



## Final Regulatory Analyses:

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Including the:

- Final Cost-Benefit Analysis
- Least-Burdensome Alternative Analysis
- Administrative Procedure Act Determinations
- Regulatory Fairness Act Compliance

## Chapter 173-224 WAC

## Water Quality Permit Fees

By

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For the

### **Water Quality Program**

Washington State Department of Ecology

Olympia, Washington

June 2025, Publication 25-10-055

## Publication Information

This document is available on the Department of Ecology's website at:  
<https://apps.ecology.wa.gov/publications/SummaryPages/2510055.html>

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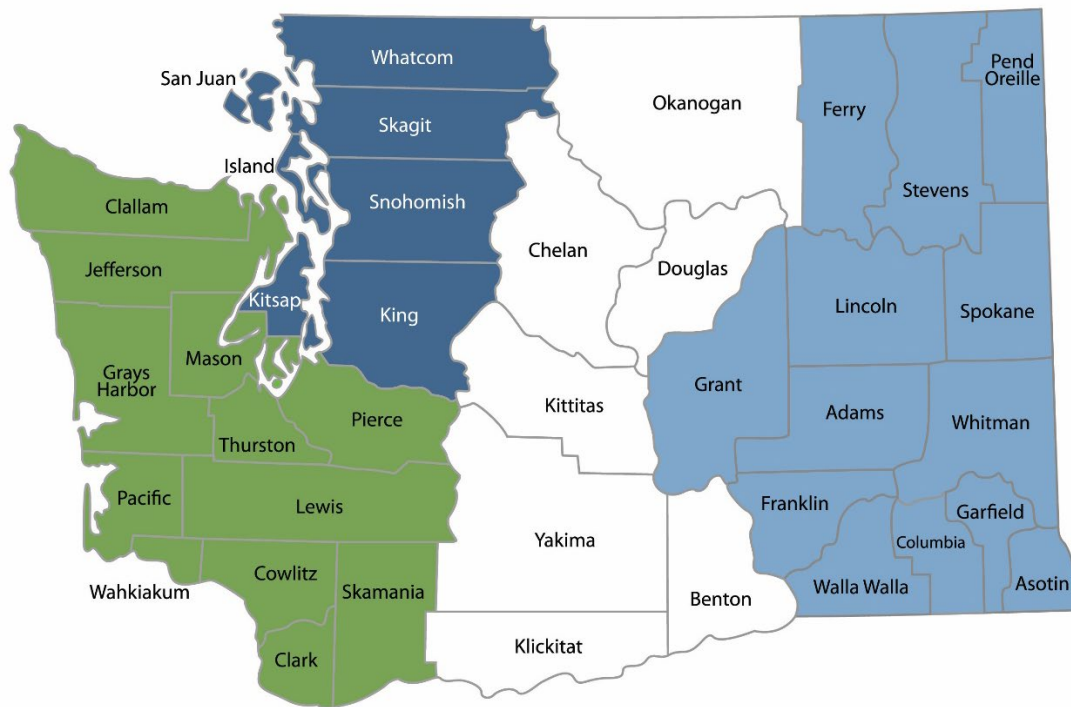
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# Department of Ecology's Regional Offices

## Map of Counties Served



**Southwest Region**  
360-407-6300

**Northwest Region**  
206-594-0000

**Central Region**  
509-575-2490

**Eastern Region**  
509-329-3400

Region	Counties served	Mailing Address	Phone
<b>Southwest</b>	Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Mason, Lewis, Pacific, Pierce, Skamania, Thurston, Wahkiakum	P.O. Box 47775 Olympia, WA 98504	360-407-6300
<b>Northwest</b>	Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom	P.O. Box 330316 Shoreline, WA 98133	206-594-0000
<b>Central</b>	Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	1250 W Alder St Union Gap, WA 98903	509-575-2490
<b>Eastern</b>	Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman	4601 N Monroe Spokane, WA 99205	509-329-3400
<b>Headquarters</b>	Across Washington	P.O. Box 46700 Olympia, WA 98504	360-407-6000

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Including the:

Final Cost-Benefit Analysis

Least-Burdensome Alternative Analysis

Administrative Procedure Act Determinations

Regulatory Fairness Act Compliance

Chapter 173-224 WAC, Water Quality Permit  
Fees

Water Quality Program  
Washington State Department of Ecology  
Olympia, WA

**June 2025 | Publication 25-10-055**



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## **Abbreviations**

APA	Administrative Procedure Act
CAFO	Concentrated Animal Feeding Operation
CBA	Cost-Benefit Analysis
CSGP	Construction Stormwater General Permit
FY	Fiscal Year
ISGP	Industrial Stormwater General Permit
LBA	Least Burdensome Alternative Analysis
NAICS	North American Industry Classification System
NPDES	National Pollutant Discharge Elimination System
RCW	Revised Code of Washington
RE	Residential Equivalent
RFA	Regulatory Fairness Act
WAC	Washington Administrative Code



# Executive Summary

This report presents the determinations made by the Washington State Department of Ecology as required under Chapters 34.05 RCW and 19.85 RCW, for the adopted amendments to the Water Quality Permit Fees rule (Chapter 173-224 WAC; the “rule”). This includes the:

- Final Cost-Benefit Analysis (CBA)
- Least-Burdensome Alternative Analysis (LBA)
- Administrative Procedure Act Determinations
- Regulatory Fairness Act Compliance

The purpose of this rule is to provide a permit fee system for state waste discharge and National Pollutant Discharge Elimination System (NPDES) permits issued by Ecology. The rule amendments described in this document will allow us to continue recovering costs needed to operate and manage the permit programs. The amendments adjust permit fees for Fiscal Years 2026 and 2027 to recover the projected program costs next biennium, and to move closer to payment equity by reflecting their fair share of needed program revenue by fee category.<sup>2</sup>

## Summary of the rule amendments

The rule amendments:

- Add, clarify, or remove definitions
- Amend fee schedules
- Remove fee subcategories
- Add fee subcategories
- Amend or adjust fee subcategories
- Other fee amendments and adjustments

## Estimated costs

We calculated the difference between baseline and amended fees for Fiscal Years 2026 and 2027 for each permit.<sup>3</sup> Taken together, some permits are likely to have higher fees under the rule amendments, while others will have lower fees. Most fee changes are costs (increases in fees), reflecting the higher current costs of administering the permit program related to those permits. The distribution of costs (fee increases) by permit is summarized below in Table 1.<sup>4,5</sup>

**Table 1: Distribution summary statistics of fee increases, by Fiscal Year (FY)**

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<sup>2</sup> See section 2.2 for additional requirements of the authorizing statute (Chapter 90.48 RCW).

<sup>3</sup> WA Department of Ecology, 2024. [Water Quality Permitting and Reporting Information System \(PARIS\)](https://apps.ecology.wa.gov/paris/PermitLookup.aspx). Ecology permit database. <https://apps.ecology.wa.gov/paris/PermitLookup.aspx>.

<sup>4</sup> All values have been rounded to an appropriate digit for readability.

<sup>5</sup> Due to variability in levels of aggregation, subsidiaries, and divisions that make up a permittee (e.g. business, local government etc.), we report at the permit level for consistency.

Statistic	FY 2026	FY 2027
Minimum	\$10	\$10
Median (central estimate)	\$100	\$150
Mode (most frequent)	\$40	\$70
Average	\$264	\$445
Maximum	\$35,200	\$55,626

Figures reported in this analysis assume that permits historically receiving discounted rates under the baseline will continue to do so under the new rule. If the adopted rule amends the rate at which fees are discounted, we apply that discount into future years.<sup>6</sup>

While some permittees will likely see significant increases associated with permit costs, most permittees will only see small to moderate increases in their fees under the stated assumptions. For example:

- 0 permits will have fees increase by more than \$100,000.
- Over 2500 permits will have fees increase by less than \$100, many of which are small changes (as low as a few cents) due to rounding.
- Over 3700 will have fees increase by between \$100 and \$1000.
- The most common fee increases are under \$100.

55 permits will not have their fees change at all under the rule amendments.

### **Total annual costs**

The total cost (total increase in fees) is about \$1,700,000 in Fiscal Year 2026, and nearly \$2,900,000 in Fiscal Year 2027. Under our simplifying assumption, this cost will continue in each subsequent year.

### **Total present value costs**

Ecology calculates costs and benefits of rules using 20-year present values. A present value converts streams of costs or benefits over time, into a single comparable value in current dollars. It accounts for inflation, and the opportunity cost of having funds or value later versus now, using a historic average real discount rate of 0.4 percent.<sup>7</sup>

We estimated the 20-year present value of costs of the rule amendments as \$55,300,000 (for additional figures and discussion on qualitative costs and inflation adjustments, see Chapter 3).

### **Estimated benefits**

<sup>6</sup> Without additional data, this assumption is reasonable given that future discounts are likely to follow current distributions, including those receiving inactive rates. Current fees data reports discounts on almost \$300,000 worth of fees.

<sup>7</sup> [US Treasury Department](https://treasurydirect.gov/savings-bonds/i-bonds/i-bonds-interest-rates/#:~:text=The%20composite%20rate%20for%20I,through%20April%202023%20is%206.89%25.), 2025. Historic 20 year average at the time of this writing.  
<https://treasurydirect.gov/savings-bonds/i-bonds/i-bonds-interest-rates/#:~:text=The%20composite%20rate%20for%20I,through%20April%202023%20is%206.89%25.>

We calculated the difference between baseline and amended fees for Fiscal Years 2026 and 2027 for each permittee. Taken together, some permits are likely to have higher fees under the rule amendments, while others will have lower fees. The distribution of benefits (fee decreases) by permit is summarized below in Table 2.<sup>8,9</sup>

<b>Table 2: Distribution summary statistics of fee decreases, by Fiscal Year (FY)</b>		
<b>Statistic</b>	<b>FY 2026</b>	<b>FY 2027</b>
Minimum	\$10	\$10
Median (central estimate)	\$910	\$910
Mode (most frequent)	\$910	\$910
Average	\$5154	\$4898
Maximum	\$186,927	\$186,127

While some permittees will see moderate decreases in fees, most permittees will see smaller reductions in their fees for example:

- 37 permittees will have fees decrease by more than \$3,000.
- 61 permittees will have fees decrease by between \$100 and \$1,000.
- The most common fee reduction is under \$900.

55 permittees will not have their fees change under the rule amendments.

### **Total annual benefits**

The total benefit (total decrease in fees) is approximately \$500,000 in Fiscal Year 2026, and \$500,000 in Fiscal Year 2027. Under our simplifying assumption, this benefit will continue in each subsequent year.

### **Total present value benefits**

Ecology calculates costs and benefits of rules using 20-year present values. A present value converts streams of costs or benefits over time, into a single comparable value in current dollars. It accounts for inflation, as well as for the opportunity cost of having funds or value later versus now, using a historic average real discount rate of 0.4 percent.<sup>10</sup>

We estimated the 20-year present value of benefits as \$9,600,000.

### **Uncertainty in quantified benefits**

We note that estimated fees for each permittee are based on current permittee attributes (e.g., flow rates or acreage), and if those attributes change and result in classification under a different fee tier, those permittees may have either higher or lower fees than assumed in this analysis. For example, if a permittee is currently paying a fee in a tier that will be subdivided under the amended rule, we assumed the new fee tier into which they will fall. If that permittee

<sup>8</sup> All values have been rounded to an appropriate digit for readability.

<sup>9</sup> Due to variability in levels of aggregation, subsidiaries, and divisions that make up a permittee (e.g. business, local government etc.), we report at the permit level for consistency.

<sup>10</sup> Ibid.

shrinks in the meantime, and instead falls into a lower fee tier, this additional benefit would not be reflected in the above quantified benefits estimate.

### **Fully funded permit program**

Fees under the rule amendments (overall fee changes resulting from multiple types of changes and motivations) reflect costs of the expected workload related to implementing the permit program and are a proxy for the value of services provided.

