

OFFICE OF FISCAL ANALYSIS

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HB-5503

AN ACT REQUIRING MUNICIPALITIES TO REPORT EXCESS
WASTEWATER CAPACITY.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 27 \$	FY 28 \$
All Municipalities	Potential Cost	See Below	See Below
All Municipalities	Potential Revenue Loss	See Below	See Below

Explanation

The bill requires all municipalities and water pollution control authorities to annually report certain information on wastewater capacity to the Office of Policy and Management (OPM) each year with the first report being due by January 1, 2027. This results in a potential cost to municipalities beginning in FY 27 that is dependent on the resources necessary to compile this information and submit the report in the way OPM sets. This information is currently reported to the Department of Energy and Environmental Protection (DEEP) on a monthly basis. Any cost to municipalities is dependent on if OPM requires the information to be submitted in a different format.

The bill also allows OPM to withhold any state funding allocated for wastewater infrastructure improvements if and until such report is

submitted.¹ To the extent allocation of future state funds is limited because of failure to submit the report, this results in a potential revenue loss to municipalities and water pollution control authorities beginning in FY 27 that would have otherwise received funding if such funds are ultimately withheld. This impact would be limited to a delay in funding, rather than a loss, if reports are later submitted.

No state impact is expected as any funds withheld are likely to be awarded to other eligible projects.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

¹ The state's primary wastewater infrastructure funding comes through the Clean Water Fund grants (which are funded through General Obligation bonds) and loans (funded through Clean Water Fund revenue bonds), though other programs may be used or awarded for wastewater infrastructure improvements. Most related programs are bond-funded; the bill does not change overall General Obligation bond authorization levels.