DEPARTMENT OF
ECOLOGY
State of Washington

Small Business Economic Impact Statement - Revised

Chapter 173-518 WAC
Water Resources Management Program for the Dungeness Portion of the Elwha-Dungeness Water Resources Inventory Area (WRIA) 18

November 2012
Publication no. 12-11-043

Publication and Contact Information

This report is available on the Department of Ecology's website at
https://fortress.wa.gov/ecy/publications/SummaryPages/1211043.html

For more information contact:

Water Resources
P.O. Box 47600
Olympia, WA 98504-7600

Phone: 360-407-6872

Washington State Department of Ecology - www.ecy.wa.gov

- Headquarters, Olympia 360-407-6000
- Northwest Regional Office, Bellevue 425-649-7000
- Southwest Regional Office, Olympia 360-407-6300
- Central Regional Office, Yakima 509-575-2490
- Eastern Regional Office, Spokane 509-329-3400

If you need this document in a format for the visually impaired, call the Water Resources Program at 360-407-6872. Persons with hearing loss can call 711 for Washington Relay Service. Persons with a speech disability can call 877-833-6341.

Small Business Economic Impact Statement - Revised

Chapter 173-518 WAC
Water Resources Management Program for the Dungeness Portion of the Elwha-Dungeness Water Resources Inventory Area (WRIA) 18

By
Kasia Patora
and
Allen Chen

for the

Water Resources Program
Washington State Department of Ecology
Olympia, Washington

Table of Contents

Table of Tables

Executive Summary

Based on research and analysis required by the Regulatory Fairness Act – RCW 19.85.070 – the Department of Ecology (Ecology) has determined the Water Resources Management Program for the Dungeness Portion of the Elwha-Dungeness Water Resources Inventory Area (Dungeness Watershed Rule, Chapter 173-518 WAC) is not likely to have a disproportionate impact on existing small businesses. Therefore, Ecology was not required to include small-business cost-minimizing features in the rule where it is legal and feasible to do so.

A small business is defined as having 50 or fewer employees. Estimated impacts are determined as compared to the existing regulatory environment—the way water would be regulated and used in the absence of the rule.

The existing regulatory environment is called the "baseline" in this document. It includes only existing laws and rules at federal, state, and local levels, and how they would be applied in context.

The rule does not impact existing water users who continue using water for the same purposes in the same amounts. This is true of adjudicated water rights, or water rights based on claims, permits, certificates, and the groundwater permit exemption.[1] Only new uses of water would be required by the rule to meter and to mitigate for the impact of the consumptive use of water. Therefore, the rule cannot have disproportionate impacts on existing small businesses, unless they choose to expand their use of water and not seek water service from a public water system or municipal supplier with adequate capacity.

In the future, however, as the population of the area affected by the rule grows (as is estimated in the Cost-Benefit and Least Burdensome Alternatives Analyses, Ecology publication # 12-11-042), new population will likely require new goods and services, as well as new jobs in the area. It is those not-yet-existing businesses (home-based goods and services, domestic water use in independent commercial establishments, small production industry) that may incur compliance costs under the rule, and those costs may be disproportionately large for small businesses.

In the appendices, Ecology has illustrative discussion of the prospective compliance costs to:

- A single business that does not yet exist, but might locate in the Dungeness in the future.
- A Dungeness economy that would grow twice as large as it currently is (and is otherwise identical).

Mitigation cost transfer

Ecology estimated costs based on the most conservative interpretation of how the rule will be implemented: users of new or additional permit-exempt water will pay their own mitigation costs, beginning in 2013. At the time of this publication, Ecology is in the process of determining an alternate payment mechanism that would not require new water users to fully pay their

[1] For in-depth discussion of permit-exempt water use, please see the associated Cost-Benefit Analysis (Ecology publication # 12-11-042)

mitigation costs. This alternate payment mechanism would likely involve the State directly or indirectly paying for the mitigation of new permit-exempt domestic water use, as defined in the rule. In addition to an alternate payment mechanism, Ecology considered the possibility of either deferring the rule or its effective date until the beginning of the 2013 biennium. Ecology is also requesting sufficient funding from the Washington Legislature to continue paying these mitigation costs in the future – currently requested at least for the next (2013-2015) biennium.