They do not, however, reflect the added value related to timely and comprehensive permit issuance and management. By fully funding the program, the rule amendments will reduce or eliminate permit backlogs that would otherwise delay issuing permits. For example:

- For a commercial development, a delay could mean additional need for financing or adjusting planning and timelines for construction and occupancy.
- An industrial facility might have to reduce or delay planned revenue-generating activities, due to a delay in facility expansion or upgrades.
- A wastewater treatment facility needing to meet new requirements for reducing chemicals in its effluent could be delayed in achieving the environmental protection goals that reductions would achieve. This would not only impact the facility itself but could put the environment or human health at risk for longer than would otherwise be necessary.

Under a fully funded program that reflects administrative costs, permittees will not only receive more timely service, but potentially additional opportunities for efficiencies through additional support from Ecology staff.

### **Equitable distribution of fees**

Overall, the rule amendments work toward a fee program that has a more equitable distribution of fees by reflecting their fair share of needed program revenue by fee category. Additionally, through adjustments made to fee categories and associated tiers in this rulemaking, smaller, less complex facilities and activities may pay lower fees, and better avoid subsidizing the costs of larger more complex permits (See Chapter 2 for detailed discussion of motivation for fee increases, fee decreases, and changes to fee tier structures).

### **Least-burdensome alternative analysis**

The authorizing statute for this rule is Chapter 90.48 RCW, Water Pollution Control. Specifically, the section authorizing the fee program is RCW 90.48.465. Its goals and objectives are for Ecology to:

- Establish fees to collect expenses for issuing and administering each class of permits under RCW 90.48.160, 90.48.162, and 90.48.260.
- Adjust fees no more often than once every two years.
- Apply fees to all permits, regardless of date of issuance, and assess them prospectively.

- Base fees on factors relating to the complexity of permit issuance and compliance.
- Have the option of basing fees on pollutant loading and toxicity.
- Design fees to encourage recycling and the reduction of the quantity of pollutants.
- Design fees to fully recover and not to exceed expenses incurred by the department in:
  - Processing permit applications and modifications.
  - Monitoring and evaluating compliance with permits.
  - Conducting inspections.
  - Securing laboratory analysis of samples taken during inspections.
  - Reviewing plans and documents directly related to operations of permittees.
  - Overseeing performance of delegated pretreatment programs.
  - Supporting the overhead expenses that are directly related to these activities.
- Ensure that indirect dischargers do not pay twice for the administrative expense of a permit.
- Consider the economic impact of fees on small dischargers and on public entities required to obtain permits for stormwater runoff and make appropriate adjustments.

We considered the following alternative rule content and did not include it in the rule amendments because it would not have met the goals and objectives of the authorizing statute.

- Not updating the rule
- Other distributions of fees

### **Least-burdensome alternative conclusion**

After considering alternatives to the rule's contents, within the context of the goals and objectives of the authorizing statute, we determined that the amended rule represents the least-burdensome alternative of possible rule contents meeting the goals and objectives (see Chapter 6 for additional detail).

### **Regulatory Fairness Act compliance**

The average affected small business likely to be covered by the rule amendments employs approximately 13 people. The largest ten percent of affected businesses employ an average of 85,028 people.<sup>11</sup> Based on cost estimates in Chapter 3, we estimated the following compliance costs per employee.<sup>12</sup>

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<sup>11</sup> Dun & Bradstreet, 2023. D&B Market Insight Database.

<sup>12</sup> Values rounded for readability

**Table 3: Compliance costs per employee**

<b>Type of cost (or total cost)</b>	<b>Small Business</b>	<b>largest 10% of Businesses</b>
Total Employment	14,585	15,900,197
Average Employment	13	85,028
Cost per Entity	\$7,117	\$150,789
Cost per Employee	\$551	\$2

We conclude that the rule amendments are likely to have disproportionate impacts on small businesses, and therefore Ecology must include elements in the rule amendments to mitigate this disproportion, as far as is legal and feasible.

The rule amendments affect a wide variety of businesses (see 7.6, below). Across all industries there will be a minimal impact on output, estimated between \$0.5 and \$3.0 million annually depending on the year from 2026 to 2045. For context, we note that baseline state output is forecast to be over \$1.1 trillion by 2026 and \$1.7 trillion by 2045.<sup>13, 14</sup> The following industries will have the largest impact on their output:

**Table 4: Impacts to output, percent of statewide output by sector**

<b>Industry</b>	<b>Initial Output Impact</b>	<b>Output Impact in 20 years</b>
Dairy product manufacturing	-0.001%	-0.006%
Audio and video equipment manufacturing	-0.0004%	-0.004%
Textile mills and textile product mills	-0.0003%	-0.003%
Rubber product manufacturing	-0.0003%	-0.003%
Converted paper product manufacturing	-0.0002%	-0.003%

Modifying regulatory requirements, changing reporting requirements, reducing the frequency of inspections, or delaying compliance timetables would not meet statutory objectives or is not feasible and within the scope of this rulemaking.<sup>15</sup>

Finally, we included the following elements in the amended rule to reduce costs to small businesses.

WAC 173-224-090 allows small businesses to receive a fee reduction of fifty percent, but not less than the minimum permit fee of \$165, if they are determined to be eligible under the following criteria:

<sup>13</sup> REMI model baseline forecast for Washington State.

<sup>14</sup> In modeling industrial impacts, we consider changes to government spending on, among other things, labor and associated spending in the broader economy that would not occur without the rule. For reporting purposes we omit (positive) impacts to state government in our summaries, and only present industry impacts (which are indirectly impacted through various government spending).

<sup>15</sup> The Preproposal Statement of Inquiry (often referred to as the “CR-101”) form discusses the rulemaking scope. <https://ecology.wa.gov/DOE/files/c7/c7ef19a7-f70c-4b8e-92f6-3314066c1dcb.pdf>

1. Be a corporation, partnership, sole proprietorship, or other legal entity formed for the purpose of making a profit;
2. Be independently owned and operated from all other businesses (i.e., not a subsidiary of a parent company);
3. Have annual sales of \$1,000,000 or less of the goods or services produced using the processes regulated by the waste discharge or individual stormwater discharge permit; and;
4. Have an original annual permit fee assessment totaling \$500 or greater.

In addition to the small business fee reduction, any small business with annual gross revenue totaling \$100,000 or less from goods and services produced using the processes regulated by the discharge permit may apply for an extreme hardship fee reduction. If the permit holder is determined eligible, the annual permit fee is reduced to the minimum annual permit fee of \$165.

The results of REMI E3+ model show insignificant impact on jobs in the affected industries. The industries with the highest jobs impact are construction, retail trade, and wholesale trade. Among the top three industries impacted, construction is estimated to have one to two job losses from 2026 to 2045, retail trade is expected two job losses after the initial implementation year, and wholesale trade around three job losses after the initial implementation year.<sup>16</sup>

**Table 5: Impacts on jobs, FTEs**

<b>Industry</b>	<b>Initial Jobs Impact</b>	<b>Jobs Impact in 10 years</b>	<b>Jobs Impact in 20 years</b>
All Industries (Whole State)	-3	-16	-12
Construction	-1	-2	-1
Retail Trade	0	-2	-2
Wholesale Trade	0	-3	-2

<sup>16</sup> In modeling industrial impacts, we consider changes to government spending on, among other things, labor and associated spending in the broader economy that would not occur without the rule. For reporting purposes we omit (positive) impacts to state government in our summaries, and only present industry impacts (which are indirectly impacted through various government spending).

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# Chapter 1: Background and Introduction

## 1.1 Introduction

This report presents the determinations made by the Washington State Department of Ecology as required under Chapters 34.05 RCW and 19.85 RCW, for the adopted amendments to the Water Quality Permit Fees rule (Chapter 173-224 WAC; the “rule”). This includes the:

- Final Cost-Benefit Analysis (CBA)
- Least-Burdensome Alternative Analysis (LBA)
- Administrative Procedure Act Determinations
- Regulatory Fairness Act Compliance

The Washington Administrative Procedure Act (APA; RCW 34.05.328(1)(d)) requires Ecology to evaluate significant legislative rules to “determine that the probable benefits of the rule are greater than its probable costs, taking into account both the qualitative and quantitative benefits and costs and the specific directives of the law being implemented.” Chapters 1 – 5 of this document describe that determination.

The APA also requires Ecology to “determine, after considering alternative versions of the rule...that the rule being adopted is the least burdensome alternative for those required to comply with it that will achieve the general goals and specific objectives” of the governing and authorizing statutes. Chapter 6 of this document describes that determination.

The APA also requires Ecology to make several other determinations (RCW 34.05.328(1)(a) – (c) and (f) – (h)) about the rule, including authorization, need, context, and coordination. Appendix A of this document provides the documentation for these determinations.

The Washington Regulatory Fairness Act (RFA; Chapter 19.85 RCW) requires Ecology to evaluate the relative impact of rules that impose costs on businesses in an industry. It compares the relative compliance costs for small businesses to those of the largest businesses affected. Chapter 7 of this document documents that analysis, when applicable.

### 1.1.1 Background

The purpose of this rule is to provide a permit fee system for state waste discharge and National Pollutant Discharge Elimination System (NPDES) permits issued by Ecology pursuant to:

- RCW 90.48.160
- RCW 90.48.162
- RCW 90.48.200
- RCW 90.48.260.

It implements RCW 90.48.465, which requires Ecology to establish, by rule, annual fees to recover the cost of administering the wastewater and stormwater permit programs (see Section 2.2 for additional requirements of the authorizing statute RCW 90.48.465). Ecology adopted the first rule in response to this law in 1989.

The rule amendments consider the economic impact on small dischargers and public entities and provide appropriate adjustments where applicable.

The rule amendments described in this document will allow us to continue recovering costs needed to operate and manage the permit programs. The amendments adjust permit fees for Fiscal Years 2026 and 2027 to recover the projected program costs next biennium, and to move closer to payment equity by reflecting their fair share of needed program revenue by fee category. They also:

- Add new permit fee categories and subcategories.
- Change the structure of specific permit fee categories.
- Make technical changes.
- Streamline rule language to make it easier to understand.

## 1.2 Summary of the rule amendments

The rule amendments:

- Add, clarify, or remove definitions
  - Ore mining, processing, refining, other
  - Inactive
  - Inactive rates
- Amend fee schedules<sup>17</sup>
  - \$165 minimum annual permit fee
  - \$275 minimum application fee for Individual Permits
  - A general 2.0% – 6.27% fee increase
- Remove fee subcategories
  - Under Construction and Industrial Stormwater
    - Construction and Industrial Stormwater Individual Permits
    - Industrial Stormwater General Permit (new permit holders)
- Add fee subcategories
  - Under Industrial Facilities

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<sup>17</sup> Except where otherwise noted throughout this analysis

- Sand and Gravel General Reclamation Permit
- Under Construction and Industrial Stormwater
  - Construction Stormwater Individual Permits
  - Industrial Stormwater Individual Permits
- Amend or adjust fee subcategories <sup>18</sup>
  - Under Industrial Facilities
    - Aluminum and Magnesium Reduction Mills
    - Aluminum Forming
    - Concentrated Animal Feeding Operation (CAFO) General Permits
    - Concentrated Animal Feeding Operation (CAFO) Individual Permits
    - Hazardous Waste Cleanup Sites
    - Ore Mining
    - Sand and Gravel General Permits
    - Sand and Gravel Individual Permits
    - Seafood Processing
  - Under Municipal and Domestic Wastewater Facilities
    - Flow based fees for wastewater and reclaimed water
- Other fee amendments and adjustments<sup>19</sup>
  - Under Industrial Facilities
    - Concentrated Animal Feeding Operation (CAFO) - Dairy General Permit
    - Concentrated Animal Feeding Operation (CAFO) - Dairy Individual Permit
    - Replace inactive rate with a reduced rate fee
  - Under Municipal and Domestic Wastewater Facilities
    - \$275 minimum annual Puget Sound nutrient general permit fee
  - Under Municipal stormwater
    - Income-based phase 2 general permit fee

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<sup>18</sup> For at least one activity category within the permit level. See Section 2.3.5 for additional detail. Adjusted tier structures may have adjusted fee amounts to redistribute across tiers and to cover permit costs.

