuing IP, CA, and IP/CA combination permits. However, there is no data available

on the estimated reduction in staff time or potential cost savings for each LHD, or the aggregate across all LHDs.

**Section 3**

Section 3 makes changes to the Engineered Option Permit (EOP) process described in G.S. 130A-336.1 for on-site wastewater system approval. Property owners or operators constructing a new or repairing an existing wastewater system have the option of using the EOP on-site wastewater system approval process. This process uses professional engineers licensed under Chapter 89C of the General Statutes to prepare plans and reports for the design, construction, operation, and maintenance of the wastewater system. HB 628 allows the owner of a proposed wastewater system to apply for a building permit upon submitting a complete Notice of Intent to Construct (NOI) to the LHD and allows the engineer to issue an Authorization to Operate (ATO). It would eliminate the LHD’s review responsibilities for the EOP and would reduce the allowable fees from 30% of the cumulative total of the fees the LHD has established to obtain an improvement permit, an authorization to construct, and an operations permit for wastewater systems to an administrative fee of \$35 for filing cost. Table 2 shows the current fee and how that fee would change under HB 628.

Table 2	Current and Revised LHD Fees for Improvement Permit/ Construction Authorization Issued Under the Engineered Option Permit	
	Current Fee	Revised Fee (HB 628)
Engineered Option Permit	Up to 30% of the fee established for similar systems permitted by the local health department	\$35 administrative fee

DHHS estimates that around 2,500 EOPs are issued annually. HB 628 would reduce the total amount of fees collected by the LHD. As fees are set and collected by the individual LHDs, estimates on the net loss of revenue across all LHDs are not available. HB 628 eliminates the requirements for LHDs to conduct completeness reviews for individual EOP applications, and it is anticipated that the changes will result in a savings of staff time. However, there is no data available on the estimated reduction in staff time or potential cost savings for each LHD, or the aggregate across all LHDs.

**Section 4**

Section 4 makes changes to the AOWE on-site wastewater system approval process, described in G.S. 130A-336.2. Property owners or operators constructing a new or repairing an existing wastewater system also have the option of using an AOWE for the on-site wastewater system approval process. This process uses a licensed soil scientist, certified by the North Carolina On-Site Wastewater Contractors and Inspectors Certification Board, to prepare soil and site evaluations, specifications, plans, and reports for the site layout, construction, operation, and maintenance of a wastewater system. HB 628 allows the owner of a proposed wastewater system to apply for a building permit upon submitting a complete NOI to the LHD and allows the AOWE to issue an ATO. The Bill would eliminate the LHD’s review responsibilities for the AOWE, removing the requirement for the LHD to conduct a site visit or a completeness review. HB 628 would also reduce the allowable fees from 30% of the cumulative total of the established LHD fees for similar

systems to an administrative fee of \$35 for filing cost. Table 3 shows the current fee schedule and how that would change under HB 628.

Table 3	Current and Revised LHD Fees for Permits Issued under the Authorized On-Site Wastewater Evaluator (AOWE) Option	
	Current Fee	Revised Fee (HB 628)
Authorized On-Site Wastewater Evaluator Permit	Up to 30% of the fee established for similar systems permitted by the local health department	\$35 administrative fee

DHHS estimates that around 1,500 AOWE permits are issued annually. As fees are set and collected by the individual LHDs, the net loss of revenue across all LHDs cannot be estimated from available data. HB 628 eliminates the requirements for LHDs to review individual applications, and it is anticipated that the changes will result in a savings of staff time. However, there is no data available on the estimated reduction in staff time or potential cost savings for each LHD, or the aggregate changes across all LHDs.

**Section 10.1**

This section amends Article 4 of Chapter 90A by establishing a registered environmental health associate certification under the State Board of Environmental Health Specialist Examiners (Board). It also adds a new section laying out the certification qualifications and authorizes the Board to collect a fee of up to \$100 for certification.

Registered environmental health associates are not currently authorized to operate in the State and there is no data to predict how many would be certified under the Board. However, given that the Board’s operating budget and spending occur outside the State treasury and budget, the collection of the fee authorized in the bill and the administrative costs associated with the Board would not impact the State’s budget.

**TECHNICAL CONSIDERATIONS**

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N/A.

**DATA SOURCES**

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DHHS

**LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS**

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This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

## **CONTACT INFORMATION**

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Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

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June 26, 2023



**Signed copy located in the NCGA Principal Clerk's Offices**