

Dear Senators Burtenshaw, Hart, Taylor, and
Representatives Barbieri, Furniss, Rubel:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the Department of Environmental Quality:
IDAPA 58.01.08 - Rules for Public Drinking Water Systems-Proposed Rule (Docket No. 58-0108-2601).

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative Services. The final date to call a meeting on the enclosed rules is no later than 10/09/2026. If a meeting is called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis from Legislative Services. The final date to hold a meeting on the enclosed rules is 11/06/2026.

The germane joint subcommittee may request a statement of economic impact with respect to a proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement, and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has been held.

To notify Research and Legislation, call 334-4854, or send a written request to the address on the memorandum attached below.



Terri Kondeff
Director

Legislative Services Office

Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate Resources & Environment Committee and the House Environment, Energy & Technology Committee

FROM: Legislative Drafting Attorney - Alli Olson

DATE: September 22, 2026

SUBJECT: Department of Environmental Quality

IDAPA 58.01.08 - Rules for Public Drinking Water Systems-Proposed Rule (Docket No. 58-0108-2601)

Summary and Stated Reasons for the Rule

The Idaho Department of Environmental Quality submits notice of proposed rulemaking for public drinking water system rules, IDAPA 58.01.08. DEQ states that the proposed rule revises the 1993 fee schedule, aligns drinking water fees with current and anticipated program operating costs, and reduces reliance on declining and volatile federal funding sources. The Department also states that the proposed changes will allow the Department to retain primary oversight and enforcement authority over the drinking water program instead of the EPA.

Negotiated Rulemaking / Fiscal Impact

DEQ states that negotiated rulemaking was conducted and notice was published in the April 1, 2026, Idaho Administrative Bulletin, Vol. 26-4, pages 19-20. The Department also states that there will not be a negative fiscal impact greater than \$10,0000 to the general fund.

Statutory Authority

The Department appears to have the authority to promulgate this rule pursuant to Chapter 1, Title 39, Idaho Code, generally, and, specifically, Section 39-119, Idaho Code, which allows the Department to charge and collect reasonable fees.

cc: Department of Environmental Quality
Diane Cutler

***** PLEASE NOTE *****

Per the Idaho Constitution, all administrative rules may be reviewed by the Legislature during the next legislative session. The Legislature has 3 options with this rulemaking docket: **1)** Approve the docket in its entirety; **2)** Reject the docket in its entirety; or **3)** Reject the docket in part.

Paul Headlee, Deputy Director Legislative Services Office	Matt Drake, Manager Research & Legislation	Keith Bybee, Manager Budget & Policy Analysis	April Renfro, Manager Legislative Audits	Norma Clark, Manager Information Technology
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IDAPA 58 – DEPARTMENT OF ENVIRONMENTAL QUALITY

58.01.08 – IDAHO RULES FOR PUBLIC DRINKING WATER SYSTEMS

DOCKET NO. 58-0108-2601 (FEE RULE)

NOTICE OF RULEMAKING – PROPOSED RULE

AUTHORITY: In compliance with Section [67-5221\(1\)](#), Idaho Code, notice is hereby given that this agency has initiated proposed rulemaking. This action is authorized by [Chapter 1, Title 39](#), Idaho Code and Idaho Code [§39-119](#) specifically authorizes the agency to charge and collect reasonable fees.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than September 16, 2026.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is a nontechnical explanation of the substance and purpose of the proposed rulemaking:

The purpose of this rulemaking is to revise the fee schedule found in IDAPA 58.01.08.007, Idaho Rules for Public Drinking Water Systems.

The proposed update is intended to update the 1993 fee schedule and align drinking water fees with current and anticipated program operating costs and reduce the reliance on declining and volatile federal funding sources. This will allow the Department to retain primary enforcement authority instead of the Environmental Protection Agency and maintain regulatory oversight of the drinking water program to ensure public health protection.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased:

The proposed rule will replace the current tier-based fee structure with a base fee of \$100 for all system and a base rate for community and non-transient, non-community systems of \$5.65 per service connection. The proposal implements the change over a 3-year period.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year resulting from this rulemaking:

Not applicable.