<sup>19</sup> In addition to, or aside from, changes applied to all fee categories and those already associated with tier adjustments.

- \$165 minimum city and county permit fee
- Replace operating budget based fee with flat fee

## 1.3 Document organization

The remainder of this document is organized in the following chapters:

- **Baseline and the rule amendments (Chapter 2):** Description and comparison of the baseline (what would occur in the absence of the rule amendments) and the amended rule requirements.
- **Likely costs of the rule amendments (Chapter 3):** Analysis of the types and sizes of costs we expect impacted entities to incur as a result of the rule amendments.
- **Likely benefits of the rule amendments (Chapter 4):** Analysis of the types and sizes of benefits we expect to result from the rule amendments.
- **Cost-benefit comparison and conclusions (Chapter 5):** Discussion of the complete implications of the CBA.
- **Least-Burdensome Alternative Analysis (Chapter 6):** Analysis of considered alternatives to the contents of the rule amendments.
- **Regulatory Fairness Act Compliance (Chapter 7):** When applicable. Comparison of compliance costs for small and large businesses; mitigation; impact on jobs.
- **APA Determinations (Appendix A):** RCW 34.05.328 determinations not discussed in chapters 5 and 6.

# Chapter 2: Baseline and Rule Amendments

## 2.1 Introduction

We analyzed the impacts of the rule amendments relative to the existing rule, within the context of all existing requirements (federal and state laws and rules). This context for comparison is called the baseline and reflects the most likely regulatory circumstances entities would face if the amended rule was not adopted. It is discussed in Section 2.2, below.

## 2.2 Baseline

The baseline for our analyses generally consists of existing rules and laws, and their requirements. This is how we make a consistent comparison between the state of the world with and without the rule amendments.

For this rulemaking, the baseline includes:

- The existing rule, Chapter 173-224 WAC, Water Quality Permit Fees that sets the current fees and fee structures.
- The authorizing law, Chapter 90.48 RCW, Water Pollution Control. Among other requirements related to permitting, the statute requires Ecology to:
  - Establish fees to collect expenses for issuing and administering each class of permits under RCW 90.48.160, 90.48.162, and 90.48.260.
  - Adjust fees no more often than once every two years.
  - Apply fees to all permits, regardless of date of issuance, and assess them prospectively.
  - Base fees on factors relating to the complexity of permit issuance and compliance.
  - Have the option of basing fees on pollutant loading and toxicity.
  - Design fees encourage recycling and the reduction of the quantity of pollutants.
  - Design fees to fully recover and not to exceed expenses incurred by the department in:
    - Processing permit applications and modifications.
    - Monitoring and evaluating compliance with permits.
    - Conducting inspections.
    - Securing laboratory analysis of samples taken during inspections.
    - Reviewing plans and documents directly related to operations of permittees.

- Overseeing performance of delegated pretreatment programs.
- Supporting the overhead expenses that are directly related to these activities.
- Ensure that indirect dischargers do not pay twice for the administrative expense of a permit.
- Consider the economic impact of fees on small dischargers and on public entities required to obtain permits for stormwater runoff and make appropriate adjustments.

## 2.3 Adopted rule amendments

The rule amendments:

- Add, clarify, or remove definitions
- Amend fee schedules<sup>20</sup>
- Remove fee subcategories
- Add fee subcategories
- Amend or adjust fee subcategories<sup>21</sup>
- Other fee amendments and adjustments<sup>22</sup>

### 2.3.1 Add, clarify, or remove definitions

#### Baseline

The baseline includes multiple definitions needed to implement the existing rule and authorizing law.

#### As Adopted

The rule amendments clarify definitions needed to implement other rule amendments, or to clarify implementation of the existing rule, including:

- Ore mining, processing, refining, other

They also delete definitions no longer needed for rule implementation:

- Inactive
- Inactive rate

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<sup>20</sup> Except where otherwise noted

<sup>21</sup> For at least one activity category within the permit level. See Section 2.3.5 for additional detail. Adjusted tier structures may have adjusted fee amounts to redistribute across tiers and to cover permit costs.

<sup>22</sup> In addition to, or aside from, changes applied to all fee categories and those already associated with tier adjustments.

Other definitions are clarified without material change to their meaning (e.g.: definition numbering is reordered to reflect additions or deletions).

### **Expected impact**

We don't expect the amendments to definitions, in and of themselves, to result in likely impacts. Instead, likely impacts will be reflected in the rule requirements that use those definitions. Likely costs and benefits of these rule amendments are reflected in the context of other rule language, in the sections below.

## **2.3.2 Amend fee schedules**

### **Baseline**

The baseline rule includes fee categories, some with tiers that vary fees by flow, acreage, production or other measure of operational size and complexity.

Permittees are charged fees based on the most appropriate existing category and tier for their activities and discharges. RCW 90.48.465 also includes language addressing fees for general permits and individual permits for dairies.

Applied to all fee categories, unless otherwise noted, fee schedules include:

- \$150 minimum annual permit fee
- \$250 minimum application fee for Individual Permits

### **As Adopted**

Except where otherwise noted, the rule amendment updates Fiscal Year 2026 and 2027 fee schedules include:

- \$165 minimum annual permit fee
- \$275 minimum application fee for Individual Permits
- A general 2.0% – 6.27% fee increase for all fees<sup>23</sup>

### **Expected impact**

Holding other fee or tier adjustments adopted in this rulemaking constant (See sections 2.3.3 through 2.3.6 for discussion of other amendments), these amendments will result in a cost (fee increase) to permittees.

Overall, the rule amendments, in conjunction with other amendments in this rulemaking will result in the fee program:

- Funding the expected workload related to implementing the permit program, including inflation-driven changes to labor and materials costs necessary to maintain current levels of administration,

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<sup>23</sup> In line with preliminary state fiscal growth factor (RCW 43.135.025) or less at the time of rule development.

- Having more equitable distribution of fees, reflecting individual permittees paying fees in line with the actual amount of work necessary to manage their permit(s).

### 2.3.3 Remove fee subcategories

#### Baseline

The baseline rule includes fee categories, some with tiers that vary fees by flow, acreage, production or other measure of operational size and complexity.

Permittees are charged fees based on the most appropriate existing category and tier for their activities and discharges. RCW 90.48.465 also includes language addressing fees for general permits and individual permits for dairies.

Fees set in the rule remain in place for subsequent years until the rule is amended.

The fee category removed in the subsection otherwise exist under the baseline as a flat fee of \$1,100.

#### As Adopted

The rule amendments remove fee subcategories

- Under Industrial Facilities
  - Remove Leaking Underground Storage Tanks (LUST) NPDES Permit issued pre 7/1/1994 subcategory
- Under Construction and Industrial Stormwater:
  - Construction and Industrial Stormwater Individual Permits
  - Industrial Stormwater General Permit (new permit holders)

#### Expected impact

Removing the “LUST Permit issued pre 7/1/1994” fee subcategory should have no effect, as it no longer contains permits.

In the absence of the rulemaking, there is a single fee category for Construction and Industrial Stormwater Individual Permit holders. While the amendment technically deletes this subcategory, note that it is to make way for two new subcategories—Construction Stormwater Individual Permit, and the Industrial Stormwater Individual Permit—whose impacts are discussed below in section 2.3.4.

The amended rule relegates new Industrial Stormwater General Permit (ISGP) holders that have not previously submitted an annual gross revenue form to the “most appropriate existing [fee] category for their activities”. Compared to the fixed fee, we expect the adopted rule to result in



a cost (fee increase) or benefit (fee decrease), depending on the revenue category applied to the new permittee.<sup>24</sup>

For example, under the adopted rule, a new small ISGP permittee will likely have fees assessed at the lowest gross revenue subcategories under WAC 173-224-040(5)(a) table section d.2 to reflect their level of operations. Because the lowest fee in the table is lower than the fixed fee removed by the adopted rule, the impact is a benefit (fee decrease).

Other fee tiers in WAC 173-224-040(5)(a) table section d.2 are larger than the fixed fee the adopted rule removes. Should Ecology choose to assess a new ISGP holder that have not previously submitted an annual gross revenue at one of those larger tiers, the impact is a cost (fee increase).

Overall, the rule amendments, in conjunction with other amendments in this rulemaking will result in the fee program:

- Funding the expected workload related to implementing the permit program, including inflation-driven changes to labor and materials costs necessary to maintain current levels of administration,
- Having more equitable distribution of fees, reflecting individual permittees paying fees in line with the actual amount of work necessary to manage their permit(s).

## 2.3.4 Add fee subcategories

### Baseline

The baseline rule includes fee categories, some with tiers that vary fees by flow, acreage, production or other measure of operational size and complexity.

Permittees are charged fees based on the most appropriate existing category and tier for their activities and discharges. RCW 90.48.465 also includes language addressing fees for general permits and individual permits for dairies.

Fees set in the rule remain in place for subsequent years until the rule is amended.

The fee category adopted in this subsection does not exist under the baseline.

### As Adopted

The rule amendments add Fiscal Year 2026 and 2027 fee subcategories

- Under Industrial Facilities
  - Sand and Gravel General Reclamation Permit
- Under Construction and Industrial Stormwater
  - Construction Stormwater Individual Permits

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<sup>24</sup> Note that both the fixed fee proposed for removal by this amendment and any fees associated with revenue categories are and will continue to be prorated in the first year permit fee year based on the permit effective date and prorated at the permit termination date for the last invoice of the final fiscal year.

- Industrial Stormwater Individual Permits

### **Expected impact**

For permit holders subject to non-operating fees in the baseline, the adopted Reclamation Permit fee will be higher. The impact on these permittees is a cost (fee increase). For permit holders belonging to fee categories in the baseline other than the non-operating category, the adopted rule amendment will result in a cost (fee increase) or benefit (fee decrease), depending on the respective baseline fees.

While Construction Stormwater Individual Permits and Industrial Stormwater Individual Permits represent new categories, they are intended to replace the Construction and Industrial Stormwater Individual Permit removed by the adopted rule as discussed in Section 2.3.3. In other words, the rule effectively splits a single fee category into two new fee categories.

In comparison to the single fee category in the baseline, the Construction Stormwater Individual Permit fee category will be in better alignment with the Construction Stormwater General Permit fee category in having its fee based on the more application-appropriate measure “disturbed acreage”, rather than “overall acreage” along with an overall decrease in fees across tiers. Holding other aspects of the rulemaking constant, the amendment should benefit permittees acquiring Construction Stormwater Individual permits compared to the combined fee structure.

For Industrial Stormwater Individual Permit holders, the fee schedule and tiers will effectively remain the same compared to baseline, except for the addition of a tier on the high end of the range, and a fee increase in higher tiers (beyond those described in 2.3.2). Conceptually, and holding other amendments constant, this could reduce fees for smaller permittees, as those subject to higher tiers under the rule bear more of the burden within the subcategory.<sup>25</sup>

Overall, the rule amendments, in conjunction with other amendments in this rulemaking will result in the fee program:

- Funding the expected workload related to implementing the permit program, including inflation-driven changes to labor and materials costs necessary to maintain current levels of administration,
- Having more equitable distribution of fees, reflecting individual permittees paying fees in line with the actual amount of work necessary to manage their permit(s).

## **2.3.5 Amend or adjust fee subcategories**

### **Baseline**

The baseline rule includes fee categories, some with tiers that vary fees by flow, acreage, production or other measure of operational size and complexity.

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<sup>25</sup> Note that there are currently no Construction Stormwater Individual Permit holders.

Permittees are charged fees based on the most appropriate existing category and tier for their activities and discharges. RCW 90.48.465 also includes language addressing fees for general permits and individual permits for dairies.

Fees set in the rule remain in place for subsequent years until the rule is amended.