Because the overall Cost-Benefit Analysis does not differentiate between *who* pays the costs of a rule, this alternate implementation plan (of the State paying for mitigation) would not impact the overall cost-benefit assessment. A change in implementation to a State-funded mitigation would, however, shift costs from residents in the Dungeness area to the Washington State general fund. Because the mechanism of implementation is not specified in the rule, Ecology kept the overall assessment in this Cost-Benefit Analysis to the most conservative assumption that all costs are borne by the public and businesses in the Dungeness rule area.

- If Ecology delays the effective date of the rule to the beginning of the 2013 biennium (or pays for mitigation in the mean time), and the Legislature funds all future mitigation, new permit-exempt water users in the Dungeness rule area do not pay out-of pocket costs for indoor, domestic water. A large part of the cost burden would shift away from businesses and the public in the Dungeness rule area.
- If Ecology delays the effective date of the rule to the beginning of the 2013 biennium (or pays for mitigation in the mean time), the Legislature funds mitigation only for the 2013-2015 biennium, and the Legislature does not fund mitigation past 2015, new permit-exempt water users in the Dungeness basin would not pay out-of-pocket costs for indoor, domestic water until July 2015. Until then, a large part of the cost burden would shift away from businesses and the public in the Dungeness rule area. After July 2015, the expected costs to parties in the rule area would be identical to those illustrated in the analysis, discounted appropriately.

Ecology determined that delaying the effective date would not significantly reduce the burden of implementing the rule and chose to use available funds to offset the cost of mitigation for domestic use as described above. Ecology assumed that the smallest necessary mitigation package covering indoor, domestic water use (and incidental use such as washing cars or windows, or water for household pets) would cost $1,000 per household. A State-funded mitigation mechanism would shift a portion of that burden away from households and businesses in the Dungeness rule area (though they would pay for additional consumptive water use). Ecology estimated this would shift $1,000 per household or business of the burden onto public funding (paid for by state taxes and fees) and away from direct payment by households and businesses in the Dungeness rule area, assuming the availability of funds would not affect the annual increases in building permits or population.

Please recall the Dungeness rule area is in Washington State; it is likely a part of the burden will still fall on the Dungeness rule area. The amount depends on their tax burden due to Washington State and the funding sources used by Ecology and the state to pay for mitigation projects. For this Small Business Economic Impact Statement, a shift of burden away from direct payment by households and businesses in the Dungeness rule area means a reduction in some compliance

costs. This, in turn, would reduce the impacts to a hypothetical business (Appendix A) or a hypothetical economy (Appendix B).

Section 1: Introduction and Background

Based on research and analysis required by the Regulatory Fairness Act – RCW 19.85.070 – the Department of Ecology (Ecology) has determined the Dungeness Watershed Rule (Chapter 173-518 WAC) is not likely to have a disproportionate impact on existing small businesses. Therefore, Ecology was not required to include small-business cost-minimizing features in the rule where it is legal and feasible to do so.

This document is intended to be read with the associated Cost-Benefit Analysis (Ecology publication #12-11-042), which contains more in-depth discussion of the analyses, as well as references and appendices.

A small business is defined as having 50 or fewer employees. Estimated impacts are determined as compared to the existing regulatory environment—the way water would be regulated and used in the absence of the rule.

The existing regulatory environment is called the "baseline" in this document. It includes only existing laws and rules at federal, state, and local levels, and how they would be applied in context.

