

Bill as
Introduced

SB 396-FN-A-LOCAL - AS INTRODUCED

2000 SESSION

00-2344
03/01

SENATE BILL

396-FN-A-LOCAL

AN ACT

assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund.

SPONSORS:

Sen. Russman, Dist 19; Sen. Wheeler, Dist 21; Sen. Below, Dist 5; Sen. McCarley, Dist 6; Sen. D'Allesandro, Dist 20; Rep. Blanchard, Rock 33; Rep. Norelli, Rock 31; Rep. O'Connell, Hills 13; Rep. Cooney, Rock 26; Rep. Richardson, Ches 12

COMMITTEE:

Environment

ANALYSIS

This bill establishes a fee of \$.02 per gallon of water withdrawn from a water supply source in New Hampshire for the purpose of sale as bottled water. Proceeds of the fee shall be deposited in a special account to provide grants for the purchase of land or easements for the purpose of protecting drinking water sources. This bill also requires persons who withdraw water for the purpose of commercial bottling to register with the department of environmental services.

Explanation:

Matter added to current law appears in *bold italics*.

Matter removed from current law appears [~~in brackets and struck through.~~]

Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand

AN ACT assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 New Subparagraph; State Treasurer and State Accounts; Application of Receipts; General
2 Revenue; Exceptions; Public Water Supply Land Protection Fund. Amend RSA 6:12, I by inserting
3 after subparagraph (zzz) the following new subparagraph:

4 (aaaa) Moneys collected pursuant to RSA 486-A:11 which shall be deposited in the public
5 water supply land protection fund.

6 2 New Section; Water Management and Protection; Aid to Public Water Systems; Water
7 Withdrawal Fee, Public Water Supply Land Protection Fund. Amend RSA 486-A by inserting after
8 section 10 the following new section:

9 486-A:11 Water Withdrawal Fee, Public Water Supply Land Protection Fund.

10 I. There is hereby established the public water supply land protection fund. This fund shall
11 be used, consistent with the provisions of this chapter, to provide grants for the purchase of land or
12 easements for the purpose of protecting drinking water sources. The fund shall be funded by a fee on
13 water at the point of withdrawal from a water supply source, when the intended purpose of the
14 withdrawal is to sell the water as bottled water, as that term is used in RSA 143.

15 II. Any person who withdraws water for the purpose of commercial bottling shall register with
16 the department. Any person licensed by the department of health and human services pursuant to RSA
17 143:11 shall be considered registered with the department of environmental services.

18 III. A fee of \$.02 per gallon of water withdrawn from a water supply source in New Hampshire
19 for the purpose of sale as bottled water shall be assessed at the time of withdrawal. No person shall
20 bottle or export water from this state prior to paying the fee required by this section.

21 IV. Moneys collected pursuant to this section shall be deposited with the state treasurer to
22 the credit of the public water supply land protection fund. Moneys in the fund may be invested as
23 provided by law. Interest received on such investment shall be credited to the fund.

24 V. The fee established by this section shall be collected by agents of the department. For
25 purposes of determining the amount of the fee assessed, each person registered shall, on or before the
26 twentieth day of each calendar month, render a return to the department on forms prescribed and
27 furnished by the department. Such return shall show the total number of gallons withdrawn during
28 the previous calendar month, together with such other information as the department may require
29 for the reasonable administration of this section.

SB 396-FN-A-LOCAL - AS INTRODUCED

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1 VI. Failure to file by the required date shall result in the assessment of a 10 percent penalty
2 to be added to the amount of fees due for that month. Said penalty shall immediately accrue, and
3 thereafter the overdue fees and the penalty shall bear interest at the rate established by the Internal
4 Revenue Service effective on the first business day of the calendar year. To this rate shall be added 2
5 percent. In determining the annual rate, that figure shall be rounded off to the nearest quarter
6 percent. The department may waive all or any portion of such penalties for good cause.

7 VII. Except as otherwise provided in this section, any person who violates any provision of
8 this section shall be guilty of a misdemeanor if a natural person or guilty of a felony if any other
9 person.

10 3 Effective Date. This act shall take effect July 1, 2000.

LBAO
00-2344.0
12/14/99

SB 396 FISCAL NOTE

AN ACT accessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund.

FISCAL IMPACT:

The Department of Environmental Services indicates this bill will increase state restricted revenue by \$1,474,600 and increase state restricted expenditures by \$50,000 in FY 2001 and each year thereafter. There is no fiscal impact on county and local revenue or expenditures.

METHODOLOGY:

The Department determined the fiscal impact of this bill by using information from entities withdrawing water in excess of 20,000 gallons per day that currently are required to report to the Department. Based on this reporting, the Department determined that on average, 202,000 gallons are withdrawn for bottled water. The Department then calculated the increase in state restricted revenue to be deposited in a dedicated account to total \$1,474,600 (202,000 gallons x 365 days x \$.02 (proposed fee).

The Department assumed that state restricted expenditures would increase by \$50,000 for administrative expenses for one Accountant to collect and track fees.

The Department stated this bill establishes a new special fund to be known as the public water supply protection fund. Expenses incurred and revenue generated as a result of this bill, will be a charge on this account.

Amendments

Rep. Blanchard, Rock. 33
February 14, 2000
2000-3428h
04/09

Amendment to SB 396-FN-A-LOCAL

1 Amend the title of the bill by replacing it with the following:

2

3 AN ACT assessing a fee on containers of water distributed to retail establishments in the
4 state and establishing a public water supply land protection fund.