### **As Adopted**

The rule amendments make the following fee tier adjustments:

- Under Industrial Facilities
  - Break Aluminum and Magnesium Reduction Mill subcategories into operating and nonoperating facilities to accommodate nonoperating facilities that still have discharge.
  - Break Aluminum Forming into two subcategories, less than 1,000 gpd and 1,000 gpd or greater, to accommodate low and high flow volumes separately.
  - Make an extra large tier for Concentrated Animal Feeding Operation (CAFO) General Permits to better differentiate between large facilities and extra large facilities (e.g. 3,500 or more cattle, etc.).
  - Make extra large tier for Concentrated Animal Feeding Operation (CAFO) Individual Permits to better differentiate between large facilities and extra large facilities (e.g. 3,500 or more cattle, etc.).
  - Break Non LUST sites (Leaking Underground Storage Tanks) subcategory “>2 contaminants of concern” into 3 or 4 contaminants of concern and 5 or more contaminants of concern.
  - Clarify Ore Mining category to include Processing, Refining, and Other; and revise all subcategories to accommodate modern mining, water treatment and reclamation operations.
  - Under Sand and Gravel General Permits, make a lower-cap tier for Asphalt Production and Recycling, Concrete Production and Recycling, and portable Asphalt and Concrete Facilities to accommodate small producers.
  - Under Sand and Gravel Individual Permits, make a lower-cap tier for Asphalt Production and Recycling, Concrete Production and Recycling, and portable Asphalt and Concrete Facilities to accommodate small producers.
  - Break Seafood Processing into additional tiers with greater granularity that extend beyond 100,000 gpd.
- Under Municipal and Domestic Wastewater Facilities

- Clarify flow based facilities as wastewater and reclaimed water facilities; and revise fee tiers to accommodate reclaimed water permits.

### **Expected impact**

We expect these rule amendments to result in fee increases or decreases, depending on the most appropriate existing category for their activities and discharges under the baseline.

Holding other aspects of the rulemaking constant, adding low and mid-level tiers to fee categories will generally benefit smaller and less complex sites and facilities compared to baseline. For example, a Non-LUST permittee reporting 3 or 4 contaminants of concern will benefit because the dedicated tier matching this level of complexity adopted by the rule carries a lower fee than what would be assessed for contaminants of concern greater than 2 in the baseline.

Alternatively, extending fee categories into higher tiers can result in new costs to larger and more complex facilities compared to baseline. For example, a seafood processor discharging 1 million gpd will incur a cost because the tier matching this level of complexity adopted by the rule carries a higher fee than what would be assessed for seafood processors discharging greater than 100,000 gpd in the baseline.

Overall, the rule amendments, in conjunction with other amendments in this rulemaking will result in the fee program:

- Funding the expected workload related to implementing the permit program, including inflation-driven changes to labor and materials costs necessary to maintain current levels of administration,
- Having more equitable distribution of fees, reflecting individual permittees paying fees in line with the actual amount of work necessary to manage their permit(s).

## **2.3.6 Other fee amendments and adjustments**

### **Baseline**

The baseline rule includes fee categories, some with tiers that vary fees by flow, acreage, production or other measure of operational size and complexity.

Permittees are charged fees based on the most appropriate existing category and tier for their activities and discharges. RCW 90.48.465 also includes language addressing fees for general permits and individual permits for dairies.

All categories and tiers with fee adjustments in this adopted section exist under the baseline in one form or another, albeit with different monetary values or rates.

### **As Adopted**

The rule amendments make the following fee amendment or adjustment, which are not wholly captured by those in section 2.3.2 through 2.3.5. These can include, but not limited to adding, clarifying, or removing rule language that:

- Under Industrial Facilities
  - Make Concentrated Animal Feeding Operation (CAFO) - Dairy General Permit not to exceed limit \$4,000 and \$5,000 for FY 2026 and FY 2027 respectively.
  - Make Concentrated Animal Feeding Operation (CAFO) - Dairy Individual Permit not to exceed limit \$7,000 and \$8,000 for FY 2026 and FY 2027 respectively.
  - Replace inactive rate with a reduced rate fee of no less than 35 percent of the annual permit fee that would otherwise be assessed
- Under Municipal and Domestic Wastewater Facilities
  - \$275 minimum annual municipal wastewater permit fee
- Under Municipal stormwater
  - For cities and counties with a median income level above state average, phase 2 general permit fees are not-to-exceed \$78,500 and \$80,000 in fiscal years 2026 and 2027 respectively
  - For cities and counties with a median income level below state average, make \$165 minimum phase 2 general permit fee
  - For other entities (phase 1 and 2 secondary facilities), replace operating budget based fee with flat fee of \$1,100

### **Expected Impact**

Holding impacts from other amendments constant, we expect amendments in this section to result in costs (fee increases), no costs (no fee change), or benefits (fee reductions) depending on permittee size, operating status, or household income in the geographic area covered by the permit.

For example, the not to exceed limits for CAFO Dairy General and Individual Permits adopted in the rule are higher than baseline, but only represent a cost for farms large enough to exceed baseline not to exceed limits.

The reduced rate for industrial facilities adopted by the rule limits fee reductions to 35% of fees otherwise assessed, compared to 25% in the baseline under the inactive rate. This represents a fee increase to permittees receiving inactive rates now or in future periods under the baseline. The exception are fruit packers who are explicitly precluded from an inactive rate under the baseline but may be considered for a reduced rate under the adopted rule (i.e. a benefit in most cases).

The adopted minimum annual fee for the municipal wastewater permit fee is higher than the baseline and therefor represents a cost (fee increase) for permittees that are subject to the minimum fee now or in future periods.

The not-to-exceed limits for phase 2 general permit fees adopted by the rule are higher than baseline, but only represent a cost for cities and counties with median household income above state average, and large enough to exceed baseline limits now or in future periods.

The minimum annual phase 2 general permit fees for cities and counties with a median income level below state average adopted by the rule is higher than the baseline, and therefore represents a cost (fee increase) for permittees subject to the minimum fee now or in future periods.

The impacts of replacing budget based tiers with a flat fee for other municipal stormwater permits (phase 1 and 2 secondary facilities) depends on the operating budget of the facility and staff time needed to report on it. Generally, facilities with budgets of \$1 million or greater will likely receive a benefit (fee decrease) based on the differential between the adopted flat fee and baseline tiers. Facilities with a budget less than \$1 million will likely incur a cost (fee increase) by the same logic. However, note that the amendment would remove the need to report on operating budgets altogether, which likely represents a benefit (cost savings) to all affected permittees in the form of reduced staff hours.

Overall, the rule amendments, in conjunction with other amendments in this rulemaking will result in the fee program:

- Funding the expected workload related to implementing the permit program, including inflation-driven changes to labor and materials costs necessary to maintain current levels of administration,
- Having more equitable distribution of fees, reflecting individual permittees paying fees in line with the actual amount of work necessary to manage their permit(s).

# Chapter 3: Likely Costs of the Rule Amendments

## 3.1 Introduction

We analyzed the likely costs associated with the rule amendments, taken together, as compared to the baseline.<sup>26</sup> The rule amendments and the baseline are individually discussed in detail in Chapter 2 of this document.

## 3.2 Cost analysis

The rule amendments make the following changes:

- Add, clarify, or remove definitions
- Amend fee schedules<sup>27</sup>
- Remove fee subcategories
- Add fee subcategories
- Amend or adjust fee subcategories<sup>28</sup>
- Other fee amendments and adjustments<sup>29</sup>

### 3.2.1 Quantifiable cost calculations

Impacts of the adopted amendments are discussed in isolation from one another in Sections 2.3.1 through 2.3.6. In Chapter 3 we recognize that these multiple changes and adjustments interact at the permit level to result in an overall cost (fee increases) or benefit (fee decreases) compared to baseline.

This section summarizes the size and distribution of those costs, across all potentially impacted permits. To do this, we examined 6785 existing permit records and identified:

- Baseline fees: Current fees paid by the permittee for the permit.
- Amended fees: Likely fee tiers and associated fees for Fiscal Years 2026 and 2027 for each permit.

We calculated the difference between baseline and amended fees for Fiscal Years 2026 and 2027 for each permit.<sup>30</sup> Taking together, some permits are likely to have higher fees under the

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<sup>26</sup> Note that rule amendments are informed, in part, by our Environmental Justice Assessment that will be published upon rule adoption.

<sup>27</sup> Except where otherwise noted

<sup>28</sup> For at least one activity category within the permit level. See Section 2.3.5 for additional detail. Adjusted tier structures may have adjusted fee amounts to redistribute across tiers and to cover permit costs.

<sup>29</sup> In addition to, or aside from, changes applied to all fee categories and those already associated with tier adjustments.

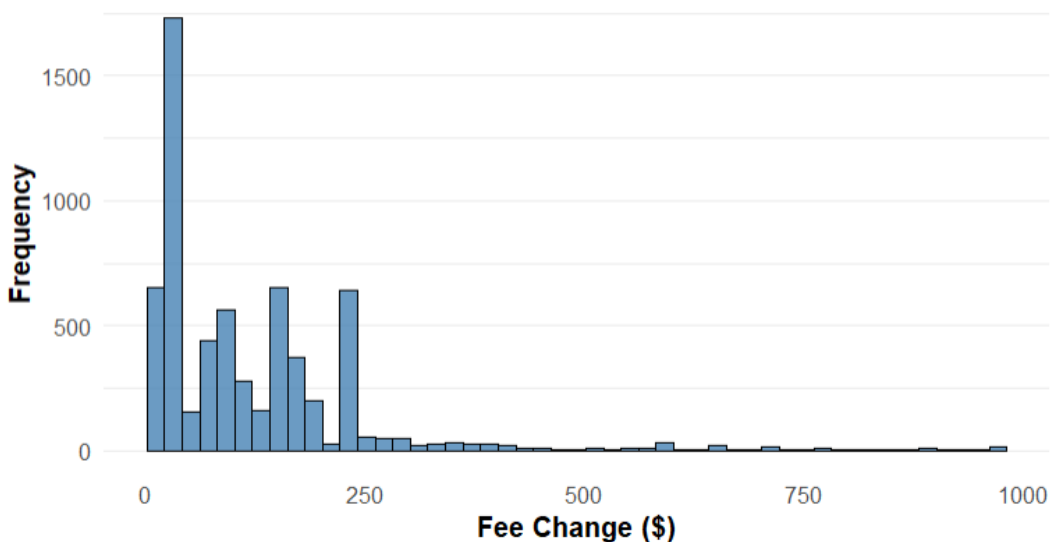
<sup>30</sup> WA Department of Ecology, 2024. Water Quality Permitting and Reporting Information System (PARIS). Ecology permit database. <https://apps.ecology.wa.gov/paris/PermitLookup.aspx>.

rule amendments, while others will have lower fees. Most fee changes are costs (increases in fees), reflecting the higher current costs of administering the permit program related to those permits. The distribution of costs (fee increases) by permit is summarized below in Table 6 and Figure 1.<sup>31,32</sup>

**Table 6: Distribution summary statistics of fee increases, by Fiscal Year (FY)**

Statistic	FY 2026	FY 2027
Minimum	\$10	\$10
Median (central estimate)	\$100	\$150
Mode (most frequent)	\$40	\$70
Average	\$264	\$445
Maximum	\$35,200	\$55,626

**Figure 1. Distribution of Fee Changes (Costs)**



Note: Values truncated at \$1000 for readability

Figures reported in this analysis assume that permits historically receiving discounted rates under the baseline, will continue to do so under the new rule. If the adopted rule amends the rate at which fees are discounted, we apply that discount into future years.<sup>33</sup>

While some permittees will likely see significant increases associated with permit costs, most permittees will only see small to moderate increases in their fees under the stated assumptions. For example:

- 0 permits will have fees increase by more than \$100,000.

<sup>31</sup> All values have been rounded to an appropriate digit for readability.

<sup>32</sup> Due to variability in levels of aggregation, subsidiaries, and divisions that make up a permittee (e.g. business, local government etc.), we report at the permit level for consistency.

<sup>33</sup> Without additional data, this assumption is reasonable given that future discounts are likely to follow current distributions, including those receiving inactive rates. Current fees data reports discounts on almost \$300,000 worth of fees.



