

**Summary: House Passed
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 Executive Recommendation:

- National Pollution Discharge Elimination System fees: \$7.2 million
- Groundwater Discharge Permit fees: \$3.6 million
- Solid Waste Fees: \$3.9 million

Each of these proposals requires legislative authorization. None of these fee proposals are included in the House Substitute.

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.

Eliminated Programs:

- Site planning for manufactured homes: \$621,200

Reduced Programs:

- General Fund supported line items reduced by 15% and 30%: \$9,822,000

FY 2003-04 Recommendations

	FY 2002-03 YTD (as 5/8/03)	Executive	House	Senate	Enacted	Difference: House to 2002-03 YTD	
						Amount	%
IDG/IDT	\$14,042,900	\$14,142,900	14,142,900			\$100,000	0.7
Federal	131,521,400	129,169,500	129,169,500			(2,351,900)	(1.8)
Local	0	0	0			0	0.0
Private	435,700	435,700	435,700			0	0.0
Restricted	192,059,100	147,153,500	138,421,500			(53,637,600)	(27.9)
GF/GP	66,653,161	53,055,800	51,459,700			(15,193,461)	(22.8)
Gross	\$404,712,261	\$343,957,400	\$333,629,300			(71,082,961)	(17.6)
FTEs	1,596.7	1,622.7	1,628.7			26.0	1.6

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
PROGRAM REDUCTIONS			
1. <i>Septage Waste Program</i>			
The Septage Waste Hauler License Fee deduct would be eliminated reflecting elimination of the septage program. Accumulated fee revenue would be returned to those who paid the fee in FY 2002-03.	Gross	\$1,874,100	(\$0)
	Restricted	1,752,400	(0)
	GF/GP	\$121,700	(\$0)
The House restored this program.			
Executive: (\$1,874,100)			
2. <i>Unit General Fund Reductions</i>			
The House Substitute reduced all General Fund supported line items by 15% of the level of General Fund recommended by the Executive. Administrative units were reduced by 15%.	Gross	NA	(\$9,822,000)
	GF/GP		(\$9,822,000)
3. <i>Recreational Resources Program</i>			
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.	Gross	\$651,500	(\$0)
	Restricted	318,100	(0)
	GF/GP	\$333,400	(\$0)
The House restored this program			
Executive: (\$651,500)			
4. <i>Manufactured Housing</i>			
Inspections of manufactured homes and certification of mobile home park water supplies would be handled by local regulatory authorities.	Gross	\$621,200	(\$621,200)
	GF/GP	\$621,200	(\$621,200)
Executive: (\$621,200)			
5. <i>Environmental Training</i>			
The department sponsored workshop program will no longer be supported from workshop revenue. This program no longer generates workshop registration fee support.	Gross	\$295,800	(\$295,800)
	Restricted	295,800	(295,800)
Executive: (\$295,800)			
ONE TIME PROGRAMS & FUNDING ADJUSTMENTS			
6. <i>Michigan Underground Storage Tank Financial Assurance Fund</i>			
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.	Gross	\$0	(\$58,035,700)
	Restricted	0	(58,035,700)
Executive: (\$58,035,700)			
7. <i>Superfund Program</i>			
The Federal Superfund deduct would be reduced to reflect expected FY 2003-04 revenue.	Gross	\$7,000,000	(\$3,000,000)
	Federal	7,000,000	(3,000,000)

