

**ECONOMIC IMPACT STATEMENT
OF PROPOSED RULES OR REGULATIONS
EO 05-04: Regulatory Flexibility**

Department Arkansas Department of Environmental Quality
 Division Water
 Contact Person Mary Leath Date September 8, 2006
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 Title or Subject: Arkansas Pollution Control and Ecology Commission Regulation No. 2, Regulation
 Establishing Water Quality Standards for Surface Waters of the State of Arkansas

Benefits of the Proposed Rule or Regulation

1. Explain the need for the proposed change(s). Did any complaints motivate you to pursue regulatory action? If so, Please explain the nature of such complaints.
 The Clean Water Act requires that States review their water quality standards every three years. The Department began the first phase of the current Triennial Review in March 2006. As part of the Triennial Review, the Commission directed the Department to address issues related to Extraordinary Resource Waters ("ERWs") that have been raised at different times during the last twenty years.
2. What are the top three benefits of the proposed rule or regulation?
 - 1) This regulation will create complete procedures for: (a) using ERWs, Ecologically Sensitive Waterbodies ("ESWs"), or Natural and Scenic Waterways ("NSWs") without impairing the water quality, natural flow regime or habitat of fish, shellfish or other forms of aquatic life; (b) removing the designated use of ERWs, ESWs, and NSWs for the purpose of creating a reservoir to provide a domestic drinking water supply; and (c) adding the designated use of ERW, ESW, or NSW to a waterbody or segment of a waterbody.
 - 2) This regulation balances the strong public interests of maintaining water quality and providing drinking water supplies to the citizens of the State of Arkansas.
 - 3) This regulation protects ERWs, ESWs, and NSWs from degradation so they may be enjoyed by future generations.
3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?
 Without taking action to initiate regulations that protect ERWs, ESWs, and NSWs while still providing a procedure for using the designated waterbodies, the Department opens the door for a rulemaking that could potentially threaten the protection of these waterbodies that provide recreational opportunities for Arkansas and out-of-state visitors alike, which in turn provides economic opportunities for small businesses in the State.
4. Describe market-based alternatives or voluntary standards that were considered in place of the proposed regulation and state the reason(s) for not selecting those alternatives.
 None.

Impact of Proposed Rule or Regulation

5. Estimate the cost to state government of *collecting information, completing paperwork, filing recordkeeping, auditing and inspecting* associated with this new rule or regulation.
This regulation will impose limited costs on state government; ADEQ will function primarily in a review capacity with most information collection and documentation completed by parties utilizing the regulation.
6. What types of small businesses will be required to comply with the proposed rule or regulation? Please estimate the number of small businesses affected.
Few small businesses will be required to comply with the proposed regulations. The regulations are intended to address the needs of public entities seeking to use ERWs, ESWs, and NSWs for domestic water supplies. Some small businesses that operate recreation or tourism services may take part in petitioning the Commission to add the designated use of ERW, ESW, and NSW to a waterbody.
7. Does the proposed regulation create barriers to entry? If so, please describe those barriers and why those barriers are necessary.
No.
8. Explain the additional requirements with which small business owners will have to comply and estimate the costs associated with compliance.
No additional requirements for small business owners.
9. State whether the proposed regulation contains different requirements for different sized entities, and explain why this is, or is not, necessary.
The proposed regulation does not contain different requirements for different sized entities.
10. Describe your understanding of the ability of small business owners to implement changes required by the proposed regulation.
Small business owners will be able to implement any changes required by the proposed regulation. As stated above, few small business owners will be impacted by the proposed regulation and small business owners involved in the tourism industry will most likely welcome these changes.
11. How does this rule or regulation compare to similar rules and regulations in other states or the federal government?
Rules and regulations similar to the proposed rule related to using ERWs, ESWs, and NSWs without impairing water quality and the rule related to removing the designated use of ERW, ESW, and NSW have not been implemented in other states or the federal government. Several states have implemented rules and regulations similar to the proposed rule for adding the designated use of ERW, ESW, or NSW; the criteria for adding the designated use is similar to criteria used in other states.

Provide a summary of the input your agency has received from small business or small business advocates about the proposed rule or regulation.

The proposed regulation was developed from input gathered during six public meetings held statewide and from meetings of a workgroup comprised of interested citizens, nonprofit organizations, and

EXHIBIT E

governmental agencies. The importance of protecting ERWs in order to protect small businesses in the tourism industry was mentioned several times in these meetings.