



Economic Impact Analysis Virginia Department of Planning and Budget

12 VAC 5-630 – Private Well Regulations
Department of Health
November 7, 2009

Summary of the Proposed Amendments to Regulation

Pursuant to Chapter 710 of the 2009 Virginia Acts of Assembly, the State Board of Health (Board) proposes to establish requirements for express geothermal well permits. Also, pursuant to Chapter 105 of the 2009 Virginia Acts of Assembly, the Board proposes to establish minimum well storage capacity and yield requirements for residential drinking water wells. Further, the Board proposes to repeal other aspirational language.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Prior to the 2009 legislation the Virginia Department of Health (VDH) charged a \$205 permit application fee for each group of ten geothermal wells. Under the proposed language VDH will charge one \$205 fee for each geothermal heating system, regardless of the total number of wells constructed. For permit applications where there are ten or fewer wells in the geothermal heating system, the fee is \$205 under both the current and proposed regulations. For permit applications where there are more than ten wells in the geothermal heating system, the applicant will pay a lower fee under the proposed regulations. For example, a permit applicant would pay \$410 for a geothermal heating system with 20 wells under the current regulations, but would only pay \$205 under the proposed regulations. Also, the express geothermal well permitting system shortens the permitting process by approximately five to ten days,¹ allowing

¹ Data source: Virginia Department of Health

sooner completion of projects. The proposed express geothermal well system produces a net benefit for the Commonwealth.

Chapter 105 of the 2009 Acts of Assembly mandates that the Board's regulations include minimum storage capacity and yield requirements for residential drinking wells. The statute also mandates that water well systems providers certify the storage capacity and the yield of the well on a form provided by VDH at the time the well is completed. Similar language is currently contained in the regulation; however, based on the statutory change the regulatory text would change from "should" to "shall." The yield numbers themselves would remain the same. Changing "should" to "shall" causes the minimum storage capacity and yield requirements to be requirements rather than recommendations.

According to VDH, there have been several cases where a home buyer has learned of a low-yield well only after purchasing and moving into a new home. The amendments regarding well yield are intended to assure home buyers that an adequate supply of water exists. Thus the proposal can be beneficial to homebuyers. In some cases the minimum yield and storage requirements will result in multiple wells, storage tanks, or pumps and timers being required to meet the minimums which will raise costs. In very limited cases where adequate well yield is not found, building lots may be rendered unusable. Thus, the proposed requirement can help prevent homebuyers from being unwittingly stuck with properties that have insufficient well yield.

Businesses and Entities Affected

There are approximately 540 licensed water system providers in the Commonwealth. There are an estimated 330 water well companies. Almost all of these are considered small businesses.²

Localities Particularly Affected

There are no identified localities with disproportionate material impact by the adoption of the proposed amendments to the regulations..

Projected Impact on Employment

The proposed amendments will not likely significantly affect employment.

Effects on the Use and Value of Private Property

The proposed express geothermal well permitting system will save dollars and time for water well professionals and contractors. The proposed minimum well storage capacity and yield requirements will help protect private property owners.

Small Businesses: Costs and Other Effects

The proposed express geothermal well permitting system will save dollars and time for small water well professionals and contractors.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments do not adversely affect small businesses.

Real Estate Development Costs

The proposed express geothermal well permitting system will moderately reduce real estate development costs.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the

² Ibid

regulation. The analysis presented above represents DPB's best estimate of these economic impacts.