- Over 2500 permits will have fees increase by less than \$100, many of which are small changes (as low as a few cents) due to rounding.
- Over 3700 will have fees increase by between \$100 and \$1000.
- The most common fee increase is under \$100.

55 permits will not have their fees change at all under the rule amendments.

### **Total annual costs**

The total cost (total increase in fees) is about \$1,700,000 in Fiscal Year 2026, and nearly \$2,900,000 in Fiscal Year 2027. Under our simplifying assumption, this cost will continue in each subsequent year.

### **Total present value costs**

Ecology calculates costs and benefits of rules using 20-year present values. A present value converts streams of costs or benefits over time, into a single comparable value in current dollars. It accounts for inflation, and the opportunity cost of having funds or value later versus now, using a historic average real discount rate of 0.4 percent.<sup>34</sup>

We estimated the 20-year present value of costs of the rule amendments as \$55,300,000.

### **Real costs, and future adjustments**

For the purposes of calculating the 20-year present value, this regulatory analysis makes the simplifying assumption that the amended Fiscal Year 2027 fees will remain constant over time. However, it is likely under the updating process that fees will change, in part, to keep pace with changes in labor and materials costs (inflation).

These changes are necessary to maintain current levels of service and program administration. That is, through the present and future amendments, Ecology is attempting to keep the “real” cost of fees, considering inflation, relatively constant.<sup>35</sup>

Take two large fee categories as an example: chemical pulp mills (with chlorine) and petroleum refining (>50k bbls/d). From 2014 through the adopted amendments, fees assessed on facilities in these categories have increased from roughly \$155,000 to \$183,000 and from \$133,000 to \$177,000, respectively, or roughly 18% and 33%. During the same period, inflation affecting the cost of government goods and services in the US rose at an even faster rate (see Figure 2).<sup>36</sup>

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<sup>34</sup> US Treasury Department, 2025. Historic 20 year average at the time of this writing.

<https://treasurydirect.gov/savings-bonds/i-bonds/i-bonds-interest-rates/#:~:text=The%20composite%20rate%20for%20I,through%20April%202023%20is%206.89%25.>

<sup>35</sup> By making changes to “nominal” costs, reported elsewhere in this section for simplicity.

<sup>36</sup> <https://fred.stlouisfed.org/series/A829RD3Q086SBEA>, inflation for years beyond 2024 are imputed based on a 20-year historical average.

**Figure 2. Chemical Pulp Mill Fee (dashed red), Petroleum Refining Fee (dotted red), and Inflation (blue)**

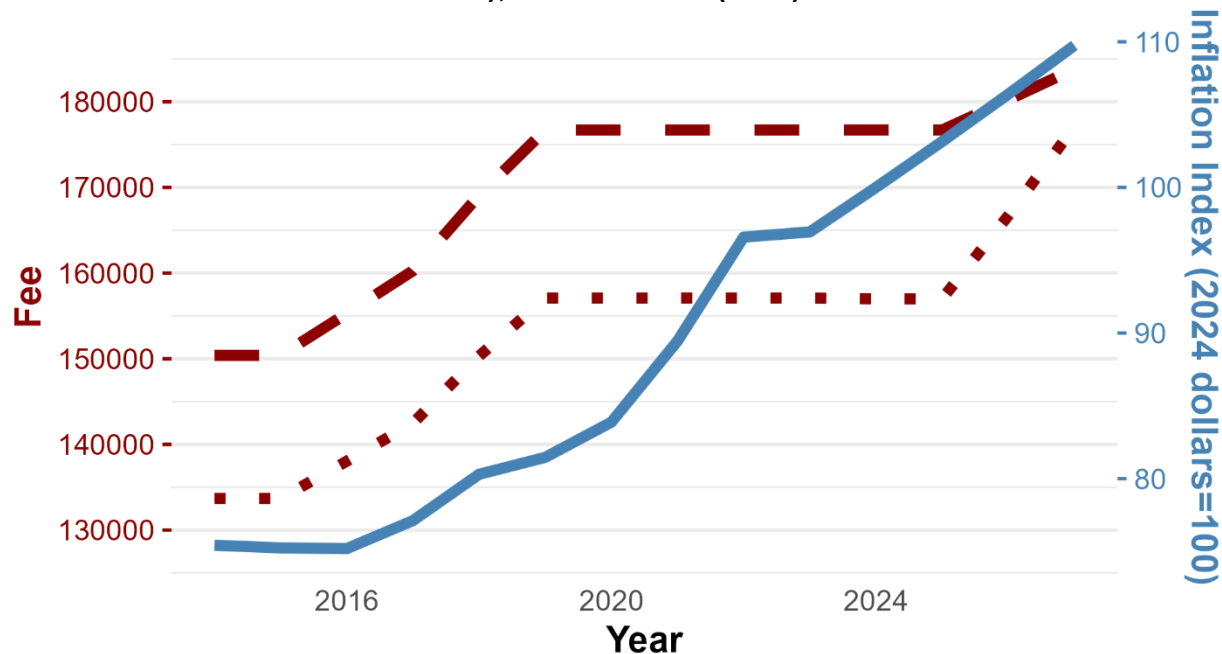
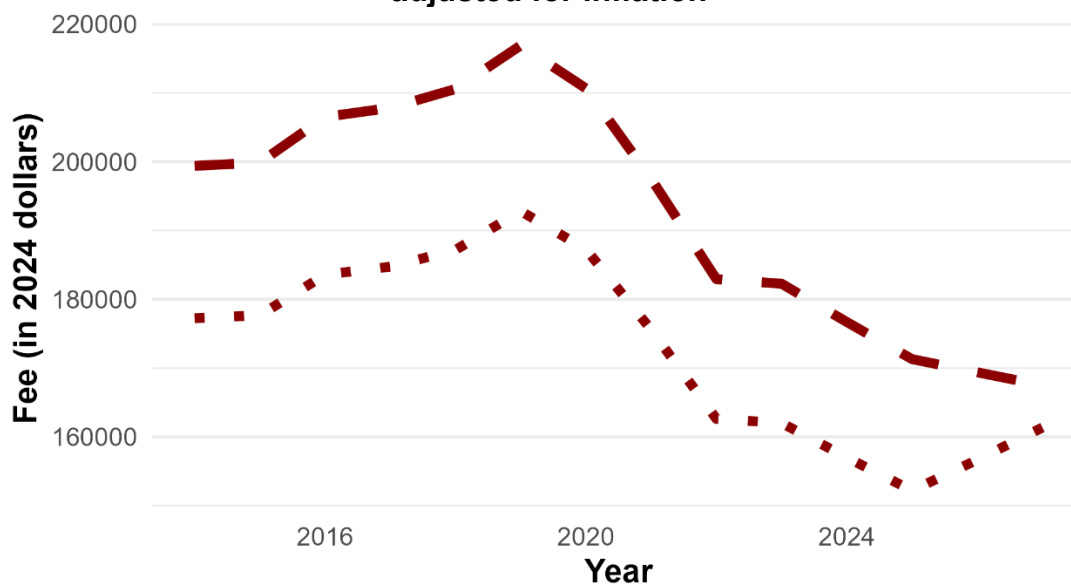


Figure 3 illustrates the real change in Chemical Pulp Mill and Petroleum Refining fees after adjusting for inflation (i.e. fees across all years are reported in 2024 dollars). Note that while there is still variability in fees, they have been reducing since 2019 in real terms across both categories and remain low relative to the 10-year average for these fees.

**Figure 3. Chemical pulp mill fee (dashed) and Petroleum refining fee (dotted), adjusted for inflation**



Other changes to fees and fee distributions beyond inflationary adjustments are also possible, but unknown at this time, as they will be based on public input as part of the adopted fee updating process. Non-inflationary updates still reflect the costs of work related to implementing the permit program, and a proxy for a commensurate change in the value of services provided. In this way, we expect the net benefits of future rule amendments to remain relatively unchanged.

### **3.2.2 Qualitative costs**

#### **Uncertainty in quantified costs**

We note that estimated fees for each permittee are based on current permittee attributes (e.g., flow rates or acreage), and if those attributes change and result in classification under a different fee tier, those permittees may have either higher or lower fees than assumed in this analysis. For example, if a permittee is currently paying a fee in a tier that will be subdivided under the amended rule, we based our assumption on the new fee tier into which they will fall. If that permittee expands in the meantime, and instead falls into a higher fee tier, this additional cost would not be reflected in the above quantified cost estimate.

# Chapter 4: Likely Benefits of the Rule Amendments

## 4.1 Introduction

We analyzed the likely benefits associated with the rule amendments, taken together, as compared to the baseline.<sup>37</sup> The rule amendments and the baseline are individually discussed in detail in Chapter 2 of this document.

## 4.2 Benefits analysis

The rule amendments:

- Add, clarify, or remove definitions
- Amend fee schedules<sup>38</sup>
- Remove fee subcategories
- Add fee subcategories
- Amend or adjust fee subcategories<sup>39</sup>
- Other fee amendments and adjustments<sup>40</sup>

### 4.2.1 Quantifiable benefits calculations

Impacts of the adopted rule amendments are discussed in isolation from one another in Sections 2.3.1 through 2.3.6. In Chapter 3 we recognize that these multiple changes and adjustments interact at the permit level to result in an overall cost (fee increases) or benefit (fee decreases) compared to baseline.

This section summarizes the size and distribution of those benefits, across all potentially impacted permits. To do this, we examined nearly 6785 existing permittee records and identified:

- Baseline fees: Current fees paid by the permittee for the permit.
- Amended fees: Likely fee tiers and associated fees for Fiscal Years 2026 and 2027 for each permit.

We calculated the difference between baseline and amended fees for Fiscal Years 2026 and 2027 for each permittee. Taking together, some permit are likely to have higher fees under the

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<sup>37</sup> Note that rule amendments are informed, in part, by our Environmental Justice Assessment that will be published upon rule adoption.

<sup>38</sup> Except where otherwise noted

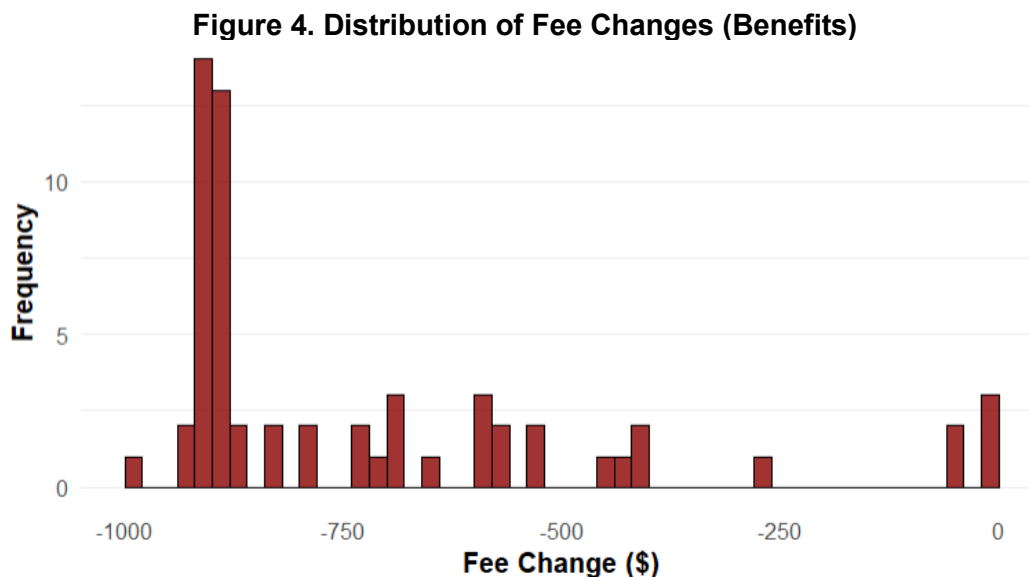
<sup>39</sup> For at least one activity category within the permit level. See Section 2.3.5 for additional detail. Adjusted tier structures may have adjusted fee amounts to redistribute across tiers and to cover permit costs.

