

Government of the District of Columbia
Office of the Chief Financial Officer



Jeff Dewitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeff DeWitt
Chief Financial Officer

DATE: June 3, 2014

SUBJECT: Fiscal Impact Statement –Air Quality Amendment Act of 2014

REFERENCE: Bill 20-368, Draft Committee Print shared with the Office of Revenue Analysis on April 15, 2014

This revised fiscal impact statement shows that funding was identified for the bill in the Council's proposed FY 2015 budget, voted on May 25, 2014, and replaces the one issued on April 15, 2014.

Conclusion

Funds are sufficient in the proposed FY 2015 through FY 2018 budget and financial plan to implement the bill. Implementation of the bill will cost \$165,000 in FY 2015 and \$373,000 over the four year financial plan period. The funding for the bill has been identified in the proposed FY 2015 budget, which was approved by the Council on May 25, 2014.

Background

The federal Clean Air Act authorized the Environmental Protection Agency (EPA) to establish National Ambient Air Quality Standards (NAAQS) for various harmful pollutants.¹ NAAQS requires that states monitor six pollutants and report observed levels to the EPA.² The District Department of the Environment (DDOE) is responsible for monitoring pollutant levels in the District. DDOE

¹ 40 C.F.R. § 58.

² These pollutants are ozone, carbon monoxide, sulfur dioxide, nitrogen dioxide, particulate matter (less than 10 microns and less than 2.5 microns), and lead.

regularly collects data from the five monitoring stations located throughout the District,³ analyzes the information, and reports to the EPA and the public.⁴

The bill clarifies the authority of the Mayor to operate and enforce an ambient air quality and air pollution program. These include adopting standards, issuing permits, and the regulation of pollutant sources. The bill further details civil, criminal, and administrative penalties and appeals.

The bill will also require DDOE to establish strict emissions standards for the operation of stationary generators that provide power in response to grid needs.⁵ The operators of such generators must also disclose information on when and how long these generators are in use.

At present, the District does not have disclosure requirements or regulations on radon and mold. The bill requires that sellers of real property and landlords disclose through official Disclosure Statements the presence of radon concentrations above the Environmental Protection Agency's recommended levels and the results of any tests or remediation efforts. The rental disclosure statement must also include notification of any indoor mold that required professional remediation within the previous three years.

Second, DDOE must establish standards and guidelines for indoor mold and who can remediate problems. The bill requires a residential homeowner or a landlord to remediate mold within 30 days of its discovery or the notification by a tenant.⁶ DDOE will issue licenses to certified mold remediation specialists and set standards of work for mold removal and remediation. In order to receive a license, a contractor must be certified with a nationally recognized organization acceptable to the Mayor.⁷ The bill creates the new Indoor Mold Assessment Fund, a special purpose revenue fund, which will receive certification and licensing fees, and will be used to offset program costs as well as grants for mold removal to low-income District residents.

Financial Plan Impact

Funds are sufficient in the proposed FY 2015 through FY 2018 budget and financial plan to implement the bill. Implementation of the bill will cost \$165,000 in FY 2015 and \$373,000 over the four-year financial plan period.

Many of the bill's provisions are current practice for DDOE and its air quality program; thus, there are no costs associated with them. DDOE has five established air quality monitoring stations to monitor the six pollutants with NAAQS and it constantly reviews and models that data for public distribution. DDOE also issues permits to minor and major sources of pollution for construction, significant modifications, and ongoing operations. Similarly, DDOE already has an established enforcement mechanism; codifying this in law would not impact current operations. While the fine amounts would increase under the bill from up to \$5,000 per offense to up to \$37,500,⁸ since

³ The facilities are located at the McMillan Reservoir, Takoma Recreation Center, River Terrace Elementary School, Hains Point, and the Verizon Center.

⁴ Currently, the District is a non-attainment area for ozone and particulate matter less than 2.5 microns, because their levels do not meet NAAQS.

⁵ The bill uses the term "demand response generating source" for these types of generators.

⁶ A landlord must inspect the property within 7 days and remediate within 30 days.

⁷ DDOE will have the option to create its own certification program in the future should the need arise.

⁸ These amounts correspond with EPA fine schedules.

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egregious violations are rare, increasing the upper limit of the fine schedule will not have a significant revenue impact.

DDOE can absorb also any costs associated with setting demand response generating source emission tracking and standards, working with the Department of Housing and Community Development to update disclosure forms for radon and indoor mold, and any required private home inspections for indoor mold.

The provisions of the bill that will have a fiscal impact are the requirement to establish a licensing program for mold removal and the establishment of mold standards for the District. DDOE will need an additional staff member to implement the licensing program, as the population of certified remediation specialists is not expected to be large. The additional staff member will cost \$65,000 in 2015 and \$273,000 over the four year financial plan period. The establishment of mold standards will require a consultant at a cost of \$100,000 in FY 2015. While the Fund's resources can be used to offset some of these costs, the certification and licensing fees will be set by regulation at a future date and the amount of those collections is unknown.

Air Quality Amendment Act of 2014 Costs of Implementing Bill 20-368 FY 2015 – FY 2018					
	FY 2015	FY 2016	FY 2017	FY 2018	Total
Personnel	\$65,000	\$66,000	\$71,000	\$71,000	\$273,000
Consultant ^a	\$100,000	\$0	\$0	\$0	\$100,000
Total	\$165,000	\$66,000	\$71,000	\$71,000	\$373,000

Table Note

^a Consultant would be hired for one year to establish standards and assist with the drafting of regulations