

# Connecticut General Assembly



## OFFICE OF FISCAL ANALYSIS

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December 21, 2010

TO: Senator Joan Hartley  
Representative T. R. Rowe  
Co-Chairs, Regulations Review Committee

FROM: Alan Calandro, Director

A handwritten signature of Alan Calandro in black ink.

SUBJECT: Review of Agenda Items for the December 21, 2010 Meeting

OFA has reviewed the state and municipal fiscal impact of the seven items on the agenda (items 2010-050 through 2010-052, 2008-017d, 2009-063b, 2010-019a and -047a) for the above meeting.<sup>1</sup> The following table summarizes our review.

Reg. #	Agency	Is Agency Estimate of State Impact Reasonable?	Is Agency Estimate of Municipal Impact Reasonable?	Did Agency Submit a Small Business Impact Statement? <sup>2</sup>	Did Agency Submit a Regulatory Flexibility Analysis? <sup>3</sup>
2010-050	Cons. Prot.	Yes	Yes	Yes	No
2010-051	OPM	Yes	Yes	Yes	No

<sup>1</sup> CGS Section 2-71c(c)(7) requires OFA to prepare "short analyses of the costs and long range projections of ... proposed agency regulations."

<sup>2</sup> PA 09-19 requires agencies to prepare a small business impact statement on all regulation submittals, effective October 1, 2009.

<sup>3</sup> CGS 4-168(a) requires agencies to prepare a regulatory flexibility analysis statement on all regulation submittals when there is an impact on small businesses.

<b>Reg. #</b>	<b>Agency</b>	<b>Is Agency Estimate of State Impact Reasonable?</b>	<b>Is Agency Estimate of Municipal Impact Reasonable?</b>	<b>Did Agency Submit a Small Business Impact Statement?<sup>2</sup></b>	<b>Did Agency Submit a Regulatory Flexibility Analysis?<sup>3</sup></b>
2010-052	DOT	Yes	Yes	Yes	No
2008-017d	Public Health	Yes	Yes	NA	NA
2009-063b	Public Health	Yes	Yes	NA	NA
2010-019a	Public Health	Yes	Yes	NA	NA
2010-047a	DEP	Yes	Yes	Yes	Yes

Please contact me if you have any questions or would like additional information.

AC: lmk  
 Regs-Dec21,2010-concur  
 Office of Fiscal Analysis

## AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

17:34:37  
02/22/2010

Agency Submitting Regulation: Department of Consumer Protection

Date: 02-22-2010

Subject Matter of Regulation: Real Estate Appraisal

Regulation Section No.: 20-504-3 to 20-504-7; 20-504-9 to 20-504-11;  
20-512-2 to 20-512-6; and 20-512-8

Statutory Authority: 4-168; 20-504; and 20-512.

Other Agencies Affected: n/a

Effective Date Used In Cost Estimate: Upon Passage (Filing with the Secretary of the State).

Estimate Prepared By: Jerry P. Padula, Esq. - DCP Legal

Telephone No.: 860-713-6087

### SUMMARY OF COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: Department of Consumer Protection Fund Affected: n/a

	First Year	Second Year	Full Operation
Number of Positions	n/a	n/a	n/a
Personal Services	\$0	\$0	\$0
Other Expenses	\$0	\$0	\$0
Equipment	\$0	\$0	\$0
Grants	\$0	\$0	\$0
Total State Cost or (Savings)	\$0	\$0	\$0
Estimated Revenue Gain or (Loss)	\$0	\$0	\$0
Total Net State Cost or (Savings)	\$0	\$0	\$0

#### Explanation of State Impact of Regulation:

No fiscal impact is anticipated. The Department of Consumer Protection currently handles the certification of real estate appraisers, and these regulations are merely being updated to conform to changes enacted by the Appraisal Foundation which is under the authority of the Banking Committee of the Federal Congress.