<sup>40</sup> In addition to, or aside from, changes applied to all fee categories and those already associated with tier adjustments.

rule amendments, while others will have lower fees. The distribution of benefits (fee decreases) by permit is summarized below in Table 7 and Figure 4.<sup>41,42</sup>

**Table 7: Distribution summary statistics of fee decreases, by Fiscal Year (FY)**

Statistic	FY 2026	FY 2027
Minimum	\$10	\$10
Median (central estimate)	\$910	\$910
Mode (most frequent)	\$910	\$910
Average	\$5154	\$4898
Maximum	\$186,927	\$186,127



Note: Values truncated at -\$1000 for readability

While some permittees will see moderate decreases in fees, most permittees will see smaller reductions in their fees for example:

- 37 permittee will have fees decrease by more than \$3,000.
- 61 permittees will have fees decrease by between \$100 and \$1,000.
- The most common fee reduction is under \$900.

55 permittees will not have their fees change under the rule amendments.

### **Total annual benefits**

The total benefit (total decrease in fees) is approximately \$500,000 in Fiscal Year 2026, and \$500,000 in Fiscal Year 2027. Under our simplifying assumption, this benefit will continue in each subsequent year.

<sup>41</sup> All values have been rounded to an appropriate digit for readability.

<sup>42</sup> Due to variability in levels of aggregation, subsidiaries, and divisions that make up a permittee (e.g. business, local government etc.), we report at the permit level for consistency.

## **Total present value benefits**

Ecology calculates costs and benefits of rules using 20-year present values. A present value converts streams of costs or benefits over time, into a single comparable value in current dollars. It accounts for inflation, as well as for the opportunity cost of having funds or value later versus now, using a historic average real discount rate of 0.4 percent.<sup>43</sup>

We estimated the 20-year present value of benefits as \$9,600,000.

## **4.2.2 Qualitative benefits**

### **Uncertainty in quantified benefits**

We note that estimated fees for each permittee are based on current permittee attributes (e.g., flow rates or acreage), and if those attributes change and result in classification under a different fee tier, those permittees may have either higher or lower fees than assumed in this analysis. For example, if a permittee is currently paying a fee in a tier that will be subdivided under the amended rule, we assumed the new fee tier into which they will fall. If that permittee shrinks in the meantime, and instead falls into a lower fee tier, this additional benefit would not be reflected in the above quantified benefits estimate.

### **Fully funded permit program**

As mentions elsewhere, fees under the rule amendments (overall fee changes resulting from multiple types of changes and motivations) reflect costs of the expected workload related to implementing the permit program and a proxy for the value of services provided.

They do not, however, reflect the added value related to timely and comprehensive permit issuance and management. By fully funding the program, the rule amendments will reduce or eliminate the permit backlogs that would otherwise delay issuing permits. For example:

- For a commercial development, a delay could mean additional need for financing or adjusting planning and timelines for construction and occupancy.
- An industrial facility might have to reduce or delay planned revenue-generating activities, due to a delay in facility expansion or upgrades.
- A wastewater treatment facility needing to meet new requirements for reducing chemicals in its effluent could be delayed in achieving the environmental protection goals that reductions would achieve. This would not only impact the facility itself but could put the environment or human health at risk for longer than would otherwise be necessary.

Under a fully funded program that reflects administrative costs, permittees will not only receive more timely service, but potentially also additional opportunities for efficiencies through additional support from Ecology staff.

### **Equitable distribution of fees**

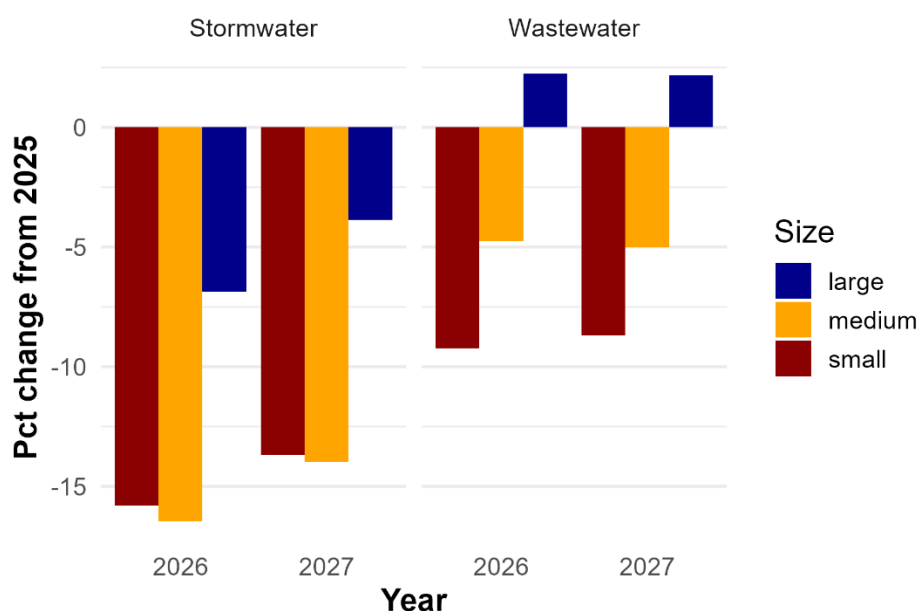
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<sup>43</sup> Ibid.

Overall, the rule amendments work toward a fee program that has a more equitable distribution of fees by reflecting the expected workload related to managing their permit(s) to the degree practical. That is, through adjustments made to fee categories and associated tiers in this rulemaking, smaller, less complex facilities and activities should pay lower fees, and better avoid subsidizing the costs of larger more complex permits (See Chapter 2 for detailed discussion of motivation for fee increases, fee decreases, and changes to fee tier structures).

Figure 5 illustrates the change in average fees for businesses in 2026 and 2027 compared to 2025 according to business size. Small businesses are defined as having fewer than 50 employees, large businesses have a number of employees equal to the 90<sup>th</sup> percentile or above, and medium-sized businesses have a number of employees that falls in between small and large.

**Figure 5. Average change in fees<sup>44</sup> (adjusted for anticipated inflation)**



After adjusting for inflation, anticipated fees are reduced on average from 2025 levels for all business sizes apart from large businesses that hold wastewater permits. These decreases are greatest for small and medium-sized businesses that hold stormwater permits as well as small businesses with wastewater permits. While the average percentage fee decrease is greatest for stormwater permits, stormwater permits also cost less on average for businesses. The decrease in average wastewater permit fees for small businesses is greater than the decrease in average stormwater fees in absolute terms. As we noted in Section 3.2.1, even if the real fees for some large businesses are increased in 2026-2027 as compared to 2025, many fees are still well below their historical averages.

<sup>44</sup> To make the comparison as consistent as possible, for all years we use the payments that were anticipated at the time of the relevant rulemaking – i.e., the average fees for 2025 are defined by the average fees that were anticipated in the 2023 rulemaking that established the 2025 fee structure.





## Chapter 5: Cost-Benefit Comparison and Conclusions

### 5.1 Summary of costs and benefits of the rule amendments

#### 5.1.1 Costs

We calculated the difference between baseline and amended fees for Fiscal Years 2026 and 2027 for each permit.<sup>45</sup> Taken together, some permits are likely to have higher fees under the rule amendments, while others will have lower fees. Most fee changes are costs (increases in fees), reflecting the higher current costs of administering the permit program related to those permits. The distribution of costs (fee increases) by permit is summarized below in Table 8.<sup>46,47</sup>

**Table 8: Distribution summary statistics of fee increases, by Fiscal Year (FY)**

Statistic	FY 2026	FY 2027
Minimum	\$10	\$10
Median (central estimate)	\$100	\$150
Mode (most frequent)	\$40	\$70
Average	\$264	\$445
Maximum	\$35,200	\$55,626

Figures reported in this analysis assume that permits historically receiving discounted rates under the baseline, will continue to do so under the new rule. If the adopted rule amends the rate at which fees are discounted, we apply that discount into future years.<sup>48</sup>

While some permittees will likely see significant increases associated with permit costs, most permittees will only see small to moderate increases in their fees under the stated assumptions. For example:

- 0 permits will have fees increase by more than \$100,000.
- Over 2500 permits will have fees increase by less than \$100, many of which are small changes (as low as a few cents) due to rounding.
- Over 3700 will have fees increase by between \$100 and \$1000.
- The most common fee increase is under \$100.

55 permits will not have their fees change at all under the rule amendments.

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<sup>45</sup> WA Department of Ecology, 2024. Water Quality Permitting and Reporting Information System (PARIS). Ecology permit database. <https://apps.ecology.wa.gov/paris/PermitLookup.aspx>.

<sup>46</sup> All values have been rounded to an appropriate digit for readability.

<sup>47</sup> Due to variability in levels of aggregation, subsidiaries, and divisions that make up a permittee (e.g. business, local government etc.), we report at the permit level for consistency.

<sup>48</sup> Without additional data, this assumption is reasonable given that future discounts are likely to follow current distributions, including those receiving inactive rates. Current fees data reports discounts on almost \$300,000 worth of fees.

## Total annual costs

The total cost (total increase in fees) is about \$1,700,000 in Fiscal Year 2026, and nearly \$2,900,000 in Fiscal Year 2027. Under our simplifying assumption, this cost will continue in each subsequent year.

## Total present value costs

Ecology calculates costs and benefits of rules using 20-year present values. A present value converts streams of costs or benefits over time, into a single comparable value in current dollars. It accounts for inflation, and the opportunity cost of having funds or value later versus now, using a historic average real discount rate of 0.4 percent.<sup>49</sup>

We estimated the 20-year present value of costs of the rule amendments as \$55,300,000 (for additional figures and discussion on qualitative costs and inflation adjustments, see Chapter 3).

## 5.1.2 Benefits

We calculated the difference between baseline and amended fees for Fiscal Years 2026 and 2027 for each permittee. Taken together, some permits are likely to have higher fees under the rule amendments, while others will have lower fees. The distribution of benefits (fee decreases) by permit is summarized below in Table 9.<sup>50,51</sup>

<b>Table 9: Distribution summary statistics of fee decreases, by Fiscal Year (FY)</b>		
<b>Statistic</b>	<b>FY 2026</b>	<b>FY 2027</b>
Minimum	\$10	\$10
Median (central estimate)	\$910	\$910
Mode (most frequent)	\$910	\$910
Average	\$5154	\$4898
Maximum	\$186,927	\$186,127

While some permittees will see moderate decreases in fees, most permittees will see smaller reductions in their fees for example:

- 37 permittees will have fees decrease by more than \$3,000.
- 61 permittees will have fees decrease by between \$100 and \$1,000.
- The most common fee reduction is under \$900.

55 permittees will not have their fees change under the rule amendments.

## Total annual benefits

<sup>49</sup> US Treasury Department. Historic 20 year average at the time of this writing. <https://treasurydirect.gov/savings-bonds/i-bonds/i-bonds-interest-rates/#:~:text=The%20composite%20rate%20for%20I,through%20April%202023%20is%206.89%25>.

<sup>50</sup> All values have been rounded to an appropriate digit for readability.

<sup>51</sup> Due to variability in levels of aggregation, subsidiaries, and divisions that make up a permittee (e.g. business, local government etc.), we report at the permit level for consistency.

The total benefit (total decrease in fees) is approximately \$500,000 in Fiscal Year 2026, and \$500,000 in Fiscal Year 2027. Under our simplifying assumption, this benefit will continue in each subsequent year.

### **Total present value benefits**

Ecology calculates costs and benefits of rules using 20-year present values. A present value converts streams of costs or benefits over time, into a single comparable value in current dollars. It accounts for inflation, as well as for the opportunity cost of having funds or value later versus now, using a historic average real discount rate of 0.4 percent.<sup>52</sup>

We estimated the 20-year present value of benefits as \$9,600,000.