Section 2: Description of the Rule

The rule:

- Sets instream flow levels for the Dungeness mainstem, tributaries, and independent drainages.
- Closes subbasins to new surface water withdrawals for at least part (if not all) of the year.
- Requires mitigation of all new groundwater uses, and provides for a water exchange to facilitate mitigation. This includes permitted and permit-exempt uses.
- Requires metering of all new withdrawals. This includes permitted and permit-exempt uses.
- Establishes reservations ("reserves") under RCW 90.54.050(1) for domestic (indoor) use.
- Establishes maximum depletion amounts to limit temporary adverse impacts for non-domestic water use under an approved mitigation plan, and set a limit on total impacts from all new water uses to closed surface waters.
- Establishes maximum allocation amounts for interruptible purposes from high flows from the Dungeness mainstem.
- Includes a provision allowing storage projects for environmental enhancement.

Section 3: No Disproportionate Impacts on Existing Businesses

The rule does not impact existing water users who continue using water for the same purposes in the same amounts. This is true of adjudicated water rights, or water rights based on claims, permits, certificates, and the groundwater permit exemption.[2] Only new uses of water would be required by the rule to meter and to mitigate for the impact of the consumptive use of water. Therefore, the rule cannot have disproportionate impacts on existing small businesses, unless they choose to expand their use of water and not seek water service from a public water system or municipal supplier with adequate capacity.

In the future, however, as the population of the area affected by the rule grows (as is estimated in the Final Cost Benefit and Least Burdensome Alternative Analyses (Cost Benefit Analysis, Ecology publication # 12-11-042), new population will likely require new goods and services, as well as new jobs in the area. It is those not-yet-existing businesses (home-based goods and services, domestic water use in independent commercial establishments, small production industry) that may incur compliance costs under the rule, and those costs may be disproportionately large for small businesses.

While Ecology determined that the rule will not likely have disproportionate impacts on existing businesses (and, therefore, cannot discuss compliance costs, mitigation of disproportionate impacts, or jobs impacts in this document), Ecology felt the public would benefit from a discussion in addition to the required Small Business Economic Impact Statement (SBEIS) determinations, addressing not-yet-existing businesses that might locate in the Dungeness rule area in the future.

In the appendices, Ecology has illustrative discussion of the prospective compliance costs to:

- A single business that does not yet exist, but might locate in the Dungeness rule area (please see Appendix A in the Cost Benefit Analysis) in the future.
- A Dungeness economy that would grow twice as large as it currently is (and is otherwise identical).

Again, these appended examples are not compliance impacts of the rule on existing businesses in an industry; they illustrate how the rule would impact hypothetical businesses in the future. This illustration is not possible for all rules, but is possible for the Dungeness rule.

[2] For in-depth discussion of permit-exempt water use, please see the associated Cost-Benefit Analysis (Ecology publication #12-11-042).

Appendix A: A Hypothetical Business

For illustrative purposes, Ecology looked at the impacts of the rule on a hypothetical business locating in the Dungeness rule area in the future.

Existing businesses would not be affected by the rule, and Ecology was not required to include elements in the rule to reduce impacts to small businesses.

In broad terms, a future business might incur compliance costs under the rule, up to:

- Metering costs of $500.
- Mitigation costs for new permit-exempt water use, of $1,500 – $16,500 per acre-foot (AF), or $1.68 – $18.48 per gallon.[3]

Metering costs would likely be constant, regardless of water use or business size. In that case, the rule's metering requirement would impose disproportionate costs on small new businesses.[4]

Using a report from the Pacific Institute on prospective water-saving measures for businesses, Ecology assumed water use to be linearly related to the number of employees (given an industry). In that case – if water use, cost per unit of water, and number of employees are linearly related – the rule's mitigation requirement would not impose disproportionate costs on small new businesses, by industry. Because different industries would use different amounts of water per employee however, or have differently sized businesses, the rule's mitigation requirement might have disproportionate impacts across new businesses in different industries.[5]

Overall, looking at a hypothetical business that might locate in the Dungeness rule area in the future, the rule is likely to impose disproportionate impacts on small new businesses (compared to large new businesses). This means that future growth in jobs could be reduced; though job growth would still be positive when a new business moved to the area, it might be smaller job growth than without the rule, if we look at only compliance costs.