#### Explanation of Municipal Impact of Regulation:

No impact on municipalities is anticipated. The Department has jurisdiction over these regulations.

#### Explanation of Small Business Impact of Regulation:

Please see the Department's Small Business Impact Statement for more details.

## **SMALL BUSINESS IMPACT STATEMENT**

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed Regulation: **Department of Consumer Protection**

Subject matter of Regulation: **Appraisal Regulations**

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations on April 9, 2010 and determined the following:

**True**   **False**   (Check all appropriate boxes):

- ☐   ☒   The regulatory action will not have an affect on small businesses.
- ☒   ☐   The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.
- ☐   ☒   The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
  - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
  - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- ☐   ☒   The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

The State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations.

**Explanation of Small Business Impact of Regulation:**

Real Estate Appraisers are individually licensed by the Department of Consumer Protection. This proposed regulation includes the requirement that all real estate appraisers have to take one specific real estate three hour course entitled, "CT Appraisal Law Update" along with the seven hour mandatory Uniform Standards of Professional Appraisal Practice (USPAP) course and 18 hours of elective coursework during the two year continuing education cycle. This does not increase the required number of continuing education hours. The Real Estate Appraisal Commission determined the CT Appraisal Law Update course to be essential for all appraisers doing business in the state of Connecticut. This proposal ensures that all appraisers are equally informed of Connecticut law. The Department expects the required course to be readily available for appraisers. Because this regulation requires all appraisers to take this course, it impacts appraisal licensees and small businesses.

The remainder of the proposed changes contained in the regulations is technical in nature and as such, have no impact on small businesses.

## **AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION**

**Agency Submitting Regulation:** Office of Policy and Management **Date:** August 30, 2010

**Subject Matter of Regulation:** State Single Audits and Program Specific Audits

**Regulation Section No.:** 4-236-18 through 4-236-30 **Statutory Authority:** C.G.S. 4-236

**Other Agencies Affected:** all state agencies that award state grant funds to nonstate entities

**Effective Date Used In Cost Estimate:** August 30, 2010

**Estimate Prepared By:** William Plummer **Telephone No.:** 860-418-6367

## **SUMMARY OF COST AND REVENUE IMPACT OF PROPOSED REGULATION**

**Agency:** Office of Policy and Management

**Fund Affected:** None

	First Year 2010	Second Year 2011	Third Year 2012
<u>Number of Positions</u>	0	0	0
<u>Personal Services</u>	0	0	0
<u>Other Expenses</u>	0	0	0
<u>Equipment</u>	0	0	0
<u>Grants</u>	0	0	0
<u>Total State Cost or (Savings)</u>	minimal	minimal	minimal
<u>Estimated Revenue Gain or (Loss)</u>	0	0	0
<u>Total Net State Cost or (Savings)</u>	minimal	minimal	minimal

**Explanation of State Impact of Regulation:** There is minimal state impact

**Explanation of Municipal Impact of Regulation:** There is minimal municipal impact.

The fiscal impact of the proposed regulations is minimal for the State and its municipalities. The regulations are being proposed to conform to the latest technical terminology and auditing standards provided in Government Auditing Standards and to provide detailed descriptive information on how findings and questioned costs related to state financial assistance programs should be reported when conducting audits of state financial assistance programs. The proposed changes would provide more uniformity between the Federal Government's Single Audit and the State of Connecticut's Single Audit.

### Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the affect of such action on small businesses as defined in C.G.S. Section 4-168a. When such a regulatory action may have an adverse affect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: Office of Policy and Management

Subject matter of Regulation: State Single Audits and Program Specific Audits

In accordance with C.G.S. Section 4-168a, staff analyzed the affect on small businesses of the proposed regulations and determined the following:

True    False (Check all appropriate boxes):

- |                                     |                          |   |
|-------------------------------------|--------------------------|---|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | The regulatory action will not have an affect on small businesses.  |
| <input type="checkbox"/>            | <input type="checkbox"/> | The regulatory action will have an affect on small businesses, but will not have an adverse affect on such small businesses.  |
| <input type="checkbox"/>            | <input type="checkbox"/> | <p>The regulatory action may have an adverse affect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially affected small business. Alternatives considered include the following:</p> <ol style="list-style-type: none"> <li>(1) The establishment of less stringent compliance or reporting requirements for small businesses;</li> <li>(2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;</li> <li>(3) The consolidation or simplification of compliance or reporting requirements for small businesses;</li> <li>(4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and</li> <li>(5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.</li> </ol> |
| <input type="checkbox"/>            | <input type="checkbox"/> | The regulatory action will have an adverse affect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.   |

**Explanation of Small Business Impact of Regulation:** No fiscal impact is anticipated on small businesses from the proposed regulations. The regulations are being proposed to conform to the latest technical terminology and auditing standards provided in Government Auditing Standards and to provide detailed descriptive information on how findings and questioned costs related to state financial assistance programs should be reported when conducting audits of state financial assistance programs. The proposed changes would provide more uniformity between the Federal Government's Single Audit and the State of Connecticut's Single Audit.

## AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

Agency Submitting Regulation: Department of Transportation

Date: 03/29/2010

Subject Matter of Regulation: Navigable Waters - Marine Pilots

Regulation Section No.: 15-15a-1 through 15-15a-17 Statutory Authority: CGS 15-13

Other Agencies Effected: None

Effective Date Used In Cost Estimate: Upon Passage

Estimate Prepared By: Charles C. Beck

Telephone No.: 860-594-2550

## ESTIMATE OF COST OR REVENUE IMPACT OF PROPOSED REGULATION

Agency: \_\_\_\_\_ Fund Effected: \_\_\_\_\_

	First Year - 2011	Second Year - 2012	Full Operation
Number of Positions	0	0	
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost or (Savings)	0	0	0
Estimated Revenue Gain or (Loss)	0	0	0
Total Net State Cost or (Savings)	0	0	0

### Explanation of State Impact of Regulation:

The Commissioner of Transportation has the authority to license as many individuals deemed necessary to act as marine pilots. The commissioner also has the authority to adopt regulations to carry out the purposes of the licensing. However, no such regulations have been adopted to codify the application, selection and training process for apprentices seeking a CT marine pilot license. The Connecticut Pilot Commission and the Department's Maritime Manager have drafted and vetted the proposed additions and changes to existing regulations that will establish such a process. There are no additional costs to the Department, the State, any municipality or any small business relative to the regulatory action.

### Explanation of Municipal Impact of Regulation:

See above.

### Explanation of Small Business Impact of Regulation:

See above.

Is a regulatory flexibility analysis required pursuant to C.G.S. 4-168a?

No



### Small Business Impact Statement

Prior to adopting a new section or amendment, Section 4-168a of the Connecticut General Statutes (C.G.S.) requires that each state agency consider the effect of such action on small businesses as defined in C.G.S. Section 4-168a. When such regulatory action may have an adverse effect on small businesses, C.G.S. Section 4-168a directs the agency to consider regulatory requirements that will minimize the adverse impacts on small businesses if the addition of such requirements (1) will not interfere with the intended objectives of the regulatory action and (2) will allow the new section or amendment to remain consistent with public health, safety and welfare.