### **Uncertainty in quantified benefits**

We note that estimated fees for each permittee are based on current permittee attributes (e.g., flow rates or acreage), and if those attributes change and result in classification under a different fee tier, those permittees may have either higher or lower fees than assumed in this analysis. For example, if a permittee is currently paying a fee in a tier that will be subdivided under the amended rule, we assumed the new fee tier into which they will fall. If that permittee shrinks in the meantime, and instead falls into a lower fee tier, this additional benefit would not be reflected in the above quantified benefits estimate.

### **Fully funded permit program**

As mentioned elsewhere, fees under the rule amendments (overall fee changes resulting from multiple types of changes and motivations) reflect program costs of the expected workload related to implementing the permit program and a proxy for the value of services provided.

They do not, however, reflect the added value related to timely and comprehensive permit issuance and management. By fully funding the program, the rule amendments will reduce or eliminate the permit backlogs that would otherwise delay issuing permits. For example:

- For a commercial development, a delay could mean additional need for financing or adjusting planning and timelines for construction and occupancy.
- An industrial facility might have to reduce or delay planned revenue-generating activities, due to a delay in facility expansion or upgrades.
- A wastewater treatment facility needing to meet new requirements for reducing chemicals in its effluent could be delayed in achieving the environmental protection goals that reductions would achieve. This would not only impact the facility itself but could put the environment or human health at risk for longer than would otherwise be necessary.

Under a fully funded program that reflects administrative costs, permittees will not only receive more timely service, but potentially also additional opportunities for efficiencies through additional support from Ecology staff.

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<sup>52</sup> Ibid.

### **Equitable distribution of fees**

Overall, the rule amendments will result in the fee program that has more equitable distribution of fees, reflecting the expected workload related to managing their permit(s). This means facilities with simpler permits to manage will pay lower fees than they would if they continued to subsidize the costs of other permits. The adopted addition of fee tiers to better distribute fee burden according to costs further facilitates this benefit. (See Chapter 2 for detailed discussion of motivation for fee increases, fee decreases, and changes to fee tier structures.)

## **5.2 Conclusion**

We conclude, based on a reasonable understanding of the quantified and qualitative costs and benefits likely to arise from the rule amendments, as compared to the baseline, that the benefits of the rule amendments are greater than the costs.

# Chapter 6: Least-Burdensome Alternative Analysis

## 6.1 Introduction

RCW 34.05.328(1)(c) requires Ecology to “[d]etermine, after considering alternative versions of the rule and the analysis required under (b), (c), and (d) of this subsection, that the rule being adopted is the least burdensome alternative for those required to comply with it that will achieve the general goals and specific objectives stated under (a) of this subsection.” The referenced subsections are:

- (a) Clearly state in detail the general goals and specific objectives of the statute that the rule implements;
- (b) Determine that the rule is needed to achieve the general goals and specific objectives stated under (a) of this subsection, and analyze alternatives to rule making and the consequences of not adopting the rule;
- (c) Provide notification in the notice of proposed rulemaking under RCW 34.05.320 that a preliminary cost-benefit analysis is available. The preliminary cost-benefit analysis must fulfill the requirements of the cost-benefit analysis under (d) of this subsection. If the agency files a supplemental notice under RCW 34.05.340, the supplemental notice must include notification that a revised preliminary cost-benefit analysis is available. A final cost-benefit analysis must be available when the rule is adopted under RCW 34.05.360;
- (d) Determine that the probable benefits of the rule are greater than its probable costs, taking into account both the qualitative and quantitative benefits and costs and the specific directives of the statute being implemented.

In other words, to be able to adopt the rule, we are required to determine that the contents of the rule are the least burdensome set of requirements that achieve the goals and objectives of the authorizing statute(s).

We assessed alternative rule contents and determined whether they met the goals and objectives of the authorizing statute(s). Of those that would meet the goals and objectives, we determined whether those chosen for inclusion in the rule amendments were the least burdensome to those required to comply with them.

## 6.2 Goals and objectives of the authorizing statute

The authorizing statute for this rule is Chapter 90.48 RCW, Water Pollution Control. Specifically, the section authorizing the fee program is RCW 90.48.465. Its goals and objectives are for Ecology to:

- Establish fees to collect expenses for issuing and administering each class of permits under RCW 90.48.160, 90.48.162, and 90.48.260.
- Adjust fees no more often than once every two years.

- Apply fees to all permits, regardless of date of issuance, and assess them prospectively.
- Base fees on factors relating to the complexity of permit issuance and compliance.
- Have the option of basing fees on pollutant loading and toxicity.
- Design fees encourage recycling and the reduction of the quantity of pollutants.
- Design fees to fully recover and not to exceed expenses incurred by the department in:
  - Processing permit applications and modifications.
  - Monitoring and evaluating compliance with permits.
  - Conducting inspections.
  - Securing laboratory analysis of samples taken during inspections.
  - Reviewing plans and documents directly related to operations of permittees.
  - Overseeing performance of delegated pretreatment programs.
  - Supporting the overhead expenses that are directly related to these activities.
- Ensure that indirect dischargers do not pay twice for the administrative expense of a permit.
- Consider the economic impact of fees on small dischargers and on public entities required to obtain permits for stormwater runoff and make appropriate adjustments.

## 6.3 Alternatives considered and why they were excluded

We considered the following alternative rule content and did not include it in the rule amendments for the reasons discussed in each subsection below.

- Not updating the rule
- Other distributions of fees
- Lower Fee for Petroleum Refining

### 6.3.1 Not updating the rule

Ecology initially considered not updating the rule at this time. The consequence of not amending the rule would be that the fee schedule will not reflect Fiscal Years 2026 and 2027 rates, and Ecology would not be able to make the technical corrections needed to keep in line with current permit management practices. This would have reduced transparency for permittees and could result in limitations to the permit program that impact water quality statewide. As such, this alternative would not have met the goals and objectives of the statute

regarding recoverable costs, as well as broader goals of the statute chapter regarding protection of the environment and human health.

### **6.3.2 Lower Fee for Petroleum Refining**

Based on informal public comment, Ecology considered a lower fee amount for the "Petroleum Refining - 50,000 bbls/day and greater" fee category. However, this alternative would not meet goals and objectives of recovering expenses incurred by the department. Ecology is anticipating increased costs to administer these permits due to inflation, and the fact that the fee category is currently an underpaying category in terms of covering its fair share of the revenue goal. Fees assessed on this category have remained constant or declined in real terms over time (see Section 3.2.1, Subsection "Real costs, and future adjustments"). Lowering the permit fee for the highest tier in this fee category would also require the agency to pass increased costs down to smaller operations at a disproportionate rate.

### **6.3.3 Other options for fee assessments**

Ecology evaluated several other fee distribution options internally over the course of updating fee amendments. Note however that some alternatives did not meet the objectives of the authorizing statute (see Section 2.2 and 6.2). For example, alternatives may not have matched the complexity of permit issuance and compliance, or do not encourage the reduction of the quantity of pollutants, among other important considerations.

The fees in the adopted rule amendments are generally based on the revenue goal for each fee category, which includes the costs of implementing each specific permit and when applicable broken into tiers that better reflect permit complexity.

## **6.4 Conclusion**

After considering alternatives to the amended rule's contents, within the context of the goals and objectives of the authorizing statute, we determined that the amended rule represents the least-burdensome alternative of possible rule contents meeting the goals and objectives.

# Chapter 7: Regulatory Fairness Act Compliance

## 7.1 Introduction

The Regulatory Fairness Act (RFA; RCW 19.85.070) requires Ecology to perform a set of analyses and make certain determinations regarding the rule amendments. This chapter presents the:

- Analysis of relative compliance cost burden.
- Consideration of lost sales or revenue.
- Cost-mitigating elements of the rule, if required.
- Small business and local government consultation.
- Industries likely impacted by the amended rule.
- Expected impact on jobs.

A small business is defined by the RFA as having 50 or fewer employees, at the highest ownership and operator level. Estimated compliance costs are determined as compared to the baseline (the regulatory environment in the absence of the rule amendments, limited to existing federal and state requirements). Analyses under the RFA only apply to costs to “businesses in an industry” in Washington State. This means the impacts, for this part of our analyses, are not evaluated for government agencies.

## 7.2 Analysis of relative compliance cost burden

We calculated the estimated per-business costs to comply with the rule amendments, based on the costs estimated in Chapter 3 of this document. In this section, we estimate compliance costs per entity and per employee.

The average affected small business likely to be covered by the rule amendments employs approximately 13 people. The largest ten percent of affected businesses employ an average of 85,028 people at the highest owner-operator level.<sup>53</sup> Based on cost estimates in Chapter 3, we estimated the following compliance costs per employee.<sup>54</sup>

**Table 10: Compliance costs by entity and employee**

Type of cost (or total cost)	Small Business	largest 10% of Businesses
Total Employment	14,585	15,900,197
Average Employment	13	85,028
Cost per Entity <sup>55</sup>	\$7,117	\$150,789
Cost per Employee	\$551	\$2

<sup>53</sup> Dun & Bradstreet, 2023. D&B Market Insight Database.

<sup>54</sup> Values rounded for readability

<sup>55</sup> Note that a single entity can hold multiple permits.



We conclude that the rule amendments are likely to have disproportionate impacts on small businesses, and therefore Ecology must include elements in the rule amendments to mitigate this disproportion, as far as is legal and feasible.

## 7.3 Loss of sales or revenue

Businesses that will incur costs could experience reduced sales or revenues if the rule amendments significantly affect the prices of the goods they sell. The degree to which this could happen is strongly related to each business's production and pricing model (whether additional lump-sum costs will significantly affect marginal costs), as well as the specific attributes of the markets in which they sell goods, including the degree of influence each firm has on market prices, as well as the relative responsiveness of market demand to price changes.

We used the REMI E3+ model for Washington State to estimate the impact of the rule amendments on directly affected markets, accounting for dynamic adjustments throughout the economy. The model accounts for: inter-industry impacts; price, wage, and population changes; and dynamic adjustment of all economic variables over time. Our inputs to the model reflected total fees by industry.

The rule amendments affect a wide variety of businesses (see 7.6, below). Across all industries there will be a minimal impact on output, estimated between reductions of \$0.5 and \$3.0 million annually depending on the year from 2026 to 2045. For context, we note that baseline state output is forecast to be over \$1.1 trillion by 2026 and \$1.7 trillion by 2045.<sup>56, 57</sup> The following industries will have the largest impact on their output:

**Table 11: Impacts to output, percent of statewide output by sector**

Industry	Initial Output Impact	Output Impact in 20 years
Dairy product manufacturing	-0.001%	-0.006%
Audio and video equipment manufacturing	-0.0004%	-0.004%
Textile mills and textile product mills	-0.0003%	-0.003%
Rubber product manufacturing	-0.0003%	-0.003%
Converted paper product manufacturing	-0.0002%	-0.003%

## 7.4 Action taken to reduce small business impacts

The RFA (19.85.030(2) RCW) states that:

<sup>56</sup> REMI model baseline forecast for Washington State.

<sup>57</sup> In modeling industrial impacts, we consider changes to government spending on, among other things, labor and associated spending in the broader economy that would not occur without the rule. For reporting purposes we omit (positive) impacts to state government in our summaries, and only present industry impacts (which are indirectly impacted through various government spending).

“Based upon the extent of disproportionate impact on small business identified in the statement prepared under RCW 19.85.040, the agency shall, where legal and feasible in meeting the stated objectives of the statutes upon which the rule is based, reduce the costs imposed by the rule on small businesses. The agency must consider, without limitation, each of the following methods of reducing the impact of the proposed rule on small businesses:

- a) Reducing, modifying, or eliminating substantive regulatory requirements;
- b) Simplifying, reducing, or eliminating recordkeeping and reporting requirements;
- c) Reducing the frequency of inspections;
- d) Delaying compliance timetables;
- e) Reducing or modifying fine schedules for noncompliance; or
- f) Any other mitigation techniques including those suggested by small businesses or small business advocates.”

We considered all the above options, the goals, and objectives of the authorizing statutes (see Chapter 6), and the scope of this rulemaking. We limited compliance cost-reduction methods to those that:

- Are legal and feasible.
- Meet the goals and objectives of the authorizing statute.
- Are within the scope of this rulemaking.