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
Executive: (\$3,000,000)			
8. Lake St. Clair Water Quality Monitoring	Gross	\$2,500,000	(\$0)
Funding for this one time budget item would be eliminated.	Restricted	2,500,000	(0)
The House Substitute includes second year funding and authorizes funds for remediation, in addition to water quality monitoring.			
Executive: (\$2,500,000)			
9. Environmental Response Fund	Gross	\$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.	Restricted	2,439,000	(850,000)
Executive: (\$850,000)			
10. Scrap Tire Research	Gross	\$200,000	(\$200,000)
Funding for this one time budget item would be eliminated.	Restricted	200,000	(200,000)
Executive: (\$200,000)			
11. Great Lakes Shorelands	Gross	\$2,494,800	(\$120,000)
Matching funds for the Federal Coastal Zone Management Program would be provided for existing restricted fund expenditures.	Federal	1,260,100	0
	Restricted	624,600	0
	GF/GP	\$490,100	(\$120,000)
Executive: (\$120,000)			
12. Submerged Log Program	Gross	\$134,600	(\$33,000)
This program would be wholly supported from restricted funds.	Restricted	101,600	0
	GF/GP	\$33,000	(\$33,000)
Executive: (\$33,000)			
PROGRAM EXPANSIONS & FUNDING INCREASES			
13. Scrap Tire Grants			
Scrap tire fees were increased from \$.50 to \$1.50 in 2002.	Gross	\$700,000	\$2,800,000
This revenue increase would be added to the existing grant program for scrap tire recycling and site cleanup.	Restricted	700,000	2,800,000
Executive: \$2,800,000			
14. Groundwater Discharge Permit Program	Gross	\$0	\$0
A new permit program would be established. Annual discharge permit fees would be collected from facilities that discharge waste water to the ground or groundwater. Enabling legislation is required.	Restricted	0	0
This recommendation is not included in the House Substitute.			
Executive: \$2,200,000			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		<u>YTD FY 2002-03</u>	<u>House Change</u>
15. National Pollution Discharge Elimination Permit Program	Gross	\$0	\$0
	Restricted	0	0
<p>The proposed new NPDES fee would be assessed on facilities that produce and discharge liquid wastes. A portion of this increase would be provided for compliance and enforcement programs. Enabling legislation is required.</p> <p>This recommendation is not included in the House Substitute.</p> <p>Executive: \$2,200,000</p>			
16. Storm Water Discharge Program	Gross	\$900,000	\$1,162,500
	Restricted	900,000	1,162,500
<p>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.</p> <p>This recommendation is not included in the House Substitute.</p> <p>Executive: \$1,162,500</p>			
17. Public Water System Security	Gross	\$0	\$400,000
	Federal	0	400,000
<p>Additional federal funds would be provided for training programs for public water system operators.</p> <p>This recommendation is not included in the House Substitute.</p> <p>Executive: \$400,000</p>			
18. Great Lakes Shorelands	Gross	\$2,494,800	\$0
	Federal	1,260,100	0
	Restricted	624,600	0
	GF/GP	\$490,100	(\$0)
<p>Restricted fund support would be increased to expand 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.</p> <p>This recommendation is not included in the House Substitute.</p> <p>Executive: \$125,000</p>			
19. Groundwater Database Program	Gross	\$0	\$180,000
	Federal	0	180,000
<p>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.</p> <p>Executive: \$180,000</p>			

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>	<u>YTD FY 2002-03</u>	<u>House Change</u>
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FEE INCREASES AND FUNDING SHIFTS

20. 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 for proposed compliance program improvements and to realize General Fund savings.

Gross	\$0	\$0
Restricted	0	0
GF/GP	\$0	\$0

Enabling legislation is required.

This recommendation is not included in the House Substitute.
Funds would be appropriated if needed legislation is enacted.

Executive: \$7,220,900

21. Groundwater Discharge Fees

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

Gross	\$1,388,200	\$0
Restricted	0	0
GF/GP	\$1,388,200	\$0

Enabling legislation is required.

This recommendation is not included in the House Substitute.

Executive: \$2,200,000

22. Solid Waste Fees

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

Gross	\$3,914,500	\$0
Restricted	1,316,100	0
GF/GP	\$2,598,400	\$0

Enabling legislation is required

This recommendation is not included in the House Substitute.

Executive: \$3,914,500

23. 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.

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

Executive: \$89,300

Major Boilerplate Changes from FY 2002-03:

Sec. 206. Contingency Transfer Authorization

This Section is not in the House Substitute.

House Substitute does not include this proposed section

Sec. 210. Incentive for Administrative Efficiencies – NEW SECTION

The **Executive** allows the reappropriation of one half of the realized General Fund lapse from FY 2002-2003. Funds could be spent if the proposed spending plan is approved by the State Budget Director.