

ENVIRONMENTAL QUALITY
Summary: HB 4358, H-1, CR-1
FY 2007-08

Analyst: Kirk Lindquist

	FY 2006-07 YTD	FY 2007-08 Executive	FY 2007-08 House	FY 2007-08 Senate	FY 2007-08 Conference	Difference: Conference From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$18,156,400	\$18,411,800	\$18,411,800	\$0	\$18,662,900	\$506,500	2.8
Federal	137,682,700	132,274,300	132,739,700	0	131,750,500	(5,932,200)	(4.3)
Local	0	0	0	0	0	0	0.0
Private	450,000	455,100	455,100	0	455,100	5,100	1.1
Restricted	261,002,800	187,690,000	171,681,900	0	188,212,700	(72,790,100)	(27.9)
GF/GP	30,787,700	32,796,400	49,621,100	(100)	31,763,200	975,500	3.2
Gross	\$448,079,600	\$371,627,600	\$372,909,600	(\$100)	\$370,844,400	(\$77,235,200)	(17.2)
FTEs	1,567.7	1,567.7	1,567.7		1,567.7	0	0.0

Note: FY 2006-07 figures include the results of supplementals and Executive Order (EO) actions through September. 30, 2007..

Overview

The Department of Environmental Quality supports environmental protection, conservation, and cleanup and redevelopment programs and regulatory efforts established to protect, restore, and reuse Michigan's air, water, and land resources. More than half of Department's annual revenue is collected from permits and licenses.

Summary of Major Budget Issues

One-time FY 2006-07 restricted and federal fund appropriations eliminated: (\$65,397,800).

Reduce Drinking Water Revolving Fund program: (\$7,516,400 Gross, \$1,347,400, GF/GP).

Restricted Fund fee increases: \$16,258,700.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Conference Change From YTD</u>
1. Restricted Fee Revenue	Gross	\$22,900,450	\$0
Conference report includes increased fee revenue for 8 different restricted funds -- \$16,258,700.	Restricted	\$22,900,450	\$0
	<u>New Fee Needed</u>	<u>FY 2008 Rev.</u>	
• Air Emissions Fees	\$5,903,800	\$10,600,000	
• Land & Water Fees	2,730,800	2,399,200	
• Solid Waste Fees	1,228,100	4,200,000	
• Groundwater Discharge	1,803,800	1,303,400	
• Poll. Prevention Fees	2,694,700	2,400,000	
• Haz. Waste User Fees	1,165,900	1,200,000	
• Onsite Waste Water Mgt.	592,500	0	
• Mineral Wells Reg. Fees	139,100	140,000	

No program expansions are funded from these increased revenues.