Modifying regulatory requirements, changing reporting requirements, reducing the frequency of inspections, or delaying compliance timetables would not meet statutory objectives or are not feasible and within the scope of this rulemaking.<sup>58</sup>

Through adjustments made to fee categories and associated tiers in this rulemaking, smaller, less complex facilities and activities will continue to pay lower fees, and better avoid subsidizing the costs of larger more complex permits. In this regard, the rule will likely reduce small business impacts, relative to a no rule alternative.

Finally, note the following elements currently in rule to reduce costs to small businesses:

WAC 173-224-090 allows small businesses to receive a fee reduction of fifty percent, but not less than the minimum permit fee of \$165, if they are determined to be eligible under the following criteria:

1. Be a corporation, partnership, sole proprietorship, or other legal entity formed for the purpose of making a profit;
2. Be independently owned and operated from all other businesses (i.e., not a subsidiary of a parent company);

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<sup>58</sup> The Preproposal Statement of Inquiry (often referred to as the “CR-101”) form discusses the rulemaking scope. <https://ecology.wa.gov/DOE/files/c7/c7ef19a7-f70c-4b8e-92f6-3314066c1dcb.pdf>

3. Have annual sales of \$1,000,000 or less of the goods or services produced using the processes regulated by the waste discharge or individual stormwater discharge permit (we identified 605 small business permittees in Washington that meet this definition); and;
4. Have an original annual permit fee assessment totaling \$500 or greater.

In addition to the small business fee reduction, any small business with annual gross revenue totaling \$100,000 or less from goods and services produced using the processes regulated by the discharge permit may apply for an extreme hardship fee reduction. If the permit holder is determined eligible, the annual permit fee is reduced to the minimum annual permit fee of \$165.

## **7.5 Small business and government involvement**

We involved small businesses and local governments in the development of the rule amendments by mailing notices to all permitted entities seeking feedback when the proposed amendment began development. Ecology also developed focus sheets detailing the proposed updates on the following subjects:

- Concentrated Animal Feeding Operations
- Ore Mining
- Municipal Wastewater
- Reduced Permit Fee Rate
- Seafood Processing
- Water Quality Permit Fees

Lastly, Ecology conducted direct email outreach to facilities that were identified as being impacted by changes in the proposal.

## 7.6 North American Industry Classification System (NAICS) codes of impacted industries

The rule amendments likely impact the following industries, with associated NAICS codes. NAICS definitions and industry hierarchies are discussed at <https://www.census.gov/naics/>.

**Table 12: Likely affected NAICS codes**

NAICS Code	Description	NAICS Code	Description	NAICS Code	Description
111x	Agricultural Products	334	Computer and Electronic Products	512	Motion Picture and Sound Recording Industries
112x	Livestock and Livestock Products	335	Electrical Equipment, Appliances and Components	517	Telecommunications
113x	Forestry and Logging	336	Transportation Equipment	522	Credit Intermediation and Related Activities
114x	Fish, Fresh/Chilled/Frozen and Other Marine Products	337	Furniture and Fixtures	523	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
115x	Support Activities for Agriculture and Forestry	339	Miscellaneous Manufactured Commodities	531	Real Estate
211x	Oil and Gas	423	Merchant Wholesalers, Durable Goods	532	Rental and Leasing Services
212x	Minerals and Ores	424	Merchant Wholesalers, Nondurable Goods	533	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
213x	Support Activities for Mining	441	Motor Vehicle and Parts Dealers	541	Professional, Scientific, and Technical Services
221x	Utilities	444	Building Material and Garden Equipment and Supplies Dealers	551	Management of Companies and Enterprises
236x	Construction of Buildings	445	Food and Beverage Retailers	561	Administrative and Support Services
237x	Heavy and Civil Engineering Construction	449	Furniture, Home Furnishings, Electronics, and Appliance Retailers	562	Waste Management and Remediation Services
238x	Specialty Trade Contractors	455	General Merchandise Retailers	611	Educational Services
311x	Food and Kindred Products	456	Health and Personal Care Retailers	621	Ambulatory Health Care Services

NAICS Code	Description	NAICS Code	Description	NAICS Code	Description
312x	Beverages and Tobacco Products	457	Gasoline Stations and Fuel Dealers	622	Hospitals
313x	Textiles and Fabrics	458	Clothing, Clothing Accessories, Shoe, and Jewelry Retailers	623	Nursing and Residential Care Facilities
314x	Textile Mill Products	459	Sporting Goods, Hobby, Musical Instrument, Book, and Miscellaneous Retailers	624	Social Assistance
321	Wood Products	481	Air Transportation	711	Performing Arts, Spectator Sports, and Related Industries
322	Paper Manufacturing	482	Rail Transportation	712	Museums, Historical Sites, and Similar Institutions
324	Petroleum and Coal Products	483	Water Transportation	713	Amusement, Gambling, and Recreation Industries
325	Chemicals	484	Truck Transportation	721	Accommodation
326	Plastics and Rubber Products	485	Transit and Ground Passenger Transportation	722	Food Services and Drinking Places
327	Nonmetallic Mineral Products	486	Pipeline Transportation	811	Repair and Maintenance
331	Primary Metal Manufacturing	488	Support Activities for Transportation	812	Personal and Laundry Services
332	Fabricated Metal Product Manufacturing	492	Couriers and Messengers	813	Religious, Grantmaking, Civic, Professional, and Similar Organizations
333	Machinery, except Electrical	493	Warehousing and Storage		

## 7.7 Impact on jobs

We used the REMI E3+ model for Washington State to estimate the impact of the rule amendments on jobs in the state, accounting for dynamic adjustments throughout the economy.

The rule amendments will result in transfers of money within and between industries, as compared to the baseline. The modeled impacts on employment are the result of multiple small increases and decreases in employment, prices, and other economic variables across all industries in the state.

The results of REMI E3+ model show insignificant impact on jobs in the affected industries. The industries with the highest jobs impact are construction, retail trade, and wholesale trade. Among the top three industries impacted, construction is estimated to have one to two job losses from 2026 to 2045, retail trade is expected two job losses after the initial implementation year, and wholesale trade around three job losses after the initial implementation year.<sup>59</sup>

**Table 13: Impacts on jobs, FTEs**

<b>Industry</b>	<b>Initial Jobs Impact</b>	<b>Jobs Impact in 10 years</b>	<b>Jobs Impact in 20 years</b>
All Industries (Whole State)	-3	-16	-12
Construction	-1	-2	-1
Retail Trade	0	-2	-2
Wholesale Trade	0	-3	-2

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<sup>59</sup> In modeling industrial impacts, we consider changes to government spending on, among other things, labor and associated spending in the broader economy that would not occur without the rule. For reporting purposes we omit (positive) impacts to state government in our summaries, and only present industry impacts (which are indirectly impacted through various government spending).

## References

RCW 34.05.272 requires Ecology to group references into the following categories for actions related to Water Quality.

**Independent peer review:** Review is overseen by an independent third party (n/a)

**Internal peer review:** Review by staff internal to the Department of Ecology (n/a)

**External peer review:** Review by persons that are external to and selected by the Ecology (n/a)

**Open review:** Documented open public review process that is not limited to invited organizations or individuals (n/a)

**Legal and policy document:** Documents related to the legal framework for the significant agency action including but not limited to federal and state statutes; court and hearings board decisions; federal and state administrative rules and regulations; and policy and regulatory documents adopted by local governments

Chapter 173-224 WAC, Water Quality Permit Fees

Chapter 90.48 RCW, Water Pollution Control

The Preproposal Statement of Inquiry (often referred to as the “CR-101”) form discusses the rulemaking scope. <https://ecology.wa.gov/DOE/files/c7/c7ef19a7-f70c-4b8e-92f6-3314066c1dcb.pdf>

**Data from primary research, monitoring activities, or other sources, but that has not been incorporated as part of documents reviewed under the processes in the categories above**

Dun & Bradstreet, 2023. D&B Market Insight Database.

US Treasury Department, 2022. I bond interest rates. Historic average September 1998 through November 2022. <https://treasurydirect.gov/savings-bonds/i-bonds/i-bonds-interest-rates/#:~:text=The%20composite%20rate%20for%20I,through%20April%202023%20is%206.89%25.>

WA Department of Ecology, 2023. Water Quality Permitting and Reporting Information System (PARIS). Ecology permit database. <https://apps.ecology.wa.gov/paris/PermitLookup.aspx>.

**Records of the best professional judgment of department of ecology employees or other individuals** (n/a)

**Other:** Sources of information that do not fit into one of the categories above (n/a)

## Appendix A: Administrative Procedure Act (RCW 34.05.328) Determinations

- A. RCW 34.05.328(1)(a) – Clearly state in detail the general goals and specific objectives of the statute that this rule implements.**

See Chapter 6.

**B. RCW 34.05.328(1)(b) –**

- 1. Determine that the rule is needed to achieve the general goals and specific objectives of the statute.**

See chapters 1 and 2.

- 2. Analyze alternatives to rulemaking and the consequences of not adopting this rule.**

We considered only one alternative: not to do the rulemaking. The consequence of not amending the rule will be that the fee schedule will not reflect Fiscal Years 2024 and 2025 rates, and we will not be able to make the technical corrections needed to keep in line with current management practices. This reduces transparency for permittees and could result in limitations to the permit program that impact water quality statewide.

See the Least Burdensome Alternative Analysis, Chapter 6 of this document, for discussion of alternative rule content considered.

**C. RCW 34.05.328(1)(c) - A preliminary cost-benefit analysis was made available.**

When filing a rule proposal (CR-102) under RCW 34.05.320, Ecology provides notice that a preliminary cost-benefit analysis is available. At adoption (CR-103 filing) under RCW 34.05.360, Ecology provides notice of the availability of the final cost-benefit analysis.

- D. RCW 34.05.328(1)(d) – Determine that probable benefits of this rule are greater than its probable costs, taking into account both the qualitative and quantitative benefits and costs and the specific directives of the statute being implemented.**

See Chapters 1 – 5.

- E. RCW 34.05.328 (1)(e) - Determine, after considering alternative versions of the analysis required under RCW 34.05.328 (b), (c) and (d) that the rule being adopted is the least burdensome alternative for those required to comply with it that will achieve the general goals and specific objectives stated in Chapter 6.**

See Chapter 6.

- F. RCW 34.05.328(1)(f) - Determine that the rule does not require those to whom it applies to take an action that violates requirements of another federal or state law.**

This rulemaking supports Ecology’s emphasis on supporting successful water management by maintaining its permitting program. Wastewater and stormwater discharge permits set rigorous discharge limits, monitoring requirements, and management practices, usually specific to a discharge, which is designed to ensure a facility can meet both federal and state treatment and water quality standards. The permit program manages approximately 6,900 permits. Water quality discharge permits provide Ecology with a full range of tools to address statewide water quality needs (e.g., permitting, technical assistance, and compliance/inspections). Maintaining compliance with all other federal and state laws is a requirement specifically identified in all Ecology issued permit coverages.



- G. RCW 34.05.328 (1)(g) - Determine that the rule does not impose more stringent performance requirements on private entities than on public entities unless required to do so by federal or state law.**

Permittees consist of small to large industrial businesses, construction companies, schools, federal agencies, state agencies, and local jurisdictions. The requirement to pay annual fees is the same for all permittees.

- H. RCW 34.05.328 (1)(h) Determine if the rule differs from any federal regulation or statute applicable to the same activity or subject matter.**

No

**If yes, the difference is justified because of the following:**

- ☐ (i) A state statute explicitly allows Ecology to differ from federal standards.
- ☐ (ii) Substantial evidence that the difference is necessary to achieve the general goals and specific objectives stated in Chapter 6.

- I. RCW 34.05.328 (1)(i) – Coordinate the rule, to the maximum extent practicable, with other federal, state, and local laws applicable to the same subject matter.**

Ecology notifies all permit holders about any proposed changes to the permit fee rule. We also notify stakeholders, including federal, state, and local government offices, regarding all rule announcement, proposal, and adoption stages.