IDAHO CODE SECTION 39-107D STATEMENT: This proposed rule only regulates activities that are already regulated by the federal government, and it is not broader in scope or more stringent than existing federal regulations.

This rulemaking does not revise substantive drinking water standards. The proposed amendments are broader in scope than federal law or regulations only with respect to the assessment and collection of annual drinking water system fees. The fees are authorized by Section 39-119, Idaho Code.

NEGOTIATED RULEMAKING: Pursuant to Section [67-5220](#), Idaho Code, negotiated rulemaking was conducted. On April 1, 2026, the Notice of Intent to Promulgate Rules – Negotiated Rulemaking was published in the Idaho Administrative Bulletin, [Volume 26-4 pages 19-20](#). Three public meetings were held during the negotiated rulemaking process.

At the conclusion of the negotiated rulemaking process, DEQ submitted the draft rule to the Division of Financial Management for review. DEQ formatted the draft for publication as a proposed rule and is now seeking public comment. The negotiated rulemaking record, which includes the negotiated rule drafts, documents distributed during the negotiated rulemaking process, and the negotiated rulemaking summary, is available at [Drinking Water: Docket No. 58-0108-2601](#) | Idaho Department of Environmental Quality.

INCORPORATION BY REFERENCE: Not applicable.

ASSISTANCE ON TECHNICAL QUESTIONS: For assistance on questions concerning this proposed rulemaking, contact Tyler Fortunati at tyler.fortunati@deq.idaho.gov or (208) 373-0140.

SUBMISSION OF WRITTEN COMMENTS: Anyone may submit written comments regarding this proposed rule. DEQ will consider all written comments received on or before September 23, 2026. Submit written comments to:

Tyler Fortunati
Department of Environmental Quality
1410 N. Hilton, Boise, ID 83706
tyler.fortunati@deq.idaho.gov

Dated this 2nd day of September, 2026.

Diane Cutler
Rules and Planning Analyst
Department of Environmental Quality
1410 N. Hilton Street
Boise, Idaho 83706
208-373-0165
Diane.Cutler@deq.idaho.gov

THE FOLLOWING IS THE PROPOSED TEXT OF FEE DOCKET NO. 58-0108-2601
(Only Those Sections With Amendments Are Shown.)

58.01.08 – IDAHO RULES FOR PUBLIC DRINKING WATER SYSTEMS

007. FEE SCHEDULE FOR PUBLIC DRINKING WATER SYSTEMS.

All owners of PWSs must pay an annual drinking water system fee. The fee will be assessed as provided in this section. ~~The Department may waive the requirements of this section at its discretion.~~ (7-1-24)()

01. Effective Date. Annual fees will be paid for each fee year. Fee years begin on October 1 of each calendar year. (7-1-24)

02. Fee Schedule. (7-1-24)

a. Owners of community and non-transient non-community PWSs must pay an annual fee ~~according to the following fee schedule: of one hundred dollars (\$100) plus a per service connection fee of five dollars and sixty-five cents (\$5.65).~~ The new fee structure will be implemented as follows: ()

i. Beginning one (1) year after the effective date of this rule all PWSs will be assessed an annual fee, in accordance with IDAPA 58.01.08.007.04 Billing, of one hundred dollars (\$100) plus a per service connection fee of three dollars (\$3.00). ()

ii. Beginning two (2) years after the effective date of this rule all PWSs will be assessed an annual fee, in accordance with IDAPA 58.01.08.007.04 Billing, of one hundred dollars (\$100) plus a per service connection fee of five dollars and sixty-five cents (\$5.65). ()

Number of Connections	Fee
1 to 20	\$100
21 to 184	\$5 per connection, not to exceed a total of \$735 per PWS
185 to 3,663	\$4 per connection, not to exceed a total of \$10,988 per PWS
3,664 or more	\$3 per connection

(7-1-24)

b. The annual fee for transient PWSs is ~~twenty-five~~ one hundred dollars (\$~~25~~100). (7-1-24)()

c. New PWSs ~~formed~~ established after ~~October~~ August 1 will not pay a fee until the ~~following~~ next annual billing cycle. (7-1-24)()

