

**FINANCIAL IMPACT STATEMENT**

**PLEASE ANSWER ALL QUESTIONS COMPLETELY.**

**DEPARTMENT** \_\_\_\_\_  
**BOARD/COMMISSION** \_\_\_\_\_  
**PERSON COMPLETING THIS STATEMENT** \_\_\_\_\_  
**TELEPHONE NO.** \_\_\_\_\_ **EMAIL** \_\_\_\_\_

To comply with Ark. Code Ann. § 25-15-204(e), please complete the Financial Impact Statement and email it with the questionnaire, summary, markup and clean copy of the rule, and other documents. Please attach additional pages, if necessary.

**TITLE OF THIS RULE** \_\_\_\_\_

1. Does this proposed, amended, or repealed rule have a financial impact?  
Yes                      No  
See Attachment.
2. Is the rule based on the best reasonably obtainable scientific, technical, economic, or other evidence and information available concerning the need for, consequences of, and alternatives to the rule?  
Yes                      No
3. In consideration of the alternatives to this rule, was this rule determined by the agency to be the least costly rule considered? Yes                      No  
  
If no, please explain:  
  
(a) how the additional benefits of the more costly rule justify its additional cost;  
  
(b) the reason for adoption of the more costly rule;  
  
(c) whether the reason for adoption of the more costly rule is based on the interests of public health, safety, or welfare, and if so, how; and  
  
(d) whether the reason for adoption of the more costly rule is within the scope of the agency's statutory authority, and if so, how.
4. If the purpose of this rule is to implement a *federal* rule or regulation, please state the following:  
  
(a) What is the cost to implement the federal rule or regulation?

**Current Fiscal Year**

General Revenue \_\_\_\_\_  
 Federal Funds \_\_\_\_\_  
 Cash Funds \_\_\_\_\_  
 Special Revenue \_\_\_\_\_  
 Other (Identify) \_\_\_\_\_

Total \_\_\_\_\_

**Next Fiscal Year**

General Revenue \_\_\_\_\_  
 Federal Funds \_\_\_\_\_  
 Cash Funds \_\_\_\_\_  
 Special Revenue \_\_\_\_\_  
 Other (Identify) \_\_\_\_\_

Total \_\_\_\_\_

(b) What is the additional cost of the state rule?

**Current Fiscal Year**

General Revenue \_\_\_\_\_  
 Federal Funds \_\_\_\_\_  
 Cash Funds \_\_\_\_\_  
 Special Revenue \_\_\_\_\_  
 Other (Identify) \_\_\_\_\_

Total \_\_\_\_\_

**Next Fiscal Year**

General Revenue \_\_\_\_\_  
 Federal Funds \_\_\_\_\_  
 Cash Funds \_\_\_\_\_  
 Special Revenue \_\_\_\_\_  
 Other (Identify) \_\_\_\_\_

Total \_\_\_\_\_

5. What is the total estimated cost by fiscal year to any private individual, private entity, or private business subject to the proposed, amended, or repealed rule? Please identify those subject to the rule, and explain how they are affected.

**Current Fiscal Year**

\$ \_\_\_\_\_

**Next Fiscal Year**

\$ \_\_\_\_\_

6. What is the total estimated cost by fiscal year to a state, county, or municipal government to implement this rule? Is this the cost of the program or grant? Please explain how the government is affected.

**Current Fiscal Year**

\$ \_\_\_\_\_

**Next Fiscal Year**

\$ \_\_\_\_\_

7. With respect to the agency's answers to Questions #5 and #6 above, is there a new or increased cost or obligation of at least one hundred thousand dollars (\$100,000) per year to a private individual, private entity, private business, state government, county government, municipal government, or to two (2) or more of those entities combined?

Yes      No      See Attachment.

If yes, the agency is required by Ark. Code Ann. § 25-15-204(e)(4) to file written findings at the time of filing the financial impact statement. The written findings shall be filed simultaneously with the financial impact statement and shall include, without limitation, the following:

- (1) a statement of the rule's basis and purpose;
- (2) the problem the agency seeks to address with the proposed rule, including a statement of whether a rule is required by statute;
- (3) a description of the factual evidence that:
  - (a) justifies the agency's need for the proposed rule; and
  - (b) describes how the benefits of the rule meet the relevant statutory objectives and justify the rule's costs;
- (4) a list of less costly alternatives to the proposed rule and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (5) a list of alternatives to the proposed rule that were suggested as a result of public comment and the reasons why the alternatives do not adequately address the problem to be solved by the proposed rule;
- (6) a statement of whether existing rules have created or contributed to the problem the agency seeks to address with the proposed rule and, if existing rules have created or contributed to the problem, an explanation of why amendment or repeal of the rule creating or contributing to the problem is not a sufficient response; and
- (7) an agency plan for review of the rule no less than every ten (10) years to determine whether, based upon the evidence, there remains a need for the rule including, without limitation, whether:
  - (a) the rule is achieving the statutory objectives;
  - (b) the benefits of the rule continue to justify its costs; and
  - (c) the rule can be amended or repealed to reduce costs while continuing to achieve the statutory objectives.

## **Attachment to Financial Impact Statement**

### **Note for Question 1, 5 and 6:**

DEQ believes that the proposed amendments to Rule 2 may have financial impact on some entities, but DEQ has no way to quantify that impact or verify that the cost is different from the current cost of compliance. Rule 2 does not have fees associated with it, making the cost of compliance with permits issued in compliance with this rule the source of any financial impact.

The revisions in this rule will result in changes to the limits in NPDES permits for certain pollutants. As a result, some entities may incur additional costs to achieve compliance with more stringent limits. Other entities will incur no additional cost because their current treatment systems can achieve compliance with the more stringent limits. Multiple factors can influence what action or actions each entity can take to achieve compliance with a more stringent effluent limit. In some instances, an entity will have more than one treatment option available. The cost depends in part on the treatment technology used and on how the treatment system is operated. Each entity can choose its technology and how its system is operated.

### **Note for Question 4: Clean Water Act Implementation and Federal Funds**

EPA provides federal funds for Arkansas to implement its delegated authority under the Federal Water Pollution Control Act (“Clean Water Act”), 33 U.S.C. §1251 *et seq.* Pursuant to the Clean Water Act, Arkansas is required review its water quality standards on a triennial basis and to amend those standards as necessary. This amended rule is a result of that review and will not increase the cost for Arkansas to implement its delegated authority under the Clean Water Act.

### **Note for Question 7: Financial Impact Analysis - Cost Unknown**

For the reasons stated in response to Question #5 and #6, DEQ is unable to quantify the cost of compliance for any particular entity or facility. DEQ has determined that these proposed revisions are likely to result in permit changes for over 500 permitted facilities. However, DEQ does not have any reliable way to determine if a facility’s cost of compliance will actually be increased by these revisions because the facilities can choose from a variety of technologies to comply.

Many factors will contribute to a facility’s cost of compliance, including the volume of discharge, the type of wastewater treated, the treatment processes, current operations at the facility, the age of the facility, the condition of the treatment works, and others. For facilities that are not currently in compliance with permitted effluent limits for these pollutants, it may not be possible to determine if there is a cost difference between complying with the new limits versus the current limits.

During preliminary meetings, when DEQ presented these proposed revisions, the stakeholders did not raise concerns about the cost to comply with new permit limits resulting from the proposed revisions.

DEQ will receive public comments on these proposed revisions and reserves the right to amend this analysis based on those comments.