

**Summary: Conference Report**  
**ENVIRONMENTAL QUALITY FY 2003-04**  
**House Bill 4393**



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**Budget Overview**

The appropriations bill for the Department of Environmental Quality support environmental protection, conservation, cleanup and redevelopment programs.

- Appropriated funds support regulatory efforts established to protect, restore and reuse Michigan's air, water and land resources.
- State General Fund/General Purpose revenue for environmental programs represents 18% of the total appropriation.
- Nearly half of the revenue is provided from restricted (permit and license) revenue.

**Summary of Major Budget Issues**

*Funding Shifts and Fee Increases* -- Three significant fee proposals are included in the Conference Report:

- National Pollution Discharge Elimination System fees: \$3.0 million
- Groundwater Discharge Permit fees: \$1.76 million
- Solid Waste Fees: \$3.9 million

Each of these proposals requires legislative authorization.

*MUSTFA Appropriation* -- The \$ 58.0 million appropriation is not included. Bond payments will be made from the escrow account. The fee (collected at the gas pump) is to sunset in 2003.

**FY 2003-04 Recommendations**

	<b>FY 2002-03 YTD (as 3/6/03)</b>	<b>Executive</b>	<b>House</b>	<b>Senate</b>	<b>Enacted</b>	<b>Difference: House to 2002-03 YTD</b>	
						<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$14,042,900	\$14,142,900	14,142,900	14,142,900		\$100,000	0.7
<b>Federal</b>	131,521,400	129,169,500	129,169,500	129,169,500		(2,351,900)	(1.8)
<b>Local</b>	0	0	0	0		0	0.0
<b>Private</b>	435,700	435,700	435,700	435,700		0	0.0
<b>Restricted</b>	192,059,100	147,153,500	138,421,500	146,905,800		(53,637,600)	(23.4)
<b>GF/GP</b>	66,653,161	53,055,800	51,458,700	56,196,500		(15,194,461)	(22.8)
<b>Gross</b>	<b>\$404,712,261</b>	<b>\$343,957,400</b>	<b>\$333,628,300</b>	<b>\$346,850,400</b>		<b>(71,083,961)</b>	<b>(17.6)</b>
<b>FTEs</b>	1,596.7	1,622.7	1,628.7			26.0	1.6

<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>		<b><u>YTD FY 2002-03</u></b>	<b><u>Conference Change</u></b>
<b>PROGRAM REDUCTIONS</b>			
<b><i>1. Septage Waste Program</i></b>	<b>Gross</b>	<b>\$1,874,100</b>	<b>(\$0)</b>
The Septage Waste Hauler License Fee deduct would be eliminated reflecting elimination of the septage program.	Restricted	1,752,400	(0)
Accumulated fee revenue would be returned to those who paid the fee in FY 2002-03.	GF/GP	\$121,700	(\$0)
<b>House: (\$121,700)</b>			
<b>Senate: (\$0)</b>			
<b>Executive: (\$1,874,100)</b>			
<b><i>2. Recreational Resources Program</i></b>	<b>Gross</b>	<b>\$651,500</b>	<b>(\$0)</b>
Swimming pool inspections and certifications for public swimming facilities (including public schools and higher educational institutions) would be discontinued. Inspections and plan reviews would be the responsibility of local governments.	Restricted	318,100	(0)
	GF/GP	\$333,400	(\$0)
<b>House: (\$333,400)</b>			
<b>Senate: (\$0)</b>			
<b>Executive: (\$651,500)</b>			
<b><i>3. Manufactured Housing</i></b>	<b>Gross</b>	<b>\$621,200</b>	<b>(\$0)</b>
Inspections of manufactured homes and certification of mobile home park water supplies would be handled by local regulatory authorities.	GF/GP	\$621,200	(\$0)
<b>House: (\$620,200)</b>			
<b>Senate: (\$0)</b>			
<b>Executive: (\$621,200)</b>			
<b><i>4. Environmental Training</i></b>	<b>Gross</b>	<b>\$295,800</b>	<b>(\$295,800)</b>
The department sponsored workshop program will no longer be supported from workshop revenue. This program no longer generates workshop registration fee support.	Restricted	295,800	(295,800)
<b>House: (\$295,800)</b>			
<b>Senate: (\$295,800)</b>			
<b>Executive: (\$295,800)</b>			