03. Fee Assessment. (7-1-24)

a. An annual fee assessment will be generated for each ~~community and non-transient non-community~~ PWS using the number of service connections the Department has on record. (7-1-24)()

b. Community and non-transient non-community PWSs will be notified each year of the official number of service connections ~~listed in SDWIS the Department has on record~~. PWSs will have at least one (1) month to notify the Department if the number of service connections provided are not in agreement with the PWS's records. (7-1-24)()

04. Billing. An annual fee statement will be ~~mailed or~~ delivered electronically, where not otherwise prohibited, to all PWS ~~owners~~ on record with the Department by September 1 of each year and will include acceptable payment methods. (7-1-24)()

05. Payment. (7-1-24)

a. Annual fee payment will be due on October 1, unless it is a Saturday, a Sunday, or a legal holiday, in which event the payment will be due on the successive business day. (7-1-24)

b. Invoice payment must be made using an electronic funds transfer or through the online payment portal, unless otherwise prohibited. ()

~~b.c.~~ If a PWS consists of two hundred fifty (250) service connections or more, the PWS may request to divide its annual fee payment into equal ~~monthly or~~ quarterly installments by submitting a written request to the Department. (7-1-24)()

i. A PWS must accept electronic delivery of the invoice and remit payment electronically to be eligible for quarterly installments. ()

ii. The Department will notify PWSs of approval or denial of ~~a the~~ requested ~~monthly or~~ quarterly installment plan within ten (10) business days of receiving the request. (7-1-24)()

~~ii. If a PWS has been approved to pay monthly installments then each installment will be due by the first day of each month, unless it is a Saturday, a Sunday, or a legal holiday, in which event the installment will be due on the successive business day.~~ (7-1-24)

iii. If a PWS ~~has been~~ is approved to pay quarterly installments then each installment will be due by the first day of the month of each quarter (October 1, January 1, April 1, and July 1), unless it is a Saturday, a Sunday, or a legal holiday, in which event the installment will be due on the successive business day. (7-1-24)()

iv. Approval granted after August 1 will not be invoiced quarterly until the following year. ()

06. Delinquent Unpaid Fees. ()

a. A PWS owner will be delinquent in payment if its annual fee assessment has not been received by November 1; or if having opted to pay ~~monthly or~~ quarterly installments, its ~~monthly or~~ quarterly installment has not been received by the last day of the month in which the ~~monthly or~~ quarterly payment is due. (7-1-24)()

b. A one-time late fee shall be assessed for any PWS that is more than ninety (90) days delinquent in payment. The late fee shall be the greater of fifty dollars (\$50) or ten percent (10%) of the total invoiced amount, not to exceed one thousand dollars (\$1,000). ()

c. Any PWS delinquent in payment of its annual fee and associated late fee, in excess of one hundred and eighty (180) days, will be referred for collection in accordance with Section 67-2358, Idaho Code. Upon referral, the PWS shall remain responsible for the full amount of all fees assessed, including any additional costs, interest, or charges incurred through the collection process or imposed by the collection agency. ()

07. Suspension of Services and Disapproval Designation. (7-1-24)

a. For any PWS owner delinquent in payment of fee assessed under Subsections ~~010~~007.02, in excess of ninety (90) days, technical assistance provided by the Department may be suspended ~~except for review and processing of~~ as follows: (7-1-24)()

i. Review and processing of Monitoring waivers; and (7-1-24)()

ii. Engineering reports; and Third party technical assistance provider referrals. (7-1-24)()

iii. Plans and specifications for design and construction as set forth in Sections 500 through 552. (7-1-24)

b. For any PWS owner delinquent in payment of fee assessed under Subsections 007.02, in excess of one hundred and eighty (180) days, the Department may disapprove the PWS pursuant to Subsection 0075.06 and may suspend all technical assistance provided, as indicated above, and including review and processing of: (7-1-26)()

i. Engineering reports; (7-1-24)()

ii. Plans and specifications for design and construction as set forth in Sections 500 through 552; or (7-1-24)()

iii. Monitoring waivers Revocation of approval for quarterly installments. (7-1-24)()

08. Reinstatement of Suspended Services and Approval Status. For any PWS owner for which suspension of ~~technical assistance~~ services, disapproval, or both has occurred, reinstatement of ~~technical assistance~~ services, approval, or both, will occur upon payment of delinquent annual fee assessments and any incurred late fees. (7-1-24)()

