



OFFICE OF MANAGEMENT & BUDGET

State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

State Fiscal Note for Bill Number:

2026-H 7635

Date of State Budget Office Approval: Monday, April 6, 2026

Date Requested: Monday, March 9, 2026

Date Due: Thursday, March 19, 2026

<i>Impact on Expenditures</i>		<i>Impact on Revenues</i>	
FY 2026	\$0	FY 2026	N/A
FY 2027	\$2,013,111	FY 2027	N/A
FY 2028	\$1,547,913	FY 2028	N/A

Explanation by State Budget Office:

This legislation amends the Rhode Island Cesspool Act of 2007 to require that properties not serviced by a public sewer system obtain a certification stating that the property has a valid onsite wastewater treatment system before being sold or transferred. The certification would be valid for two years and would be required for all purchase and sale contracts starting January 1, 2027. The legislation also authorizes the Rhode Island Department of Environmental Management, in coordination with the Department of Business Regulation, to adopt any forms or procedures necessary to implement the certification process.

Summary of Facts and Assumptions:

This act would take effect upon passage and would apply to contracts executed on or after January 1, 2027. This analysis therefore assumes no impact in FY 2026.

This analysis was conducted by the Office of Management and Budget, in consultation with the Department of Environmental Management (DEM) and the Department of Business Regulation (DBR). This analysis assumes that DEM would be responsible for conducting inspections and reviewing certifications required under the legislation. This analysis further assumes that DBR would be responsible for regulatory updates, compliance monitoring, and related administrative oversight.

Department of Environmental Management

Personnel Costs

DEM currently employs 4 inspectors in the onsite wastewater treatment (OWTS) program who perform compliance inspections. This includes bottom inspections before a permitted system is installed, cover inspections as the approved system installation is being completed, and related work as it arises. Most inspections are completed within 10 business days.

DEM does not currently hire or certify OWTS inspectors for the purposes contemplated by this legislation. The Department estimates they would need an additional 11 FTEs to carry out the required inspections based on the following:



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Approximately 11,000 real estate transactions occur in Rhode Island annually. An average of 35% of these applications involve an onsite wastewater treatment system (OWTS) or cesspool, equating to 3,850 applications annually.

A full caseload is estimated at 1.6 cases per inspector per day based on existing OWTS activities. Assuming 250 working days a year, one inspector could complete $1.6 \times 250 = 400$ inspections per year.

Completing 3,850 inspections annually would require ~10 FTEs ($3,850 / 400$). DEM also notes that an additional eleventh FTE would be required to supervise the inspectors and the program.

The Department notes the ten inspector positions would be Environmental Scientist 2 (ES2) and the manager position would be Environmental Engineer 3 (EE3). The cost of an ES2 in FY 2026 is \$131,702 and an EE3 is \$152,016. This analysis assumes 3% inflation for FY 2027, reflecting a 3% COLA, and 2.3% inflation for FY 2028, reflecting CPI. The personnel costs are therefore:

FY 2027: $\$135,653 \times 10 + \$156,576 = \$1.51$ million

FY 2028: $\$138,774 \times 10 + \$160,178 = \$1.55$ million

Operating Costs

DEM notes that vehicles would need to be procured for the 10 inspectors to travel throughout the state, at an average cost of approximately \$40,000. This results in a total one-time cost of approximately \$400,000.

As of June 2025, all permitting functions for the OWTS program are conducted through the department's online permitting platform, so the tasks outlined in the legislation would all be accomplished electronically. The online permitting platform would require one-time enhancements to create a new process and workflow and would also require additional annual resources for operation and maintenance of the system. Based on enhancements that have been made to the system to date, DEM estimates these IT services to cost approximately \$100,000.

DEM would need to promulgate new regulations or amend the existing OWTS Regulations to incorporate these new requirements. While this can be accomplished with existing staff, their day-to-day permitting work would be slowed by the effort, leading to potential delays in existing application review.

Total Costs

FY 2027: $\$1.51$ million + \$400,000 + \$100,000 = \$2.0 million

FY 2028: \$1.55 million

This act does not explicitly establish any fees. DEM noted that the fee for similar administrative applications is currently \$100.



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Department of Business Regulation

DBR indicates that it would require additional legal and licensing capacity to amend current regulations, monitor compliance, and manage associated workload. It estimates the total capacity needed is ~0.5 FTEs, spread across multiple programs within the Department. The Budget Office assumes the Department could absorb this additional capacity within their current budget.

Comments on Sources of Funds:

Implementation of this legislation would require funding from general revenues to support new personnel, equipment, and IT enhancements.

Summary of Fiscal Impact:

FY 2026: \$0

FY 2027: \$2,013,111

FY 2028: \$1,547,913

Budget Office Signature: _____



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