State Agency submitting proposed regulations: Department of Transportation

Subject matter of Regulation: Navigable Waters - Marine Pilots

In accordance with C.G.S. Section 4-168a, staff analyzed the effect on small businesses of the proposed regulations and determined the following:

Check all appropriate boxes:

- ☒ The regulatory action will not have an effect on small businesses.
- ☐ The regulatory action will have an effect on small businesses, but will not have an adverse effect on such small businesses.
- ☐ The regulatory action may have an adverse effect on small businesses, and no alternative considered would be both as effective in achieving the purpose of the action and less burdensome to potentially effected small business. Alternatives considered include the following:
- (1) The establishment of less stringent compliance or reporting requirements for small businesses;
  - (2) The establishment of less stringent schedules or deadlines for compliance or reporting requirements for small businesses;
  - (3) The consolidation or simplification of compliance or reporting requirements for small businesses;
  - (4) The establishment of performance standards for small businesses to replace design or operational standards required in the new section or amendment; and
  - (5) The exemption of small businesses from all or any part of the requirements contained in the new section or amendment.
- ☐ The regulatory action will have an adverse effect on small businesses that cannot be minimized in a manner that is consistent with public health, safety and welfare.

Has the State agency listed above notified the Department of Economic and Community Development of its intent to take the proposed action and completed the Agency Fiscal Estimate of Proposed Regulations? Yes

**AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION**

AGENCY SUBMITTING REGULATION:

Department of Public Health

DATE:

October 16, 2007

SUBJECT MATTER OF REGULATION:

Vital Records

REGULATION SECTION NO.:

19a-2a-8, 19a-41-2 and 19a-41-13 through 19a-41-14

STATUTORY AUTHORITY:

CGS 19a-2a, CGS 19a-41

OTHER AGENCIES AFFECTED:

None

EFFECTIVE DATE USED IN COST ESTIMATE:

October 2007

ESTIMATE PREPARED BY:

Nancy S. Nicolescu

TELEPHONE:

509-7630

**SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION**

Agency: \_\_\_\_\_ Fund affected: \_\_\_\_\_

	First Year 2008	Second Year 2009	Full Operation 2010
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost (Savings)	0	0	0
Estimated Revenue Gain (Loss)	0	0	0
Total Net State Cost (Savings)	0	0	0

EXPLANATION OF STATE IMPACT OF REGULATION:

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION:

## Exhibit B

### AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

AGENCY SUBMITTING REGULATION: Department of Public Health

DATE: June 16, 2009

SUBJECT MATTER OF REGULATION: Psittacine Birds

REGULATION SECTION NO.: 19a-36-A23

STATUTORY AUTHORITY: CGS 19a-36

OTHER AGENCIES AFFECTED: None

EFFECTIVE DATE USED IN COST ESTIMATE: June 16, 2009

ESTIMATE PREPARED BY: J. Mendyka

TELEPHONE: 860-509-7630

### SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: Department of Public Health, Fund affected: \_\_\_\_\_

	First Year 2009	Second Year 2010	Full Operation 2011
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost (Savings)	0	0	0
Estimated Revenue Gain (Loss)	0	0	0
Total Net State Cost (Savings)	0	0	0

EXPLANATION OF STATE IMPACT OF REGULATION:  
None

EXPLANATION OF MUNICIPAL IMPACT OF REGULATION:  
None

## AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

AGENCY SUBMITTING REGULATION:  
Department of Public Health

DATE:  
06/16/2008

**SUBJECT MATTER OF REGULATION:** Revision of School Immunization Requirements

To update the school immunization requirements to be consistent with recently revised national recommendations established by the Advisory Committee on Immunization Practices (ACIP), the American Academy of Pediatrics (AAP) and the American Academy of Family Physicians and CGS Section 19a-7f. Changes to be made include: adding a second dose by kindergarten and 7<sup>th</sup> grade entry of two already required vaccines (second dose of mumps and of varicella containing vaccine); and adding requirements for vaccines licensed since the 2000 update: tetanus, diphtheria and pertussis (Tdap) booster vaccination and meningococcal vaccine for 7<sup>th</sup> grade entry; pneumococcal vaccine and hepatitis A vaccine for Kindergarten entry; and influenza vaccine for infants and children up to 5 years of age); modifying recommendations for timing and administration of measles, mumps, and varicella vaccines; and revising the schedule for catch-up immunization. The national recommendations underlying all of the proposed new requirements have been in place for at least 3 years and have been generally well accepted by the pediatric provider community.