5

6 Amend the bill by replacing all after the enacting clause with the following:

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9 Revenue; Exceptions; Public Water Supply Land Protection Fund. Amend RSA 6:12, I by inserting
10 after subparagraph (aaaa) the following new subparagraph:

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12 water supply land protection fund.

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15 section 10 the following new sections:

16 486-A:11 Water Withdrawal Fee, Public Water Supply Land Protection Fund.

17 I. There is hereby established the public water supply land protection fund. This fund shall
18 be used, consistent with the provisions of this chapter, to provide grants for the purchase of land or
19 easements for the purpose of protecting drinking water sources supplying public water systems or
20 bulk or bottled water businesses, provided the land or easement is owned by a municipality. The
21 fund shall be funded by a fee on bottled water containers at the point of distribution to retail
22 establishments in the state, including, but not limited to, stores, vending machines, restaurants, and
23 concession stands.

24 II. Any person who distributes bottled water to retail establishments in the state shall
25 register with the department. Any person licensed by the department of health and human services
26 pursuant to RSA 143:11 shall be considered registered with the department of environmental
27 services.

28 III. A fee of \$.02 per container of water distributed in New Hampshire to retail
29 establishments shall be assessed prior to distribution. No person shall bottle or export water from
30 this state prior to paying the fee required by this section.

31 IV. Moneys collected pursuant to this section shall be deposited with the state treasurer to
32 the credit of the public water supply land protection fund. Moneys in the fund may be invested as

1 provided by law. Interest received on such investment shall be credited to the fund.

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3 purposes of determining the amount of the fee assessed, each person registered shall, on or before
4 the twentieth day of each calendar month, render a return to the department on forms prescribed
5 and furnished by the department. Such return shall show the total number of containers distributed
6 in the state during the previous calendar month, together with such other information as the
7 department may require for the reasonable administration of this section.

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11 Revenue Service effective on the first business day of the calendar year. To this rate shall be added
12 2 percent. In determining the annual rate, that figure shall be rounded off to the nearest quarter
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14 VII. Except as otherwise provided in this section, any person who violates any provision of
15 this section shall be guilty of a misdemeanor if a natural person or guilty of a felony if any other
16 person.

17 486-A:12 Rulemaking. The department shall adopt rules, pursuant to RSA 541-A, relative to
18 the public water supply land protection fund. Such rules shall include, but are not limited to,
19 reporting requirements, criteria and procedures for fee payment and collection, and criteria for
20 waiver of penalties due.

21 3 Effective Date. This act shall take effect July 1, 2000.

Amendment to SB 396-FN-A-LOCAL
- Page 3 -

2000-3428h

AMENDED ANALYSIS

This bill establishes a fee of \$.02 per container of water distributed to retail establishments in New Hampshire. Proceeds of the fee shall be deposited in a special account to provide grants for the purchase of land or easements for the purpose of protecting drinking water sources. This bill also requires persons who distribute bottled water to retail establishments in New Hampshire to register with the department of environmental services.



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21 fund shall be funded by a fee on bottled water containers at the point of distribution to retail
22 establishments in the state, including, but not limited to, stores, vending machines, restaurants, and
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2000-3428h

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Rep. Blanchard, Rock. 33
February 14, 2000
2000-3428h
04/09

IF this amendment is adopted
by the Committee, please
deliver to the House Clerk
(Room 317) or Senate Clerk
(Senate Chamber), the 2
originals and 2 copies.

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Amendment to SB 396-FN-A-LOCAL
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2000-3428h

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Committee Minutes

Date: February 3, 2000
Time: 9:00am
Room: LOB Room 104

The Senate Committee on **Environment** held a hearing on the following:

SB396-FN-A-L *assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund.*

Members of Committee present:

The Chair, Senator **James Squires**, opened the hearing.

Senator James W. Squires, D. 12:

I will open the hearing on **SB396-FN-A-L**, *"assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund."*

As we have a conflict in the schedule I will recess the hearing to February 17, 2000 at a time to be determined. Please see the Senate Calendar.

I will recess the hearing on **SB396-FN-A-L**.

Hearing closed on SB396-FN-L at 9:02am.

Respectively Submitted,
Linda Brosseau, Senate Secretary



State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

6 Hazen Drive, P.O. Box 95, Concord, NH 03302-0095
(603) 271-3503 FAX (603) 271-5171



Attachment A

February 17, 2000

The Honorable Richard L. Russman, Chairman
Senate Environment Committee
Legislative Office Building, Room 102
Concord, New Hampshire 03301

Subject: SB 396, assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund

Dear Chairman Russman:

Thank you for the opportunity to comment on Senate Bill 396, which places a fee on water withdrawn for the purpose of commercial bottling. This fee will provide permanent support for the grant program proposed by SB 135 for the protection of critical water supply lands through acquisition or easement. The Department of Environmental Services (DES) strongly supports funding for the permanent protection of critical water supply lands statewide. DES supports the premise of this legislation and the amendment offered today by Representative Blanchard that addresses a number of concerns that were raised during recent meetings with the bottled water industry.

As you know, the waters of New Hampshire are held in public trust. With ever increasing demands for water, there is a growing awareness of the need to protect and preserve this precious resource. Based on our water use records, an average of 220,000 gallons of water are withdrawn for bottled water each day. Based on market research data, the per capita consumption of containers of bottled water is between 50 and 100 gallons of bottled water each year. This bill, which links bottled water with permanent protection of critical water supply lands, provides a mechanism to protect drinking water for future generations.