Looking beyond compliance costs, in the absence of the rule, litigation could result in reduced development in the rule area. This would be a large reduction in future jobs as well – impacting small and large businesses alike, and perhaps not allowing a new business to locate in the Dungeness rule area at all – and the rule would help to avoid those job and development losses.

---

[3] See the Cost-Benefit Analysis for sources of these costs.

[4] Simply, a constant $500 cost divided by a small number of employees means a larger cost per employee at small businesses.

[5] Additionally, water use mitigation is based on CONSUMPTIVE use, which would also vary across industries.

Appendix B: A Hypothetical Economy

For illustrative purposes Ecology has estimated the impacts of the rule on prospective businesses entering a hypothetical affected market in the future. This is intended to illustrate how compliance costs would be distributed in a Dungeness rule area economy that would grow twice as large as it currently is, but was otherwise identical in the types of businesses currently located there.

Existing businesses would not be affected by the rule, and Ecology was not required to include elements in the rule to reduce impacts to small businesses.

A business locating in the Dungeness rule area could incur compliance costs under the rule, up to:

- Metering costs of $500.
- Mitigation costs for new permit-exempt water use, of $3,571 – $16,500 per acre-foot (AF), or $4.00 – $18.48 per gallon.[6]

Ecology determined which industries (by 4-digit NAICS) had employers in eastern Clallam County, in the area affected by the rule, using Washington State Employment Security Department data. For various size categories of prospective new business (1 – 4 employees; 5 – 9 employees; 10 – 19 employees; etc.), Ecology then calculated the typical water use by multiplying the minimum number of employees for each SIC (converted to NAICS) by the typical per-employee water use.[7] Ecology converted SIC codes to NAICS codes using information provided by the U.S. Census Bureau.

Table 1: Water Use per Employee by Industry (gpd/employee)

Category	SIC Code	Water use (gpd/employee)
construction and contractors	15 and 87	250
food and kindred products	20	1,967
textile mill products	22	1,530
apparel and other textile products	23	37
lumber and wood products	24	2,144
furniture and fixtures	25	53
paper and allied products	26	1,000
printing and publishing	27	98
rubber and misc. plastics products	30	120
leather and leather products	31	32

[6] See the Cost-Benefit Analysis for sources of these costs.

[7] In this way – by using the MINIMUM number of employees in each category – Ecology ensured the MAXIMUM number of businesses would fall under the 5,000 gpd usage allowed for domestic and industrial under a permit-exempt groundwater right. Most values for urban water use are based on estimates from Gleick, et al. (2003). Ecology also performed this illustrative exercise using per-employee water use quantities scaled down to represent semi-urban or rural small establishments. In that case more individual businesses would be impacted by the rule, and costs would remain disproportionate, as in this example.

Category	SIC Code	Water use (gpd/employee)
stone, clay, glass, and concrete products	32	1,304
fabricated metal products	34	738
industrial machinery and equipment	35	110
electrical and electronic equipment	36	284
transportation equipment	37	228
instruments and related products	38	142
misc. manufacturing industries	39	86
water transportation	44	994
electric, gas, and sanitary services	49	52
wholesale trade -- nondurable goods	51	390
furniture, home furnishings	57	129
hotels, rooming houses, camps	70	302
personal services	72	1,091
business services	73	162
miscellaneous repair services	75	256
health services	80	155
educational services	82	237
social services	83	341
misc. services	89	178

For each NAICS-to-business-size combination that would likely have to comply with the rule, and was in the area regulated by the rule, Ecology calculated per-employee costs of compliance based on the fixed and per-gpd costs discussed at the beginning of this section. These costs would be paid in the first year only. Per-employee costs within each industry for each year after that would be identical.

Table 2: Average Present Value Cost per Employee by Affected Hypothetical Employer Size

Employees	Low Cost	High Cost
1 to 4	$2,381	$9,191
5 to 9	$978	$4,158
10 to 19	$747	$3,272
20 to 49	$677	$3,036
50 to 99	$30	$102
100 to 249	$133	$709

It is clear from Table 2 that the rule would have disproportionate impacts on small businesses that could prospectively locate in the affected area, as compared to large businesses that could locate there. Small business costs per employee could range from $32 to $40,100, while the largest is likely to have a per-employee compliance cost of $30 to $3,200.