REGULATION SECTION NO.:  
10-204a-1a to 10-204a-4a, inclusive

STATUTORY AUTHORITY:  
CGS Section 19a-7f

OTHER AGENCIES AFFECTED:  
Department of Education

EFFECTIVE DATE USED IN COST ESTIMATE:  
June 2008

ESTIMATE PREPARED BY:  
Vincent A. Sacco

TELEPHONE:  
509-7936

### SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: Department of Public Health Fund affected: \_\_\_\_\_

	First Year 2009	Second Year 2010	Full Operation 2011
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Equipment	0	0	0
Grants	0	0	0
Total State Cost (Savings)	0	0	0
Estimated Revenue Gain (Loss)	0	0	0
Total Net State Cost (Savings)	0	0	0

**EXPLANATION OF STATE IMPACT OF REGULATION:**

No mandatory short term cost to state and genuine long-term benefits. System already exists to measure and enforce school immunization requirements. Vaccines to meet new requirements for children on Medicaid or without health insurance are already being provided with federal funds. Higher vaccination rates will mean fewer healthcare system costs, including Husky/Medicaid clients.

**EXPLANATION OF MUNICIPAL IMPACT OF REGULATION:**

Some additional work will be created for school systems to enforce changes. This cost will be offset somewhat by having to spend less time dealing with absences and management of outbreaks due to these diseases, and issues of sports and transmission of these vaccine preventable diseases.

## AGENCY FISCAL ESTIMATE OF PROPOSED REGULATION

AGENCY SUBMITTING REGULATION: DEP

DATE: December 7, 2010

SUBJECT MATTER OF REGULATION: Stream Flow Standards and Regulations

REGULATION SECTION NO.: 22a-141b-1 through 22a-141b-9

STATUTORY AUTHORITY: Section 22a-6 and 22a-141b

OTHER AGENCIES AFFECTED: While involved in the regulation of water, the impact to the Department of Public Health, the Department of Public Utility Control, and the Office of Policy and Management is expected to be minimal during the first three years. In addition, state agencies that own and operate dams may need to comply.

EFFECTIVE DATE USED IN COST ESTIMATE: December 7, 2010

ESTIMATE PREPARED BY: Robert Hust TELEPHONE: (860) 424-3718

### SUMMARY OF STATE COST AND REVENUE IMPACT OF PROPOSED REGULATION

Agency: Department of Environmental Protection

Fund Affected : None

	1st Year <u>2011</u>	2nd Year <u>2012</u>	3rd Year <u>2013</u>
Number of Positions	0	0	0
Personal Services	0	0	0
Other Expenses	0	0	0
Grants	0	0	0
Total State Cost (Savings)	-	-	-
Estimated Revenue Gain (Loss)	-	-	-
Total Net Cost (Savings)	0	0	0

EXPLANATION OF STATE IMPACT OF REGULATION: Persons who own or operate a dam that impounds or diverts the flow of water in a stream or river system may be required to comply with requirements to provide for in-stream water flows consistent with the flow standards established in the regulation. The Department of Environmental Protection will employ existing staff and other available resources currently dedicated to water management to implement these regulations. The regulations provide phased in requirements over a ten year period that will allow DEP to implement these regulations including development of technical assistance documents, forms and web-based tools to assist with compliance.

Impact on State owned dams is small since most of those dams are operated in "run-of-river" mode which will not require substantive changes to comply with the new regulations. Impact on other state owned structures that impound or divert water is expected to be small, potentially three, since many may meet other regulatory exemptions and others will have flexible schedules to comply. Compliance verification and enforcement will be accomplished with current staff levels.

In response to the regulations, regulated entities may seek new or modified approvals or permits from the Department of Public Health and the Department of Public Utilities Control. It is anticipated that these requests will be spread out over a ten to twenty year (twenty for special margin of safety considerations) compliance phase-in period.