It is critical for the State to permanently protect the land around its public water supply wells and reservoirs. With 15,000 more people choosing to live in New Hampshire each year, the land around our reservoirs and wells is under increasing pressure from development, which translates into an increased risk of contamination. At the same time, available land for future water supply sources is diminishing and the cost of land is steadily increasing. The sooner we create permanent incentives for water supply land conservation, the more cost-effective our drinking water protection program will be.

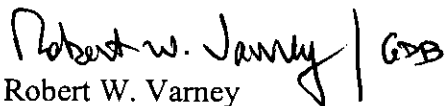
We support Representative Blanchard's amendment because we believe it addresses most of the concerns raised during recent meetings and conversations with bottled water industry officials who sell water in bulk or bottle water from New Hampshire sources. An explanation of the significant changes contained in the proposed amendment is provided below:

- The fee is proposed to be on all bottled water distributed for sale in New Hampshire rather than only at New Hampshire sources as originally proposed. This change is to address the expressed industry concern that the original bill inadvertently places New Hampshire businesses that withdraw and sell water from New Hampshire sources at a competitive disadvantage both in New Hampshire and out of state.
- The fee is proposed to be on each container sold rather than on each gallon. An informal market survey suggests that the cost for a both liters and gallons are similar. Based on discussions with industry officials, this is in part due to the different characteristics of the bottles used. As the cost is the same at retail, it makes sense that the fee passed on to consumers would be the same. With consumption of between 50 and 100 containers consumed per capita each year, a fee of \$0.02 per container would generate between 1.2 and 2.4 million dollars per year for the water supply land grant program.
- The proposed amendment includes provisions to makes the use of source water protection funds generated by the fee available to match local monies for municipalities to buy land or easements necessary to protect sources of bottled water, in addition to municipal drinking water sources. This provides a potential incentive for owners of these high quality water sources and municipalities to enter into partnerships to ensure protection for future generations.

In closing, DES strongly supports funding of the permanent protection of water supply lands. Based on research performed by the Society for the Protection of New Hampshire Forests, it is estimated that the total funds required over the long-term for the matching grant program is on the order of \$75 million. We believe that the amended bill creates a reliable funding source of between \$1.2 and \$2.4 million per year while also addressing a number of concerns that were raised by the bottled water industry.

Thank you again for this opportunity to offer testimony in strong support of funding for the permanent protection of critical water supply lands in New Hampshire. Please do not hesitate to contact either me at 271-3503 or Sarah Pillsbury at 271-1168 if you have any questions or need additional information.

Sincerely,


Robert W. Varney
Commissioner

cc: Senator Burton Cohen
Representative Maryann Blanchard

**Testimony on Senate Bill 396
New Hampshire Senate Environment Committee**

David W. Dexter, Director, Government Relations
International Bottled Water Association
February 17, 2000

Mr. Chairman, members of the Environment Committee, my name is Dave Dexter, and I am the Director of Government Relations for the International Bottled Water Association. IBWA is the trade association for the bottled water industry. Founded in 1958, IBWA's member companies produce and distribute 85 percent of the bottled water sold in the United States. Our membership includes U.S. and international bottlers, distributors and suppliers. IBWA represents seven companies in New Hampshire, and representatives of some of those businesses are here today. We thank the committee for the opportunity to present the views of the bottled water industry on Senate Bill 396 and its amendment.

Senate Bill 396, as drafted, levies an assessment of two cents per gallon on groundwater sources for bottled water purposes. The amendment offered today would instead levy two cents per container at the point of distribution. The funds collected would be earmarked for a program that would provide matching state funds to any municipality that seeks to purchase land around a public water supply source. We oppose Senate Bill 396 and its amendment since the state's portion of the funding mechanism is derived from fees on bottled water.

Protecting New Hampshire's drinking water supplies from potential sources of contamination is a laudable, sensible goal for a state that is experiencing modest population growth. We applaud the state's desire to create a program that protects the environment. However, funding a program on the backs of a grocery product that has nothing to do with the origin of water pollution makes no sense. Perhaps those who threaten water quality should be the focus of the solution. Shouldn't the polluters be the first to pay? And then there are the potential polluters. There are many land-use activities that pose a significant risk to groundwater quality but are not typically thought of as polluters.

It is not the responsibility of the bottled water industry to fund this type of program. There are some public water utilities in the state that are private, for-profit companies; companies that appear to be potential beneficiaries of such a program under the language of the bill. Is it fair to tax one industry in order to subsidize another? Further, to ask the manufacturers and distributors of a food product, specifically bottled water, to foot the tab for everyone is clearly discriminatory and an undue burden.

The proposed fees can be viewed as punitive on an industry that provides many benefits to New Hampshire. In addition to the economic benefits, bottled water companies are stewards of the environment and stewards of a renewable resource. Before developing a spring source, a bottled water company conducts a comprehensive analysis to assure absolutely that collection of spring

water will not adversely impact nearby water supplies or the health and vigor of related aquatic systems. This program includes test wells, sampling, and pump tests, all performed under the review and approval of the New Hampshire Department of Environmental Services.

It is common for bottled water source owners to purchase, and leave untouched, as much of the natural surroundings around their sources as possible. This industry practice is consistent with beneficial slow-growth and anti-sprawl policies such as curbing land development, protecting open spaces and saving diminishing farmland.