The largest ten percent of businesses (across all industries) that could likely be impacted would overlap with the set of small businesses, and using the required comparison of the largest ten percent of businesses to small businesses, the respective comparison of cost ranges is $133 – $4,158 and $677 – $9,191. While these ranges overlap, it is still possible that small businesses would pay more per employee to comply with the rule than large businesses would. This would

only be true in the first year when the costs of purchasing a meter are the same for all businesses. In all subsequent years costs scale to the number of employees based on water use. Again, existing businesses are not likely to be impacted by the rule, but this illustrative example of an economy doubling over time indicates that new small businesses could experience disproportionate costs.

In this example to illustrate the disproportionate impacts of first-year compliance costs, Ecology expects the following industries to be required to comply with the rule.

Table 3: NAICS Codes of Industries Likely to be Impacted by the Rule in Future

1133	2371	3132	3231	3342	3363	5629	6215	8121
1151	2372	3149	3273	3345	3371	6111	6221	8122
2213	3112	3212	3279	3352	5413	6113	6244	8123
2361	3117	3219	3322	3361	5419	6115	7212	
2362	3121	3221	3339	3362	5622	6214	8111	

To complete this example of possible impacts to businesses that do not currently exist, Ecology used the Washington State Office of Financial Management's Input-Output model to estimate the impact of the rule's compliance costs on jobs across the state.[8]

In this illustrative example, Ecology estimated jobs impacts if the economy of the Dungeness doubled from its current state under the rule. Ecology estimated the rule could result in the loss of 60 – 196 new jobs over 20 years.[9] A doubling economy, however, would still otherwise create 5 thousand to 15 thousand local jobs[10] in industries that might be impacted by the rule if new businesses use new permit-exempt water. If there was no growth in businesses and their permit-exempt water use, there would also be no job losses. Similarly, Ecology does not expect existing businesses to be impacted by the rule, based on their existing water use and behavior (see Section 3).

Looking beyond compliance costs, in the absence of the rule, litigation could result in reduced development in the rule area. This would be a large reduction in future jobs as well – impacting small and large businesses alike, and perhaps not allowing new businesses to locate in the Dungeness at all – and the rule would help to avoid these job and development losses.

---

[8] Normally, Ecology would treat payments for water mitigation from one sector to another as a transfer (with negative impacts on one industry, and positive impacts on the other industry), but Ecology could not confidently determine between which industries these transfers would flow, and so calculated jobs impacts based only on treating those payments for mitigation and compliance as losses to the state economy. This means the negative jobs impacts likely overestimate the actual impact on jobs. In reality, as these payments are transfers, net job losses will likely be smaller, and jobs across all industries may actually increase. The jobs impacts presented here are highly conservative overestimates of cost impact.

[9] This value is across the entire state economy; not just in the Dungeness. This value is across all industries in the state. Ecology could not determine how many of these jobs would be in the Dungeness rule area.

[10] This value is in the Dungeness watershed affected by the rule.

The compliance costs of the rule would also result in a shift of spending and incomes across industries. As with the jobs modeling, above in this appendix, the model Ecology used assumed that compliance costs (reduced willingness to pay for homes, metering costs, costs of land improvements) did not go into an alternate industry (e.g., the ones selling mitigation water). Using the OFM input-output model for Washington State, Ecology estimated under the assumptions of:

- Doubling area economy.
- Compliance costs are not beneficially received by anyone.
- Identical to current economy distribution.

Under these assumptions, the rule would result in the industry income losses (total over 20 years) as listed in Table 4.