**ONE TIME PROGRAMS & FUNDING ADJUSTMENTS****5. Michigan Underground Storage Tank Financial Assurance Fund**

<b>Gross</b>	<b>\$0</b>	<b>(\$58,035,700)</b>
Restricted	0	(58,035,700)

The 7/8 cent fee on motor fuels would no longer be collected. Bonding requirements for the Underground Storage Tank cleanup program will be met in FY 2002-2003. Any remaining revenue in the fund will be transferred to the Environmental Response Fund and used to cleanup contamination at underground storage tank sites.

**House: (\$58,035,700)**  
**Senate: (\$58,035,700)**  
**Executive: (\$58,035,700)**

**6. Superfund Program**

<b>Gross</b>	<b>\$7,000,000</b>	<b>(\$3,000,000)</b>
Federal	7,000,000	(3,000,000)

The Federal Superfund deduct would be reduced to reflect expected FY 2003-04 revenue.

**House: (\$3,000,000)**  
**Senate: (\$3,000,000)**  
**Executive: (\$3,000,000)**

**7. Lake St. Clair Water Quality Monitoring**

<b>Gross</b>	<b>\$2,500,000</b>	<b>(\$800,000)</b>
Restricted	2,500,000	(800,000)

Funding for this one time budget item would be eliminated.

The Conference Report includes second year funding and authorizes funds for water quality monitoring.

**House: (\$0)**  
**Senate: (\$800,000)**  
**Executive: (\$2,500,000)**

**8. Environmental Response Fund**

<b>Gross</b>	<b>\$2,439,000</b>	<b>(\$850,000)</b>
Restricted	2,439,000	(850,000)

The Environmental Response Fund deduct in the Storage Tank Program would be reduced to reflect expected spending requirements and anticipated FY 2003-04 revenue.

**House: (\$850,000)**  
**Senate: (\$850,000)**  
**Executive: (\$850,000)**

**9. Scrap Tire Research**

<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
Restricted	200,000	(200,000)

Funding for this one time budget item would be eliminated.

**House: (\$200,000)**  
**Senate: (\$200,000)**  
**Executive: (\$200,000)**

**10. Great Lakes Shorelands**

<b>Gross</b>	<b>\$2,494,800</b>	<b>(\$120,000)</b>
Federal	1,260,100	0

Matching funds for the Federal Coastal Zone Management

Program would be provided for existing restricted fund expenditures.	Restricted	624,600	0
	GF/GP	\$490,100	(\$120,000)

**House: (\$120,000)**  
**Senate: (\$120,000)**  
**Executive: (\$120,000)**

***11 Submerged Log Program***

This program would be wholly supported from restricted funds.

<b>Gross</b>	<b>\$134,600</b>	<b>(\$33,000)</b>
Restricted	101,600	0
GF/GP	\$33,000	(\$33,000)

**House: (\$33,000)**  
**Senate: (\$33,000)**  
**Executive: (\$33,000)**

**PROGRAM EXPANSIONS & FUNDING INCREASES**

***12. Scrap Tire Grants***

Scrap tire fees were increased from \$.50 to \$1.50 in 2002. This revenue increase would be added to the existing grant program for scrap tire recycling and site cleanup.

<b>Gross</b>	<b>\$700,000</b>	<b>\$2,800,000</b>
Restricted	700,000	2,800,000

**House: \$2,800,000**  
**Senate: \$2,800,000**  
**Executive: \$2,800,000**

***13. Storm Water Discharge Program***

This expanded program, funded by an increased fee on municipal storm sewer systems and commercial sites, would enable the Department to meet new federal standards for storm water discharges. Enabling legislation is required. This recommendation is not included in the House Substitute.