We are dedicated to managing responsibly our renewable resources using sound science and environmental stewardship, with no adverse impact on the source, the surrounding environment, or our neighbors. Thus, it may be beneficial to the state's economic development to encourage the growth of these clean, environmentally-friendly businesses, much like the practice in other states.

Rather than imposing a punitive fee on bottled water, it might make more sense to spread the cost around to those that use and benefit from the water resources. A chart has been distributed that was furnished by the Department of Environmental Services regarding the share of water use and by whom. As you can see, bottled water represents only three quarters of one percent of total daily groundwater extractions in New Hampshire. And this is just

groundwater use. If surface water users were added to this mix, the share of water used by our industry would be even smaller.

The Department of Environmental Services is authorized by Chapter 402 Laws of 1983 to implement water user registration and reporting. This program, which went into effect in 1987 gathers data on the major uses of water within the state's boundaries and the particular demand placed upon individual aquifers, streams and rivers. DES makes available, upon request, a report of this data showing exactly who is using the water, how much they are using and the source from which it was drawn. The DES report exhibits hundreds of nonresidential wells in this state many of which are used for a profitable activity and responsible for much of the water use. Thus, if revenue is being sought, wouldn't it make sense to start with the largest users, not the smallest? Better still, instead of laying the responsibility on a particular business or industry, perhaps a more equitable way to finance this program is through the state's general fund.

The seven IBWA-member companies in New Hampshire are small, family-owned independent businesses, not conglomerates with deep pockets. This fee would hurt these smallest companies disproportionately. Ultimately, the largest distributors benefit when the little guy gets squeezed in a competitive, price-sensitive market. We would ask that the legislature reject fees on bottled water since it would hurt New Hampshire's small businesses. We urge you to oppose Senate Bill 396.

Thank you again for the opportunity to express our views. I would be happy to take any questions.

To: Members of the Senate
From: Megan Konys, Senate Legislative Aide
Date: February 23, 2000
Re: **Hearing report on SB 396-FN-A-LOCAL**, assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund. (**Senate Environment Committee 2/17/00**)

Sponsors: Sen. Russman, Dist 19; Sen. Wheeler, Dist 21; Sen. Below, Dist 5; Sen. McCarley, Dist 6; Sen. D'Allesandro, Dist 20; Rep. Blanchard, Rock 33; Rep. Norelli, Rock 31; Rep. O'Connell, Hills 13; Rep. Cooney, Rock 26; Rep. Richardson, Ches 12

What the bill does: This bill establishes a fee of \$0.02 per gallon of water withdrawn from a water supply source in New Hampshire for the purpose of sale as bottled water. Proceeds of the fee shall be deposited in a special account to provide grants for the purchase of land or easements for the purpose of protecting drinking water sources. This bill also requires persons who withdraw water for the purpose of commercial bottling to register with the department of environmental services.

Who supports the bill: Rep. Blanchard, Rock 33; Rep. Spang, Straff 8; Rep. Richardson, Ches 12; Sarah Pillsbury, DES; Charlie Niebling, Society for the Protection of NH Forests; Julian Zelazny, NH Audubon Society

Who opposes the bill: NH Grocers Association; NH Soft Drink Association; Monadnock Springs Water Company; NH Wholesale Beverage Association; Beer Distributors of NH; International Bottled Water Association; Pepsi-Cola Bottling Group; Coca-Cola Northern New England; Castle Springs; Anheiser-Busch; Twin Mountain Water Company

Testimony report: Rep. Blanchard introduced SB 396-FN-A-LOCAL, and presented an amendment that would change the fee from the \$0.02 per gallon of water withdrawn from a water supply source in NH to a \$0.02 fee per container of water distributed to retail establishments in NH. She noted that the intent of this bill is to provide a long-term funding solution to support source water protection through the acquisition of surrounding lands and easements.

Sarah Pillsbury testified in support of this bill on behalf of DES. She explained that the amendment was offered to address concerns raised by the bottled water industry prior to this hearing. She stated the bill as amended does the following:

- Assesses the \$0.02 per container at the point of distribution as opposed to the water supply source. Therefore, NH businesses will not be at a competitive disadvantage to neighboring states.
- This bill as amended will generate approximately \$1.5 million as a permanent funding source for the protection of water supply lands.
- The revenue generated by the fee could be used to protect bottled water sources as well, provided the land or easement is owned by a municipality.

DES noted that it is critical for the state to permanently protect the land around its public water supply wells and reservoirs. The sooner NH creates permanent incentives for water supply land conservation, the more cost-effective NH's drinking water protection program will be.

Charlie Niebling testified in support of SB 396 on behalf of the Society for the Protection of NH Forests. It was his conservation organization that released the initial report describing the need for source water protection in the state of NH. It stated the need has been well documented, and that there are dozens of communities interested in participating in such a program. He stressed the need to have both a high quality drinking water standard.

Those in opposition to SB 396-FN-A-LOCAL raised the following issues:

- This legislation will adversely effect business in NH, especially cross-border sales.
- This bill is fundamentally unfair. If the intent of this legislation is to provide water source protection, perhaps funding should be sought from fees upon those who cause pollution.
- Why penalize one industry for a result that will benefit the entire NH public

Those in opposition to this bill also suggested establishing a pilot program for water supply protection, to demonstrate whether or not a need exists for this type of grant program in NH.