Table 4: OFM Input-output Model Second-Round Impacts of the Rule on a Hypothetical Doubling Local Economy

OFM Input-output Model Industry Categories	Output (millions of $)	Employment	Labor Income (millions of $)
1. Crop Production	-0.076	-0.492	-0.014
2. Animal Production	-0.048	-0.602	-0.016
3. Forestry and Logging	-0.006	-0.054	-0.001
4. Fishing, Hunting, and Trapping	-0.017	-0.087	-0.008
5. Mining	-0.015	-0.081	-0.004
6. Electric Utilities	-0.485	-0.362	-0.054
7. Gas Utilities	-0.128	-0.100	-0.009
8. Other Utilities	-0.075	-0.244	-0.017
9. Construction	-0.367	-2.098	-0.109
10. Food, Beverage and Tobacco Manufacturing	-0.376	-0.932	-0.057
11. Textiles and Apparel Mills	-0.002	-0.017	-0.001
12. Wood Product Manufacturing	-0.027	-0.101	-0.006
13. Paper Manufacturing	-0.040	-0.069	-0.008
14. Printing and Related Activities	-0.034	-0.227	-0.015
15. Petroleum and Coal Products Manufacturing	-0.480	-0.060	-0.008
16. Chemical Manufacturing	-0.029	-0.019	-0.006
17. Nonmetallic Mineral Products Manufacturing	-0.032	-0.117	-0.007
18. Primary Metal Manufacturing	-0.003	-0.009	-0.001
19. Fabricated Metals Manufacturing	-0.022	-0.113	-0.007
20. Machinery Manufacturing	-0.010	-0.039	-0.003
21. Computer and Electronic Product Manufacturing	-0.006	-0.017	-0.004
22. Electrical Equipment Manufacturing	-0.003	-0.009	-0.001
23. Aircraft and Parts Manufacturing	0.000	-0.001	0.000

24. Ship and Boat Building	-0.009	-0.078	-0.006
25. Other Transportation Equipment Manufacturing	-0.006	-0.012	-0.001
26. Furniture Product Manufacturing	-0.023	-0.167	-0.008
27. Other Manufacturing	-0.025	-0.121	-0.008
28. Wholesale	-0.740	-2.646	-0.232
29. Retail	-1.842	-16.395	-0.766
30. Air Transportation	-0.128	-0.234	-0.028
31. Water Transportation	-0.078	-0.259	-0.014
32. Truck Transportation	-0.083	-0.590	-0.036
33. Other Transportation/Postal Offices	-0.235	-1.895	-0.116
34. Support Activities for Storage, Transportation and Warehousing	-0.045	-0.388	-0.025
35. Software Publishers & Internet Service Providers	-0.016	-0.020	-0.010
36. Telecommunications	-0.589	-0.960	-0.145
37. Other Information	-0.465	-1.187	-0.138
38. Credit Intermediation and Related Activities	-0.711	-2.466	-0.214
39. Other Finance and Insurance	-0.642	-2.080	-0.207
40. Real Estate and Rental and Leasing	-0.757	-4.907	-0.175
41. Legal /Accounting and Bookkeeping /Management Services	-0.215	-1.810	-0.152
42. Architectural, Engineering, and Computing Services	-0.070	-0.513	-0.050
43. Educational Services	-0.248	-3.210	-0.085
44. Ambulatory Health Care Services	-0.809	-7.027	-0.499
45. Hospitals	-0.665	-4.273	-0.302
46. Nursing and Residential Care Facilities, Social Assistance	-0.441	-8.587	-0.233
47. Arts, Recreation, and Accommodation	-0.269	-4.701	-0.121
48. Food Services and Drinking Places	-0.826	-13.902	-0.288
49. Administrative/Employment Support Services	-0.228	-3.423	-0.145
50. Waste Management/Other, and Agriculture Services	-0.963	-8.308	-0.296
Total	**-13.410**	**-96.009**	**-14.442**

Appendix C: Mitigation Cost Transfer

Ecology estimated costs based on the most conservative interpretation of how the rule will be implemented: users of new or additional permit-exempt water will pay their own mitigation costs, beginning in 2013. At the time of this publication, Ecology is in the process of determining an alternate payment mechanism that would not require new water users to fully pay their mitigation costs. This alternate payment mechanism would likely involve the State directly or indirectly paying for the mitigation of new permit-exempt domestic water use, as defined in the rule. In addition to an alternate payment mechanism, Ecology considered the possibility of either deferring the rule or its effective date until the beginning of the 2013 biennium. Ecology is also requesting sufficient funding from the Washington Legislature to continue paying these mitigation costs in the future – currently requested at least for the next (2013-2015) biennium.