**EXPLANATION OF MUNICIPAL IMPACT OF REGULATION:** The cost impact on municipalities is limited to those municipalities that provide potable water as a municipal service and own or operate a dam that impounds or diverts the flow of water and may have to comply with the regulations. Flexibility in the regulations has been considered to reduce municipal impacts including: exemptions; less stringent requirements for certain small water users and other types of users; allowing for variances; providing for drought off-ramps; margin of safety provisions; allowing for alternative flow management schemes to replace the presumptive flow standards; providing for certainty to ensure classifications of streams and rivers and the resulting standards will be reflective of current water use by municipalities; and rolling compliance across the state as stream classifications are established. Development of tools, guidance and assistance will include a web-based stream statistics mechanism and an on-line reporting system which will simplify compliance and reporting requirements. There is a ten year period in the regulation before any compliance except reporting is required, although municipalities may need to invest in infrastructure improvements during the ten year period. Then a flexible implementation schedule has been established in the regulation to reduce the impact of full compliance. Although affected municipalities are likely to be already providing some required water reporting and compliance information like all other water utilities, the implementation periods will allow time to assess existing water use, current water supplies, and other management measures in order to comply with the standards. The cost to any individual municipality will be highly variable dependent upon the type of supply, adequacy of their current supplies, water conservation, resources that have been dedicated to maintenance of the system in the past, the condition of existing infrastructure and already planned upgrades and repairs. There is a potential for financial support in the form of low interest loans or grants through the Drinking Water State Revolving Fund to offset some costs to municipalities in the future.

December 7, 2010

**NOTIFICATION FORM  
DEPARTMENT OF ENVIRONMENTAL PROTECTION  
SMALL BUSINESS REGULATORY IMPACT AND REGULATORY FLEXIBILITY  
ANALYSIS**

**Title of Regulation** Stream Flow Standards and Regulations, RCSA sections 26-141b-1 to 26-141b-9, inclusive

**Statutory Authority** Section 22a-141b

**Contact Person** Robert Hust, CT DEP (860) 424-3718

**The Regulation**

The proposed rules establish flow standards for all river and stream systems in the state. There are also new regulatory requirements for certain dam owners and operators. The proposed rules that are being resubmitted in this package represent the first step in a phased approach and will eventually replace the existing requirements found in the Minimum Stream Flow Standards and Regulations of the Connecticut Department of Environmental Protection, RCSA sections 26-141a-1 to 26-141a-8, inclusive. The proposed rules develop standards and regulations that begin to balance the needs of humans to use water for drinking and domestic purposes, fire and public safety, irrigation, manufacturing, and recreation, with the needs of fish, wildlife and other biota that also rely upon the availability of water to sustain healthy natural communities.

**Relationship to Small Business**

Some small businesses that own or operate a dam that impounds or diverts the flow of water in a stream or river system may be required to comply with requirements to provide for in-stream water flows consistent with the flow standards of the regulations. Also some small businesses that use public water supplies may be indirectly affected by the cost of water. There is however a minimum ten year implementation period built into the regulation before any compliance apart from reporting is required, so there will be little if any fiscal impact to small businesses, directly or indirectly, from these regulations for the first ten years. It should also be noted that this ten year period to comply does not start until after stream classification is completed. Those few directly affected small businesses may need however to begin to consider how to invest in infrastructure improvements prior to the ten year implementation period. The long implementation period will allow time for small businesses directly affected, and public water suppliers who serve small businesses, to assess existing water use, current water supplies, and other management measures to comply. Also the implementation period allows the DEP to use existing staff and other available resources currently dedicated to management of stream flows to plan for implement of the regulations including develop of technical assistance documents, forms

and web-based tools to assist small businesses and public water suppliers with compliance.