Funding: The Department of Environmental Services indicates this bill will increase state restricted revenue by \$1,474,600 and increase state restricted expenditures by \$50,000 in FY 2001 and each year thereafter. There is no fiscal impact on county and local revenue or expenditures.

Future Action: Pending

Speakers

SENATE ENVIRONMENT. COMMITTEE

Date 2/17/2000

Time 1:30 pm

Public Hearing On SB 396-FN-A-LOCAL

Appearing in **FAVOR:**

(Please print)

Please check box at left to speak.

Speaking?

Name

Address

Representing

- ☒ M. Blanchard Roch 33
- ☐ Barbara Hull-Rutensson Cheshire 12
- ☐ Rep. Judith Spang Staff 8
- ☐ J. Zelazny 3 Silk Farm rd Concord Audubon Soc NH
- ☒ CHARLES NIEBLING SOCIETY FOR PROTECTION OF NH FORESTS
- ☒ Sarah Pillsbury NHDES
- ☐
- ☐
- ☐
- ☐

Appearing in **OPPOSITION:**

(Please Print)

Please check box at left to speak.

- ☒ JOHN Dumais NH GROCERS ASSOCIATION 669-9333
- ☐ Joan LaPlante NH Soft Drink Comm. 225-7835
- ☒ Ralph B. Pears Monadnock Mtn. Spring Water 207-967-0698
- ☒ CLARK CORSON N.H. Wholesale BEVERAGE ASS. 603-750-0494
- ☒ Dave Dexter International Bottled Water Assn 703-683 5213
- ☐ DAVID L. WALKER PERZ-Lola BOTTLING Group (603) 656-6867
- ☐ LAWRENCE MELANSEN Lola-Lola Northern New England 603-627-7871
- ☐ Ch. Munnich NH Soft Drink Assoc New London N.H.
- ☐ Mark Wiggins Castle Springs Dr. 476-9344
- ☐ George Roberts Anheuser-Busch 224-8982

SENATE ENVIRONMENT. COMMITTEE

Date 2/17/00 Time 1:30

Public Hearing On SB 396

Appearing in **FAVOR**:

(Please print)

Please check box at left to speak.

Speaking?

Name

Address

Representing

☐☐☐☐☐☐☐☐☐☐

Appearing in **OPPOSITION**:

(Please Print)

Please check box at left to speak.

☐☐☐☐☐☐☐☐☐☐

Testimony



**State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES**

6 Hazen Drive, P.O. Box 95, Concord, NH 03302-0095
(603) 271-3503 FAX (603) 271-5171



February 17, 2000

The Honorable Richard L. Russman, Chairman
Senate Environment Committee
Legislative Office Building, Room 102
Concord, New Hampshire 03301

Subject: SB 396, assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund

Dear Chairman Russman:

Thank you for the opportunity to comment on Senate Bill 396, which places a fee on water withdrawn for the purpose of commercial bottling. This fee will provide permanent support for the grant program proposed by SB 135 for the protection of critical water supply lands through acquisition or easement. The Department of Environmental Services (DES) strongly supports funding for the permanent protection of critical water supply lands statewide. DES supports the premise of this legislation and the amendment offered today by Representative Blanchard that addresses a number of concerns that were raised during recent meetings with the bottled water industry.

As you know, the waters of New Hampshire are held in public trust. With ever increasing demands for water, there is a growing awareness of the need to protect and preserve this precious resource. Based on our water use records, an average of 220,000 gallons of water are withdrawn for bottled water each day. Based on market research data, the per capita consumption of containers of bottled water is between 50 and 100 gallons of bottled water each year. This bill, which links bottled water with permanent protection of critical water supply lands, provides a mechanism to protect drinking water for future generations.

It is critical for the State to permanently protect the land around its public water supply wells and reservoirs. With 15,000 more people choosing to live in New Hampshire each year, the land around our reservoirs and wells is under increasing pressure from development, which translates into an increased risk of contamination. At the same time, available land for future water supply sources is diminishing and the cost of land is steadily increasing. The sooner we create permanent incentives for water supply land conservation, the more cost-effective our drinking water protection program will be.

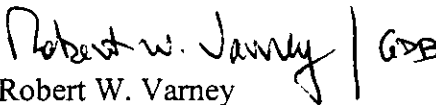
We support Representative Blanchard's amendment because we believe it addresses most of the concerns raised during recent meetings and conversations with bottled water industry officials who sell water in bulk or bottle water from New Hampshire sources. An explanation of the significant changes contained in the proposed amendment is provided below:

- The fee is proposed to be on all bottled water distributed for sale in New Hampshire rather than only at New Hampshire sources as originally proposed. This change is to address the expressed industry concern that the original bill inadvertently places New Hampshire businesses that withdraw and sell water from New Hampshire sources at a competitive disadvantage both in New Hampshire and out of state.
- The fee is proposed to be on each container sold rather than on each gallon. An informal market survey suggests that the cost for a both liters and gallons are similar. Based on discussions with industry officials, this is in part due to the different characteristics of the bottles used. As the cost is the same at retail, it makes sense that the fee passed on to consumers would be the same. With consumption of between 50 and 100 containers consumed per capita each year, a fee of \$0.02 per container would generate between 1.2 and 2.4 million dollars per year for the water supply land grant program.
- The proposed amendment includes provisions to makes the use of source water protection funds generated by the fee available to match local monies for municipalities to buy land or easements necessary to protect sources of bottled water, in addition to municipal drinking water sources. This provides a potential incentive for owners of these high quality water sources and municipalities to enter into partnerships to ensure protection for future generations.

