

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

<b>LRB Number</b> <b>19-3539/1</b>	<b>Introduction Number</b> <b>SB-423</b>
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**Description**  
 lead testing of potable water sources in certain schools; providing loans for lead remediation in certain schools; and providing an exception to referendum restrictions for lead remediation

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations		<input type="checkbox"/> Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1. <input checked="" type="checkbox"/> Increase Costs <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input checked="" type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

<b>Agency/Prepared By</b> DPI/ Carl Bryan (608) 267-9127	<b>Authorized Signature</b> Erin Fath (608) 266-2804	<b>Date</b> 9/30/2019
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## Fiscal Estimate Narratives

DPI 9/30/2019

LRB Number	<b>19-3539/1</b>	Introduction Number	<b>SB-423</b>	Estimate Type	<b>Original</b>
<b>Description</b> lead testing of potable water sources in certain schools; providing loans for lead remediation in certain schools; and providing an exception to referendum restrictions for lead remediation					

### Assumptions Used in Arriving at Fiscal Estimate

Local:

Under the bill, school boards, operators of independent charter schools, and governing bodies of private schools participating in a parental choice program or in the Special Needs Scholarship Program may be expected to adjust their practices by testing all potable water sources in schools for lead concentration at least once every three years. The bill further specifies the timeline in which school buildings or additions to school buildings must be tested for lead contamination in accordance with the date in which a school or addition to a school was constructed. If a school board, operator, or governing body conducts two consecutive lead tests in a school at least three years apart and do not determine that the water source in the school contains lead levels higher than one part per billion, the school board, operator, or governing body is no longer subject to this requirement.

If the result of any test indicates a concentration of lead that is greater than what is considered safe for drinking under the federal Safe Drinking Water Act (i.e., 15 parts per billion), those school boards, operators, or governing bodies are expected to meet additional requirements under the bill, including: 1) disconnecting the water source and providing an alternative water supply, as necessary; 2) develop and submit a plan to the Department of Public Instruction for remediating lead in the water source; and 3) post the remediation plan on the school board's, operator's or governing body's Internet site or make the plan available to the public for examination upon request.

Under current law, school districts are required to provide "safe and healthful facilities," which includes compliance with current statutes governing lead abatement (which mainly include protocols for handling lead exposure). All school districts and private schools participating in a parental choice program or Special Needs Scholarship Program are also required to develop an Indoor Environmental Quality (IEQ) plan, which may already include protocols around lead testing. It should be noted that the model IEQ plan suggested by the Department recommends the inclusion of a policy relating to lead testing. If this bill is enacted, it could increase administrative costs for these entities to test for concentrations of lead or develop a lead remediation plan if they do not already do so as a part of the school's IEQ. Because the bill does not appropriate any funding to meet these requirements, it is assumed that any administrative changes made by school boards, independent charter schools, or private schools participating in a parental choice program or the Special Needs Scholarship Program to meet the requirements in the bill would be absorbed within existing resources.

Additionally, the bill creates an exception to referendum restrictions for certain school boards under current law to call a special referendum to be held within a six-month period following the date on which the school board submits to the Department a plan to remediate the contaminated water source, provided that the special referendum is not to be held sooner than 70 days after the filing of the resolution of the school board and that the special referendum only includes costs associated with the plan for remediation. This exception to the scheduling of referenda is similar to the current law exceptions for natural disasters. The total levy authority as a result of this bill may increase for school districts that utilize this exception to schedule a referenda in accordance with their lead remediation plan, but it is not possible to predict usage of the net tax levy impact that would result, since many other factors affect districts' final tax levies (including membership, future per pupil adjustment amounts, and other revenue limit exemptions used by districts).

Alternatively, school boards are given the option to obtain loans issued from school trust funds under the Board of Commissioners of Public Lands (BCPL) to remediate lead contamination in schools, provided that the school board notifies and provides the test of lead contamination to the Department of Natural Resources if a

remediation plan is paid for, in whole or in part, by applying for a loan issued by the Board. The bill permits 20 percent of the total funding from the federally-funded Safe Drinking Water Loan Program (SDWLP) for the purposes of buying down the interest rate of schools that use BCPL loans for lead remediation efforts. If a school board were to utilize this option to finance lead remediation efforts, it is possible that any SDWLP funds that are used to buy down interest rates for schools that use BCPL loans could result in a marginal increase to expenditures relative to any increase that may result from issuing any other sort of bond for this purpose, but it is not known how many school boards would take advantage of this option.

Taken together, school expenditures for the purpose of developing and executing a lead remediation plan may increase as a result of the changes in this bill, depending on how many school districts, independent charter schools, and private schools participating in a parental choice program or Special Needs Scholarship Program produce tests that yield high concentrations of lead in their water sources. It is possible that these expenditures may be offset by reductions in educational costs that are being incurred by schools as a result of pupils consuming water that have high concentrations of lead, since studies have shown that the consumption of lead has negative impacts on a child's physical and mental growth. However, the Department does not currently track how many schools have a high concentration of lead in their water and is therefore unable to predict how many schools would be required to develop and implement lead remediation plans to address these concerns. Because such changes depend largely on individual school behavior, the local fiscal impact due to this bill is indeterminate.

#### State:

If the bill is enacted, the Department would be required to collect plans submitted by school boards, operators of independent charter schools, and governing bodies of private schools participating in a parental choice program or Special Needs Scholarship Program related to lead remediation in a school with a high concentration of lead in their water supply. It is not immediately clear to what extent the bill permits the Department to act on such plans once they are submitted by school boards, charter school authorizers, or private school governing bodies, other than to collect them. Therefore, any administrative changes made by the Department in order to collect school lead remediation plans as a result in the bill would likely be absorbed within existing staff resources.

Additionally, there is no fiscal impact to the Department with respect to the exception to referendum restrictions under the bill. It can be assumed that levy authority for school boards may change as a result of utilizing the exception contained in the bill; however, because revenue limit exemptions such as referenda are borne entirely by the property tax levy, there is no fiscal effect on the state due to this provision in the bill.

Finally, the bill permits the Board of Commissioners of Public Lands (BCPL) to use school trust funds to issue loans to school districts and other municipalities for the purpose of lead remediation. The bill also allows 20 percent of funds appropriated under the SWDLP in the Department of Natural Resources, to be used to reduce the principal and interest rates on BCPL loans made for the purpose of remediating lead contamination in schools. Taken together, these provisions would have no direct impact on the operations at the Department. There may be impacts on the school trust fund and SDWLP appropriations as a result of this bill, but the Department is not in a position to assess those potential impacts. Therefore, the fiscal impact to the state as a result of this bill is indeterminate.

#### **Long-Range Fiscal Implications**