



Focus on Water Quality Permit Fees

from Ecology's Water Quality Program

Background

Wastewater and stormwater discharge permit fees cover the Washington State Department of Ecology's (Ecology) cost of administering the Water Quality Discharge Permit Program under the federal Clean Water Act and state Water Pollution Control Act. These laws protect Washington's surface and ground waters by regulating the amount of pollution allowed to be discharged in lakes, streams, bays, and ground water. State law (RCW 90.48.465 - Water Pollution Control) directs the use of fees to:

"..collect expenses for issuing and administering each class of permits... [and] shall apply to all permits, regardless of date of issuance, and fees shall be assessed prospectively. All fees charged shall be based on factors relating to the complexity of permit issuance and compliance and may be based on pollutant loading and toxicity and be designed to encourage recycling and the reduction of the quantity of pollutants"

Permit fees are important because they are the base funding of the state's point source wastewater and stormwater pollution control program. This permit program prevents or regulates thousands of tons of pollution from entering surface and ground waters in Washington.

Between 1955 and 1988, a combination of sales taxes and federal grants funded the water quality discharge permit program. In 1988, Washington citizens passed Initiative 97, the Model Toxics Control Act. The act shifted the cost of the program from all citizens to those businesses and municipalities with wastewater and stormwater discharge permits. The initiative contained the "polluter pays principle," which means the financial responsibility for paying for the water pollution control permit program belongs with those contributing to the pollution.

Beginning in late 1993, the water quality permit program became fully self-sustaining through wastewater and stormwater permit fees.

Current situation

The 2005 Legislature authorized Ecology to collect \$32 million in permit fees from wastewater discharge and stormwater permit holders for the 2005-07 biennium. Fee payers consist of approximately 2,100 stormwater permit holders and 2,300 holders of either a National Pollutant Discharge Elimination System Permit or State Waste Discharge Permit. Permit fees cover all aspects of the permit program except for formal enforcement actions. Fees cover the costs of permit issuance and management, inspections, technical assistance, permit program rule making, laboratory costs, supervision, and clerical support to permit managers, and agency administration. During the 2005-07 biennium, fees are supporting approximately 161 Ecology staff.

Limits are imposed on Ecology's collection and expenditure of permit fee revenue. There are three critical controls governing money collected by permit fees:

1. The specific legislative appropriation during a biennium of permit fee expenditures limits the amount of fee funds that can be spent in a given year.
2. Initiative 601 (I-601), passed by voters in 1988, normally limits permit fee increases to the state's fiscal growth factor. Currently, the growth factor averages about three percent per year. The Washington State Office of Financial Management has the responsibility for determining the fiscal growth factor for all state agencies with fee programs. Although the Legislature lifted the I-601 limit, allowing state agencies to increase fees beyond the fiscal growth factor during the 2005-07 biennium, Ecology chose not to increase permit fees beyond the fiscal growth factor projections.

3. Ecology must adopt a permit fee schedule by rule to collect the revenue based on fee revenue monies appropriated by the Washington State Legislature. Ecology last amended the fee regulation on July 1, 2006.

Executive and legislative branches of state government oversee the expenditures and performance of the permit program. Permit fee payers also provide advice and guidance on the administration of the permit program. In 1994, Ecology convened a standing policy advisory committee, the Water Quality Partnership, to provide input into permit policy issues, including permit fees. The advisory committee focuses on all aspects of water quality protection and improvement and is comprised of large and small businesses, large and small cities, environmental groups, state agencies, and tribal representatives.

Last rule amendment

During the last amendment of Chapter 173-224 WAC – Wastewater Discharge Permit Fees, Ecology established first time fees for approximately 90 municipal separate stormwater permits that are required by federal law to be permitted. These permits are expected to be issued during the beginning of calendar year 2007. These municipalities will be charged fees totaling \$1 per housing unit for those entities whose median household income is greater than the state average. Municipalities whose median household income is less than the state average will pay 50 cents per housing unit.

Municipal wastewater fees

Municipal wastewater permit fees are calculated based on the number of residential households in the municipality. By law, Ecology cannot charge more than 15 cents per household each month. All municipal permit holders (with the exception of Seattle and King County) are at the fee cap. Seattle and King County currently pay \$1.12 per residential equivalent.

Industrial wastewater fees

With the assistance of industrial permit holders, more than 160 permit fee categories/subcategories were developed to assess industrial wastewater permit fees. These customized categories are based on parameters including size, production, seasonal work, and other differences.

Stormwater construction and industrial fees

Fees for stormwater general permit holders are based on the number of acres being disturbed for construction permit coverage and company gross revenue for industrial permit coverage.

For more information, contact:

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