



DOAA

Georgia Department
of Audits & Accounts

Greg S. Griffin
State Auditor

January 15, 2025

Honorable Angela Moore
State Representative
411-H Coverdell Legislative Office Bldg.
Atlanta, Georgia 30334

SUBJECT: Fiscal Note
House Resolution (LC 28 0643)
House Bill (LC 28 0644)

Dear Representative Moore:

This bill would add new restrictions to prevent persons doing business in the state from exposing individuals to chemicals known to cause cancer or reproductive toxicity without clear and reasonable warning and to prevent them from discharging such chemicals into drinking water. A person violating these restrictions would be liable for a civil penalty not to exceed \$2,500 per day, in addition to other penalties established by law. The Attorney General and district attorneys may bring action under the bill, and under certain circumstances, private citizens may as well. The bill would also create the Safe Drinking Water and Toxic Enforcement Fund, in which 75% of all penalties collected would be deposited.¹ If the corresponding constitutional amendment is adopted at the 2026 General Election, the Act would become effective on January 1, 2027.

Based on information from the Department of Natural Resources Environmental Protection Division (DNR EPD), Office of the Attorney General (OAG), Department of Economic Development (GDEcD), and Prosecuting Attorneys' Council (PAC), the bill would cost at least \$534,000 to implement (**Table 1**). The total cannot be estimated but could be higher depending on the workload for prosecuting attorneys or the OAG. Additionally, the bill could potentially generate revenues of approximately \$320,000 per year. Projected costs, revenues, and assumptions for the agency estimates are detailed below.

Table 1. Annual Estimated Costs and Revenues by Agency

	Annual Costs	Estimated Revenue¹
DNR EPD	\$533,497	\$320,000
GDEcD	<\$1,000	N/A
OAG/PAC	<u>Unknown</u>	<u>N/A</u>
Total	At least \$534,000	\$320,000

1. Potential revenue is more difficult to estimate than costs. The amount should be taken with caution.

¹ The remaining 25% of penalties collected shall be paid to the Office of Attorney General, the district attorney, or the private citizen, depending on the entity that brought the action.

Department of Natural Resources Environmental Protection Division²

EPD stated it would likely need to hire additional staff to implement the proposed legislation. As shown in **Table 2**, this additional funding totals approximately \$516,000 for salaries and benefits, as well as \$17,000 for expenses associated with the five positions.

Table 2. Additional Annual Costs for DNR EPD

	Total Compensation (Salary and Benefits)	Other Expenses (Travel, Equipment, Technology)
Modeler (Toxicologist)	\$119,010	\$4,029
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Environmental Compliance Specialist	\$76,781	\$3,029
Engineer	\$107,493	\$3,029
Geologist	<u>\$94,056</u>	<u>\$3,029</u>
Total	\$516,350	\$17,145

Two toxicologists would be responsible for tasks including developing an initial list of chemicals known to the state to cause cancer or reproductive toxicity and providing annual updates to the list. EPD also anticipates an increase in permit modification requests and on-going additional data review when assessing new permit requests. To meet this increase, EPD indicated it would likely need three additional positions (environmental compliance specialist, engineer, and geologist). Annual reporting requirements under the bill will likely be completed by the new staff, with support from existing EPD finance staff.

Department of Economic Development

The bill would require GDEcD to post in a conspicuous location on its website, as well as in any informational materials provided to businesses relating to a business’s obligations under state law, a disclaimer with the requirements of the bill. GDEcD indicated that the bill would require updates to marketing materials, the addition of a new webpage on their website, and annual updates to the webpage and marketing materials. One-time costs are estimated at less than \$5,000. Annual recurring costs would be less than \$1,000 and can be paid with existing resources.

Office of Attorney General/District Attorneys

Legal costs for the Office of Attorney General (OAG) and district attorneys are unknown. The work volume for OAG and district attorneys is not known, but the Prosecuting Attorneys Council (PAC) noted that any required work would be technical, requiring specialized expertise, and potentially time-consuming. The OAG noted that any additional administrative work could be handled with existing staff.

Impact on State Revenues

EPD estimated \$320,000 in potential revenue from penalty collections, of which 75% would be deposited into the Safe Drinking Water and Toxic Enforcement Fund (\$240,000) and 25% to the OAG, district attorney, or person serving notice of the violation (\$80,000).

Fiscal year 2022-24 penalties of the Georgia Water Quality Control Act were used to estimate collections. Because the daily penalty maximum is lower under the proposed legislation than what

² The bill requires the Governor to designate a lead agency and other agencies required to implement the bill. For the purposes of this cost estimate, we assume DNR EPD as the lead agency, given the agency’s current responsibilities related to safe drinking water provisions. The cost estimate EPD provided assumes they will deliver all relevant responsibilities designated to the Governor and the lead agency.

currently exists in the Act (\$2,500 versus \$50,000), EPD removed larger penalties from the totals before assuming that the bill would produce collections of approximately 20% of the Georgia Water Quality Control Act annual average. The 20% is based on the fact that the penalty amount per violation is much lower than the penalties EPD already collects, and on EPD's interpretation that the proposed bill would likely result in a smaller list of chemicals regulated and certain violations of the Georgia Water Quality Control Act would not fall under the proposed legislation (e.g., permit violations, sewer spills, and sediment issues).

Additional Considerations

There are additional factors that could change the cost of implementing this bill but are unknown at this time. These are described below.

- The estimate assumes that EPD will be selected by the Governor as the lead agency, because it currently performs safe drinking water activities. A different lead agency may require different funding to implement the bill.
- The bill allows the Governor to designate other agencies to implement the bill, which could increase the cost of implementation.

Respectfully,



Greg S. Griffin
State Auditor



Richard Dunn, Director
Office of Planning and Budget

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