Because the overall Cost-Benefit Analysis does not differentiate between *who* pays the costs of a rule, this alternate implementation plan (of the State paying for mitigation) would not impact the overall cost-benefit assessment. A change in implementation to a State-funded mitigation would, however, shift costs from residents in the Dungeness area to the Washington State general fund. Because the mechanism of implementation is not specified in the rule, Ecology kept the overall assessment in this Cost-Benefit Analysis to the most conservative assumption that all costs are borne by the public and businesses in the Dungeness rule area.

- If Ecology delays the effective date of the rule to the beginning of the 2013 biennium (or pays for mitigation in the mean time), and the Legislature funds all future mitigation, new permit-exempt water users in the Dungeness rule area do not pay out-of pocket costs for indoor, domestic water. A large part of the cost burden would shift away from businesses and the public in the Dungeness rule area.
- If Ecology delays the effective date of the rule to the beginning of the 2013 biennium (or pays for mitigation in the mean time), the Legislature funds mitigation only for the 2013-2015 biennium, and the Legislature does not fund mitigation past 2015, new permit-exempt water users in the Dungeness basin would not pay out-of-pocket costs for indoor, domestic water until July 2015. Until then, a large part of the cost burden would shift away from businesses and the public in the Dungeness rule area. After July 2015, the expected costs to parties in the rule area would be identical to those illustrated in the analysis, discounted appropriately.

Ecology determined that delaying the effective date would not significantly reduce the burden of implementing the rule and chose to use available funds to offset the cost of mitigation for domestic use as described above. Ecology assumed that the smallest necessary mitigation package covering indoor, domestic water use (and incidental use such as washing cars or windows, or water for household pets) would cost $1,000 per household. A State-funded mitigation mechanism would shift a portion of that burden away from households and businesses in the Dungeness rule area (though they would pay for additional consumptive water use). Ecology estimated this would shift $1,000 per household or business of the burden onto public funding (paid for by state taxes and fees) and away from direct payment by households and businesses in the Dungeness rule area, assuming the availability of funds would not affect the annual increases in building permits or population.

Please recall the Dungeness rule area is in Washington State; it is likely a part of the burden will still fall on the Dungeness rule area. The amount depends on their tax burden due to Washington State and the funding sources used by Ecology and the state to pay for mitigation projects. For this Small Business Economic Impact Statement, a shift of burden away from direct payment by households and businesses in the Dungeness rule area means a reduction in some compliance costs. This, in turn, would reduce the impacts to a hypothetical business (Appendix A) or a hypothetical economy (Appendix B).

References

Washington State Department of Ecology (2012). Preliminary Cost-Benefit and Least Burdensome Alternative Analyses for Chapter 173-518 Water Resources Management Program for the Dungeness Portion of the Elwha-Dungeness Water Resources Inventory Area (WRIA) 18. May 2012. Ecology publication no. 12-11-020.

Washington State Department of Ecology (2012). Final Cost-Benefit and Least Burdensome Alternative Analyses for Chapter 173-518 Water Resources Management Program for the Dungeness Portion of the Elwha-Dungeness Water Resources Inventory Area (WRIA) 18. May 2012. Ecology publication no. 12-11-042.

Gleick, P, D Haasz, C Henges-Jeck, V Srinivasan, G Wolff, K Cushing, and A Mann (2003). Waste Not, Want Not: The Potential for Urban Water Conservation in California. For the Pacific Institute for Studies in Development, Environment, and Security, November 2003.

Washington State Employment Security Department (2012). Workforce Explorer industry information for likely affected industries. https://fortress.wa.gov/esd/employmentdata/