October 29, 2007

Major Budget Changes From FY 2006-07 YTD Appropriations		FY 2006-07 YTD	Conference Change From YTD
2. Deposits into Drinking Water Revolving Fund		Gross	\$95,579,900 (\$9,270,600)
Reduces General Fund appropriation to the Drinking Water Revolving Fund. This reduction affects the amount of matched Federal revenue to this fund. Sufficient funding is available to meet expected demand for community applications for drinking water construction project loans.		Federal	80,000,000 (8,457,000)
		Restricted	11,400,000 0
		GF/GP	\$4,179,900 (\$813,600)
3. One-time Restricted Fund Appropriations		Gross	\$66,061,000 (\$65,147,800)
Deletes funding for the following FY 2007 appropriations:		Restricted	66,061,000 (65,147,800)
<ul style="list-style-type: none"> Strategic Water Quality Initiative \$40,000,000 Environmental Prot. Bond Fund 15,500,000 CMI Environmental Response 8,747,800 CMI Pollution Prevention 100,000 St. Clair Shores: Lange/Revere Canals 500,000 St. Louis Water Supply Wells 300,000 			
4. Refined Petroleum Product Cleanup Program Revenue		Gross	\$22,000,000 (\$2,000,000)
Program funding is reduced to reflect expected revenue levels.		Restricted	22,000,000 (2,000,000)
5. Septage Waste Compliance Program Revenue		Gross	\$1,525,000 (\$1,125,000)
Program funding is reduced to reflect expected revenue levels.		Restricted	1,525,000 (1,125,000)
6. Air Quality Renewable Operating Permit Program		Gross	\$23,948,500 \$1,000,000
Program increase covers staffing and IT development costs required under the Federal Clean Air Act for the Renewable Operating Permit program (Title V).		Federal	5,708,900 0
		Restricted	14,806,200 1,000,000
		GF/GP	\$3,433,400 \$0
7. Great Lakes Protection Grants		Gross	\$2,000,000 (\$1,000,000)
Grant levels are reduced to reflect the amount of revenue expected from the Great Lakes Protection Fund. Interest earnings have not been sufficient to sustain the current grant level.		Restricted	2,000,000 (1,000,000)
8. Outdoor Bio-watch Network		Gross	\$23,948,500 \$575,000
Federal funding from the Department of Homeland Security is provided to expand the existing Bio-watch program to include indoor monitoring.		Federal	5,708,900 575,000
		Restricted	14,806,200 0
		GF/GP	\$3,433,400 \$0
9. Information Technology: Information Lifecycle Content Management System (ILCM)		Gross	\$6,810,400 \$500,000
To provide efficiency gains in information storage, document handling and related business processes.		IDT	52,800 0
		Federal	1,915,200 0
		Restricted	4,310,900 500,000
		GF/GP	\$531,500 \$0
10. Expedited Water/Waste Water Permit Program (New)		Gross	\$0 \$400,000
Allows expenditure of revenue collected for expedited permit reviews, pursuant to PA's 601 and 602 of 2006.		Restricted	0 400,000
11. Clean Michigan Initiative Administrative Funding		Gross	\$1,111,700 (\$785,700)
Reduces appropriated support for administrative costs related to the Clean Michigan Initiative program.		Restricted	1,111,700 (785,700)

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>Conference Change From YTD</u>
12. Economic Adjustments	Gross	N/A	\$5,500,700
Provides support for negotiated civil service 4.0% wage increase,	IDG		178,200
retirement plan contributions, and employer share of health	Federal		1,334,600
insurance premiums.	Private		5,100
	Restricted	N/A	3,231,900
	GF/GP		\$750,900

Major Boilerplate Changes From FY 2006-07

Sec. 210. Contingency Fund Transfers – NEW

Provides \$30,000,000 in authorized transfer authority for unanticipated Federal grant revenue, \$5,000,000 for restricted revenue, \$100,000 for local revenue, and \$100,000 for private revenue.

Sec. 218. Michigan Great Lakes Areas of Concern – DELETED

Directs Department to develop a strategy, with the federal EPA and public advisory councils, to remove Michigan's Great Lakes Areas of Concern from the federal list.

Sec. 223. EPA Regulatory Innovation Agreement – DELETED

Intent that department renews its agreement with the Federal EPA to help farms and farm operations prevent or minimize agricultural pollution risks.

Sec. 227. Oil or Alternative Fuels Refinery Permits – DELETED

Requires a report on permits necessary to construct and operate proposed refineries, and requires the department to expedite the permit process for these facilities.

Sec. 227. Restricted Fund Shortfall Plan – NEW

Provides legislative intent to address restricted fund shortages on January 15, 2008.

Sec. 503. Processing Regulatory Compliance Guide – DELETED

Requires publication of a guide containing state regulatory requirements for fruit and vegetable processors.

Sec. 706. Audit of Leaking Underground Storage Tank Program – NEW

Provides legislative intent to have the Legislative Auditor General perform a performance audit of the Leaking Underground Storage Tank Program.

Sec. 707. Operational Memoranda – NEW

Bans the use of operational memoranda for selected programs.

Sec. 801. Notice of Department Orders – Suspended Sale of Petroleum Products – DELETED

Requires 48-hour notice to Legislature before Department issues an order suspending sale of petroleum products by a wholesale or retail operator.

Sec. 802. Sewerage Discharge Elimination Plan – NEW

Requires preparation of a plan to eliminate sewerage discharges into water resources by 2015.

Sec. 803. Concentrated Animal Feeding Operations (CAFO) Report – NEW

Requires Department and the Department of Agriculture to prepare a report on the CAFO inspection program.

Sec. 902. Federal Drinking Water Act Technical Assistance – DELETED

Specifies allocation of 2% of available funds for safe drinking water technical assistance activities.