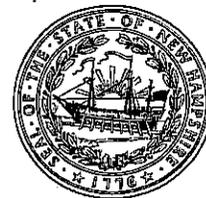




The State of New Hampshire  
**DEPARTMENT OF ENVIRONMENTAL SERVICES**



**Thomas S. Burack, Commissioner**  
January 19, 2010

The Honorable Susan W. Almy, Chairman  
House Ways and Means Committee  
Rooms 202, Legislative Office Building  
Concord, NH 03301

**Subject:** HB1640, repealing certain tax and fee increases in 2010-2011 budget as of July 1, 2011

Dear Chairman Almy:

Thank you for the opportunity to comment on HB 1640. The Department of Environmental Services (DES) does not support HB 1640 because, by reversing provisions of HB 2 as enacted during the 2009 legislative session, Paragraphs 9 and 10 of the bill would very negatively impact our ability to implement core program functions and meet statutory deadlines, and would force staff reductions in several DES programs that were prevented by enactment of HB 2 in 2009.

In Paragraph 9, HB 1640 proposes to reduce Subsurface Systems Program fees back to pre-July 1, 2009 levels. Significantly, this change is proposed without reversing the other changes contained in HB 2 for the Subsurface Systems Program. These changes, as an integrated whole, result in substantial savings to the state general fund and we believe cannot be separated as proposed. Specifically, HB 2 also established a dedicated Subsurface Systems Fund and transferred funding for all Subsurface System Bureau staff from the general fund to the Subsurface System Fund. The DES Subsurface System Program implements New Hampshire's septic system program as required by RSA 485-A. Program activities include septic system and subdivision plan reviews, new system inspections, designer and installer permitting, and compliance activities to ensure that systems are installed properly and that failed systems that create public health and environmental problems are replaced. A number of these functions must be performed under strict statutory time frames. At this time, only 18 of 24 full time staff positions (75 %) in the Subsurface Systems Bureau are filled. At this staffing level, the program is meeting its statutory obligations under RSA 485-A in January 2010 because permit applications are currently down due to the slump in new housing construction. Should the unit application fees be cut in half in FY 2011 as proposed by HB 1640, the required staff reductions (in the order of half of the existing staff) would make the program unsustainable, ineffective, and unable to meet statutory deadlines in the current economy, much less when permitting activity increases with an improved housing market.

In Paragraph 10, HB 1640 proposes to reduce the administrative fees for Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) loans back to 1% from 2%, as enacted by HB 2 effective July 1, 2009. The CWSRF and DWSRF provide low interest loans to municipalities and other public water supplies (under the DWSRF) to support very important wastewater and drinking water supply infrastructure projects. Under Federal requirements, DES is allowed an annual administrative fee on each loan that is collected to provide resources for wastewater and water program administration and technical support for facilities supported by the loans. These fees are, in essence, a part of the "interest" on the loan. The

increase enacted as part of HB 2 in 2009 provided DES with additional resources to address funding shortfalls in the CWSRF, DWSRF and Federal Performance Partnership Grant (PPG) programs that had developed over time as a result of increasing personnel costs, funding declines in real terms especially in the Federal PPG grant, and transfers of positions in past years from the state general fund and Federal PPG into the SRF accounts to meet budget reduction requirements without reducing services to communities. If HB 1640 were to pass, substantial budget deficits would occur in the CWSRF, DWSRF and PPG programs and, as a result, staff reductions would be required that were prevented by enactment of HB 2 in 2009.

In conclusion, HB 1640 would reverse fee increases enacted by the Legislature during the 2009 Legislative Session that served to reduce costs to the state general fund, retain staff and ensure the long term viability of several key DES programs. If enacted, HB 1640 would trigger the need for staff reductions and DES would be unable to fulfill core responsibilities that include meeting statutory permitting deadlines in the Subsurface Systems Program and providing basic services to New Hampshire's communities who own and operate drinking water and wastewater facilities. For these reasons, we do not support the passage of HB 1640.

Thank you again for this opportunity to comment on Amendment HB 1640. Please do not hesitate to call either me at 271-3503, or Harry Stewart at 271-3308, if you have any questions or need additional information.

Very truly yours,

  
for Thomas S. Burack,  
Commissioner

cc: Representative Pepino  
Representative Itse  
Representative Rowe