<b>Gross</b>	<b>\$900,000</b>	<b>\$1,162,500</b>
Restricted	900,000	1,162,500

**House: \$1,162,500**  
**Senate: \$1,162,500**  
**Executive: \$1,162,500**

***14. Public Water System Security***

Additional federal funds would be provided for training programs for public water system operators. This recommendation is not included in the House Substitute.

<b>Gross</b>	<b>\$0</b>	<b>\$400,000</b>
Federal	0	400,000

**House: \$400,000**  
**Senate: \$400,000**  
**Executive: \$400,000**

***15. Great Lakes Shorelands***

Restricted fund support would be increased to expand

<b>Gross</b>	<b>\$2,494,800</b>	<b>\$100</b>
Federal	1,260,100	0

department efforts supporting the permit process for the application of chemicals to control aquatic vegetative nuisance species in inland lakes. A General Fund savings is possible through this increase.

Restricted	624,600	100
GF/GP	\$490,100	\$0

**House: \$0**  
**Senate: \$0**  
**Executive: \$125,000**

***16. Groundwater Database Program***

Federal funds would be provided to the Drinking Water Program to support ongoing efforts to model and predict groundwater supply, demand and flow in the subsurface.

<b>Gross</b>	<b>\$0</b>	<b>\$180,000</b>
Federal	0	180,000

**House: \$180,000**  
**Senate: \$180,000**  
**Executive: \$180,000**

***17. Groundwater Inventory and Map***

Clean Michigan Initiative Clean Water Fund support was added to cover the cost of preparing a statewide groundwater map

<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Restricted	0	1,000,000

**House: \$0**  
**Senate: \$1,000,000**  
**Executive: \$0**

## FEE INCREASES AND FUNDING SHIFTS

### **18. National Pollution Discharge Elimination Permit Fees**

A new fee would be assessed on facilities that produce and discharge liquid wastes into Michigan surface waters. This increase would provide nearly \$6.9 million in new revenue. Funds would be provided to realize General Fund savings.

<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
Restricted	0	3,000,000
GF/GP	\$0	\$0

Enabling legislation is required.

**House: \$0**

**Senate: \$3,524,500**

**Executive: \$7,220,900**

### **19. Groundwater Discharge Fees**

A new fee on public and private discharges into the subsurface would replace reduced General Fund support for the groundwater permit and solid waste compliance program.

<b>Gross</b>	<b>\$1,388,200</b>	<b>\$1,700,000</b>
Restricted	0	1,700,000
GF/GP	\$1,388,200	(\$1,700,000)

Enabling legislation is required.

**House: \$0**

**Senate: \$1,900,000**

**Executive: \$2,200,000**

### **20. Solid Waste Fees**

A revised fee structure for Michigan landfills will generate \$3.9 million in revenue. This change would replace reduced General Fund support for the groundwater permit and solid waste compliance program.

<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Restricted	2,598,400	2,598,400
GF/GP	(\$2,598,400)	(\$2,598,400)

Enabling legislation is required

**House: \$0**

**Senate: \$2,598,400**

**Executive: \$2,598,400**

### **21. Laboratory User Fees**

A revised fee structure for laboratory services would require payment for sample follow-up testing, cleanup site sample tests, and other activities subsidized by General Fund appropriations.

<b>Gross</b>	<b>\$2,750,400</b>	<b>\$89,300</b>
Restricted	2,600,400	239,300
GF/GP	\$150,000	(\$150,000)

**House: \$89,300**

**Senate: \$89,300**

**Executive: \$89,300**

**Major Boilerplate Changes from FY 2002-03:**

***Sec. 206 Contingency Transfer Authorization***

This Section is not in the Conference Report.

***Sec. 503 Great Lakes Water Quality Bond Report –NEW***

This report would describe the effectiveness of the 1988 Quality of Life Bond program.

***Sec. 904. Groundwater Inventory and Map -NEW***

This Section explains the desired use of the CMI appropriation for the groundwater inventory and map program added by the Senate.

***Sec. 1104. County Grants: Water Quality Monitoring – Changed by the Conference Committee***

This section provides \$700,000 to the City of St.Clair Shores and \$1,000,000 for the monitoring program for the Lake St. Clair watershed.