In closing, DES strongly supports funding of the permanent protection of water supply lands. Based on research performed by the Society for the Protection of New Hampshire Forests, it is estimated that the total funds required over the long-term for the matching grant program is on the order of \$75 million. We believe that the amended bill creates a reliable funding source of between \$1.2 and \$2.4 million per year while also addressing a number of concerns that were raised by the bottled water industry.

Thank you again for this opportunity to offer testimony in strong support of funding for the permanent protection of critical water supply lands in New Hampshire. Please do not hesitate to contact either me at 271-3503 or Sarah Pillsbury at 271-1168 if you have any questions or need additional information.

Sincerely,


Robert W. Varney
Commissioner

cc: Senator Burton Cohen
Representative Maryann Blanchard

Department of Environmental Services
Responses to the Bottled Water Industry's Concerns Related to Senate Bill 396

Industry Concern	Response
<p>The profit for businesses that sell water in bulk from a source is reportedly one to two cents per gallon and the proposed fee would equal or exceed this amount. The industry believes that raising the price/gallon at NH sources to accommodate the fee would drive bottlers to out-of-state sources. The industry is concerned that the legislation not give out-of-state companies a competitive advantage by not paying the fee.</p>	<p>The Department of Environmental Services (DES) has proposed amendments to the bill to collect the fee at the distribution phase instead of at the source. The new proposal assesses a two cent per container fee on all bottled water sold in the state, regardless of source location. This approach ensures that there is no competitive disadvantage for in-state business. Collection from distributors is preferred over retail to minimize administration costs for the same revenue.</p> <p>(Note: The proposed fee is 2 cents per container regardless of the size. An informal survey of store shelves in Concord, NH indicated that the cost for a liter of bottled water varies widely and often exceeds the cost for a gallon. Survey results are attached.)</p>
<p>The industry believes that they already contribute to drinking water protection because they often own land necessary to protect their sources.</p>	<p>Although the owner of a bottled water source may currently own land to protect the source, to our knowledge there is usually no permanent protection of these lands. Consequently, there is nothing to prevent the sale of these lands in the future. Permanent protection of these sources makes sense. Consequently, the new proposal expands the use of the fund to allow for the purchase of land or easements critical to the protection of sources now used for bottled water, providing that the land or easement is owned by a municipality.</p>
<p>The industry believes that bottled water is more regulated in NH than in most other states and that this places NH companies at a competitive disadvantage.</p>	<p>Both DES and DHHS have regulatory oversight of certain components of the industry. The legislature authorized this oversight in order to protect human health. The proposed legislation will not place any additional regulatory requirements on the industry.</p>

Department of Environmental Services
Responses to the Bottled Water Industry's Concerns Related to Senate Bill 396

Industry Concern	Response
<p>The legislation "singles out" the bottled water industry. The industry cites water usage reporting statistics at DES, to argue that bottled water represents less than 1% of the total water usage in the state. They note that other beverage manufacturers use water as a primary ingredient.</p>	<p>Under this bill, consumers of bottled water in New Hampshire will contribute to the protection of drinking water supplies in New Hampshire by paying a fee of two cents percontainer. DES believes that consumers will be willing to pay this additional cost to protect drinking water sources. The bottled water sector would only contribute a small portion of the cost to protect critical water supply land. Under the proposed source water protection grant program, municipalities and water system customers (households, businesses and institutions) will pay 75% of these land protection costs through local taxes and water fees.</p> <p>Public water systems, most of which are municipalities, are by far the largest user of the State's groundwater (74% according to the water usage statistics at DES). They are also the parties who will be responsible for funding 75% of the cost for water supply land easements or ownership. Nearly all other manufacturers, including beverage manufacturers, purchase their water from public water system and are thereby already contributing towards source water protection. The bottled water sector does not currently contribute to the same degree as the other water users because they have their own sources and do not pay user fees to public water systems.</p>
<p>The industry believes that the fee should be on those responsible for causing the degradation of drinking water quality.</p>	<p>Municipalities and water system users are responsible for most of the cost of protecting drinking water supplies. The bottled water industry benefits from the resource and is an appropriate contributor towards the permanent protection of valuable drinking water sources. Many of the potential contributors of contamination are already involved in dedicated fee programs aimed at preventing and cleaning-up contamination (e.g. fees on petroleum products, hazardous waste vendor fee). This program will prevent contamination of drinkingwater sources from occurring in the first place by controlling the use of sensitive lands.</p>

**NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
INFORMAL SURVEY OF BOTTLED WATER PRICES***

STORE	LABEL NAME	QUANTITY	UNIT PRICE
Irving Convenience Store	Evian	½ Liter	\$0.79
Irving Convenience Store	Riverdale	½ Liter	\$0.79
Market Basket	Dannon	½ Liter	\$0.33
Market Basket	Viva	½ Liter	\$0.33
Mobil on the Run	Poland Springs	½ Liter	\$0.79
Rumford Market	Glacial Mist	½ Liter	\$0.99
Rumford Market	Vermont Pure	½ Liter	\$0.79
Shaws	Castle Springs	½ Liter	\$0.50
Shaws	Hidden Springs	½ Liter	\$0.33
Shaws	Ice Mountain	½ Liter	\$0.38
Shaws	Poland Springs	½ Liter	\$0.42
Shop N Save	Adirondack	½ Liter	\$0.25
Shop N Save	Castle Springs	½ Liter	\$0.55
Shop N Save	Dannon	½ Liter	\$0.33
Shop N Save	Hannaford	½ Liter	\$0.32
Shop N Save	Ice Mountain	½ Liter	\$0.33
Shop N Save	Naya	½ Liter	\$0.47
Shop N Save	Poland Springs	½ Liter	\$0.42
Walmart	Aberfoyle Springs	½ Liter	\$0.25
Walmart	Evian	½ Liter	\$0.78
Walmart	Great Value	½ Liter	\$0.28
Cumberland Farms	Evian	1 Liter	\$1.69
Irving Convenience Store	Riverdale	1 Liter	\$1.19
Irving Convenience Store	Poland Springs	1 Liter	\$1.29
Market Basket	Evian	1 Liter	\$1.39
Market Basket	Poland Springs	1 Liter	\$0.69
Mobil on the Run	Poland Springs	1 Liter	\$1.09
Rumford Market	Aquafina	1 Liter	\$0.99
Rumford Market	Glacial Mist	1 Liter	\$1.39
Rumford Market	Vermont Pure	1 Liter	\$1.39
Shaws	Castle Springs	1 Liter	\$0.90
Shaws	Dannon	1 Liter	\$0.79
Shaws	Dannon	1 Liter	\$0.65
Shaws	Evian	1 Liter	\$0.75
Shaws	Ice Mountain	1 Liter	\$0.75
Shaws	Poland Springs	1 Liter	\$0.75
Shaws	Shaws Fall of Song	1 Liter	\$0.50
Shaws	Shaws Fall of Song	1 Liter	\$0.58
Shop N Save	Aquafina	1 Liter	\$0.99
Shop N Save	Dannon	1 Liter	\$0.63
Shop N Save	Poland Springs	1 Liter	\$0.67
Shop N Save	Poland Springs	1 Liter	\$0.75
Walmart	Aquafina	1 Liter	\$0.81
Walmart	Balsam Springs	1 Liter	\$0.55
Walmart	Dannon	1 Liter	\$0.63
Walmart	Evian	1 Liter	\$1.28
Walmart	Naya	1 Liter	\$0.50
Walmart	Poland Springs	1 Liter	\$0.66
Walmart	Sams Club	1 Liter	\$0.50

STORE	LABEL NAME	QUANTITY	UNIT PRICE
Irving Convenience Store	Riverdale	1 Gallon	\$0.99
Market Basket	Belmont Springs	1 Gallon	\$0.89
Market Basket	Demoulas	1 Gallon	\$0.50
Market Basket	Monadnock	1 Gallon	\$0.89
Market Basket	Poland Springs	1 Gallon	\$0.99
Mobil on the Run	Hood	1 Gallon	\$0.79
Shaws	Belmont Springs	1 Gallon	\$0.79
Shaws	Ice Mountain	1 Gallon	\$0.89
Shaws	Poland Springs	1 Gallon	\$0.89
Shaws	Shaws Fall of Song	1 Gallon	\$0.50
Shop N Save	Hannaford	1 Gallon	\$0.50
Shop N Save	Poland Springs	1 Gallon	\$0.99
Walmart	Great Value	1 Gallon	\$0.50
Walmart	Poland Springs	1 Gallon	\$0.88
Shaws	Poland Springs	2.5 Gallon	\$2.79
Shaws	Shaws Fall of Song	2.5 Gallon	\$1.99
Shop N Save	Hannaford	2.5 Gallon	\$1.99
Shop N Save	Poland Springs	2.5 Gallon	\$2.79
Walmart	Great Value	2.5 Gallon	\$1.77

* Note – This survey was performed by visiting stores in the Concord area.

Price Ranges for Common Container Sizes

Quantity	Cost Range
½ Liter	\$0.25 - \$0.99
1 Liter	\$0.50 - \$1.69
1 Gallon	\$0.50 - \$0.99
2.5 Gallon	\$1.77 - \$2.79

How Much Water Do We Use?

How Much Water Does It Take To Do The Following Activities?