09. Fee Reduction or Temporary Suspension. In the event that the total unobligated fund balance exceeds six (6) months or fifty percent (50%) of annualized program expenditures as of the close of the most recent state fiscal year, the Department may, at its discretion, reduce or suspend fee assessments for the next invoicing cycle, in whole or in part, as necessary to maintain prudent reserves, continued program sustainability, and regulatory compliance. The Department shall establish the duration, eligibility criteria, and any limitations of such reduction or suspension as necessary to ensure continued program sustainability and regulatory compliance. ()

0910. Responsibility to Comply. ~~Sub~~section 007.~~07~~ in no way relieves any PWS from its obligation to comply with these rules. (7-1-26)()

PROPOSED RULE COST/BENEFIT ANALYSIS

[Section 67-5223\(3\), Idaho Code](#), requires the preparation of an economic impact statement for all proposed rules imposing or increasing fees or charges. This cost/benefit analysis, which must be filed with the proposed rule, must include the reasonably estimated costs to the agency to implement the rule and the reasonably estimated costs to be borne by citizens, or the private sector, or both.

Department or Agency: Department of Environmental Quality

Agency Contact: Jerri Henry Phone: 208-373-0471

Date: July 13, 2026

IDAPA 58.01.08, Idaho Rules for Public Drinking Water Systems

Fee Rule Status: ☒ Proposed ☐ Temporary

Rulemaking Docket Number: 58-0108-2601

STATEMENT OF ECONOMIC IMPACT/REASONABLE ESTIMATED COSTS

The proposed fee rule will maintain fees at their current levels in calendar years 2026 and 2027. In calendar year 2028, all public water systems would be assessed a flat fee of \$100/system and community and non-community non-transient public water systems would be charged an additional \$3/connection. In 2029, that per connection fee would increase to \$5.65. This proposed change will increase drinking water fees by a total of approximately \$1.2M at the full rate amount, which will be used to offset the loss of approximately \$1.2M in federal funding used to operate the public drinking water system program in Idaho.

Fee Category and Statutory Authority: Annual drinking water system fee - Idaho Code § 39-119, Collection of Fees for Services

Estimated Costs to the Agency to Implement the Rule in 2026:

Rule Chapter	General Funds	Dedicated Funds	Federal Funds	Total
58.01.08	\$0	\$1,940,504	\$3,057,020	\$4,997,524

Estimated Costs to the Agency to Implement the Rule in 2029:

Rule Chapter	General Funds	Dedicated Funds	Federal Funds	Total
58.01.08	\$0	\$3,461,006	\$1,553,000	\$5,014,006

Annual Estimated Costs Borne by Public Water Systems in 2026:

Transient public water systems: \$25

Community and Non-Community Non-Transient public water systems:

Connections	Fee Structure	Total Cost Range
1 – 20	Flat fee	\$100

21 – 184	\$5 per connection (capped at \$735)	\$105 – \$735
185 – 3,663	\$4 per connection (capped at \$10,988)	\$740 – \$10,988
3,664 – 108,138	\$3 per connection	\$10,992 – \$324,414

Annual Estimated Costs Borne by Public Water Systems in 2029:

Transient public water systems: \$100 per year

Community and Non-Community Non-Transient public water systems:

Connections	Fee Structure	Total Cost Range
1 – 20	\$100 + \$5.65 per connection	\$105.65 – \$213
21 – 184		\$218.65 – \$1,139.60
185 – 3,663		\$1,145.25 – \$20,795.95
3,664 – 108,138		\$20,801.60 – \$611,079.70

Annual Estimated Costs Comparison Borne by Public Water System Users (by connection):

Connections	Current 2025 Fee Structure (annual \$/connection)	Proposed 2029 Fee Structure (annual \$/connection)
1 – 20	\$5.00 – \$100.00	\$10.65 – \$105.65
21 – 184	\$3.99 – \$5.00	\$6.19 – \$10.41
185 – 3,663	\$3.00 – \$4.00	\$5.68 – \$6.19
3,664 – 108,138	\$3 per connection	\$5.65 – \$5.68