### **Regulatory Flexibility Analysis and Impact Reductions**

There was a very high degree regulatory flexibility considered for small businesses. DEP examined and re-examined flexibility at three distinct points in the regulation development process: during regulation development; during public comment and response and during the final regulation review, of which a phased approach to full regulation development was included. All points included consultation of key stakeholders. DEP considered all the methods listed in section 4-168a(b) to reduce the impact of all or part of the requirements contained in the proposed regulation related to small businesses. The following measures taken to reduce small business impacts included:

- Narrowing of the regulation to include dams only: this phased approach excludes water supply wells and direct water intakes which make up the majority of all direct diversions by small businesses, and significantly reduces impacts to public water suppliers serving small businesses.
- A ten year period before compliance: extended compliance out ten years from stream classification.
- Exemptions: exemptions for agricultural uses, small water withdrawals (less than 50,000 gallons per day), all diversion permits, exemptions for golf courses, minor withdrawals, and small impoundments.
- Less stringent release requirements for certain small water users: smaller flow releases.
- Reduced complexity: eliminated intermediate compliance; eliminated variable flow releases except for critical periods; single minimum releases for a large number of small impoundments.
- Reduced cost of compliance: minimized releases; reduced water storage impacts; extended compliance time for infrastructure investment; reduced need for new water sources.
- Allowing for variances: including drought off-ramps and allowing for alternative flow releases to meet standards.
- Public Water Supplies: automatic drought off-ramps; additional compliance time (up to total 20 years) for water systems with potential supply limits; reduced flow release rates during spring storage periods to help maintain safe yield of reservoirs.
- Increased certainty: ensured classifications of streams and rivers and the resulting standards will be reflective of existing water supplies.
- Simplified compliance and reporting requirements.
- Business assistance: Development of compliance tools, guidance and assistance, including a web-based stream statistics mechanism and reporting system.

### **Expected Direct and Indirect Small Business Impact**

Because of the high degree of regulatory flexibility and methods used to eliminate or reduce impacts discussed above, the regulations will have an extremely small direct impact and only a small indirect impact on small businesses. First and foremost, no impacts are expected until after



a 10 year period because of the compliance schedule. After that 10 year period, some small business impacts may start to be felt, however the number is likely to be further reduced by the flexibility in the regulations including exemptions and variances.

There are 97,363 small businesses in Connecticut. It is estimated that only 3 small businesses will be directly subject to the requirements of regulation and directly impacted. Of the 71 water utilities in the state only 1 water utility is defined as a small business that will be directly impacted by the regulation. The indirect impact to small businesses however is more difficult to predict. This impact is primarily the result of potential increased water costs on those business served by public water supply. However when looking at all public water supply reservoirs statewide which may be subject to the regulation, it is estimated on average that 93% of the natural water inflow going to the reservoirs would be available be for human use and 7% would be for the flow releases required by the regulation. It is estimated that 66% of the total 97,363 small businesses may be served by public water systems affected by the regulation. The potential cost, if any, to individual small businesses served by public water will then be highly variable dependent upon the public water supply source, service area, type of business, and relative water use. It is also dependent on the condition of the public water supply including type of supply, adequacy of their current water supplies, water conservation, resources that have been dedicated to maintenance of the system in the past, and the condition of existing infrastructure. However based on available information it is estimated that 74% of those small businesses that are served by public water will have no or low future water cost increases. Of the remaining 26% that may have potential future water cost increases, it is expected that the flexible provisions in the regulations to help affected public water suppliers preserve current supply yields will further eliminate or reduce those costs.

There is a potential for financial support in the form of low interest loans or grants through the Drinking Water State Revolving Fund to offset some costs to small water companies in the future, but this is not available to businesses.

Although numerous measures have been taken to minimize negative impacts, the regulation will have some positive impacts related to increases to the efficiency of water use and sustainability of the state water resources. In particular water conservation and the secondary effects of energy conservation as the result of decreased water use. Also the limited water infrastructure and operation improvements, and as well water conservation strategies will create a small number of jobs, including green jobs of which many may be small businesses.