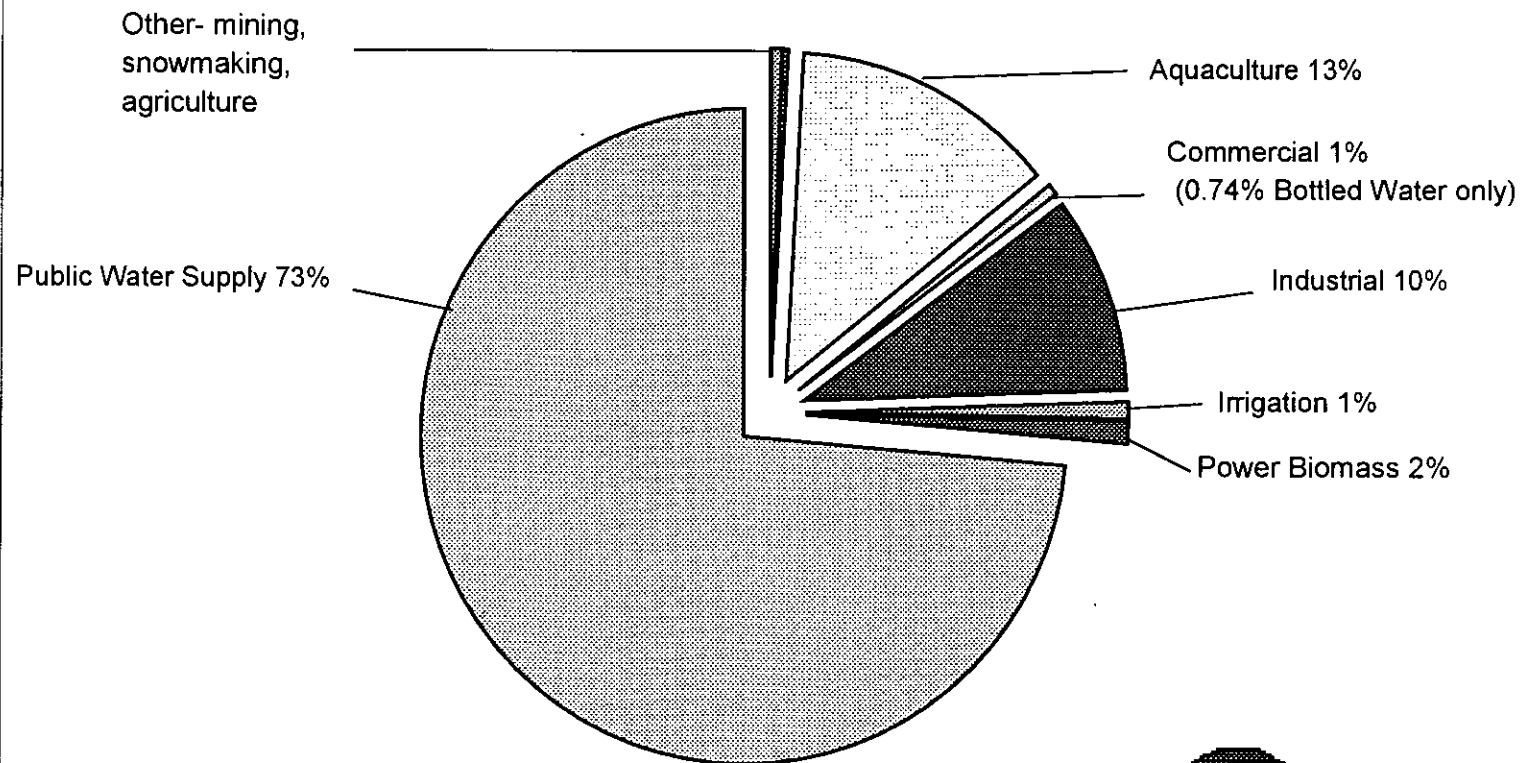
Taking a Bath or Shower.	15-30 Gallons
Watering the Lawn and Yard	180 Gallons
Washing the Dishes by Machine/Hand	14-60 Gallons
Washing Clothes	50 Gallons
Washing the Car	100 Gallons
Brushing Your Teeth	1 Gallon
Cooking	10 Gallons
Drinking	1/2 Gallon
Flushing the Toilet (once)	4-7 Gallons

How Much Water Does It Take To Produce One Serving Of:

Corn	61 Gallons
Lettuce	6 Gallons
French Fries	6 Gallons
Tomatoes	3 Gallons
Apples	16 Gallons
Cantaloupe	51 Gallons
Cherries	90 Gallons
Oranges	22 Gallons
Watermelon	100 Gallons
Wheat bread	15 Gallons
Rice	36 Gallons
Almonds	12 Gallons
Margarine	92 Gallons
SUGAR (From Beets)	8 Gallons
Milk	65 Gallons
Cola Soft Drink	10 Gallons
Steak	2,607 Gallons
Hamburger	1,303 Gallons
Pork	408 Gallons
Chicken	408 Gallons
Eggs (2)	136 Gallons
Typical Breakfast	209 Gallons
Typical Lunch	1,427 Gallons
Typical Dinner	2,897 Gallons
A Day's Meals (Total For One Person)	4,533 Gallons

Average Daily Groundwater Withdrawals

New Hampshire 1999



Source: NH Department of Environmental Services, Water Division



Committee Report

Date: SB396-FN-A-L

Time: 1:30pm

The Senate Committee on Environment held its hearing in Room LOB104, Concord, New Hampshire.

BILL NO.: SB396-FN-A-L

TITLE: assessing a fee on water withdrawn for commercial purposes from water supply sources in the state and establishing a public water supply land protection fund.

Members of the Committee present:

Those appearing in favor:

Name and Address

Representing

See Attached.

Those appearing in opposition:

Name and Address

Representing

See Attached.

REPORT OF THE COMMITTEE:

- ☐ Ought to Pass
- ☐ Ought to Pass w/ Amendment
- ☐ Inexpedient to Legislate
- ☐ Rereferred

- ☒ Interim Study
- ☐ Continued Hearing
- ☐ Postponed Hearing

STATE OF NEW HAMPSHIRE
SENATE
REPORT OF THE COMMITTEE

Date: March 15,2000

THE COMMITTEE ON Environment

to which was referred Senate Bill 396-FN-A-L

AN ACT assessing a fee on water withdrawn for commercial
 purposes from water supply sources in the state and
 establishing a public water supply land protection fund.

VOTE: 5-3

Having considered the same, report the same with the following resolution:
Resolved, that it be sent to: **INTERIM STUDY.**

Senator Richard Russman
For the Committee