



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 121 (as introduced)
 Committee: Appropriations

[Vehicle for Governor's Recommendation line items is Senate Bill 133](#)

FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2014-15 YEAR-TO-DATE	FY 2015-16 GOV.'S REC.	CHANGES FROM FY 2014-15 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions.....	1,284.5	1,221.0	(63.5)	(4.9)
GROSS	502,591,800	487,925,900	(14,665,900)	(2.9)
Less:				
Interdepartmental Grants Received	9,530,500	9,115,300	(415,200)	(4.4)
ADJUSTED GROSS.....	493,061,300	478,810,600	(14,250,700)	(2.9)
Less:				
Federal Funds.....	149,867,600	138,163,100	(11,704,500)	(7.8)
Local and Private	546,900	546,000	(900)	(0.2)
TOTAL STATE SPENDING.....	342,646,800	340,101,500	(2,545,300)	(0.7)
Less:				
Other State Restricted Funds.....	301,770,900	304,723,800	2,952,900	1.0
GENERAL FUND/GENERAL PURPOSE.....	40,875,900	35,377,700	(5,498,200)	(13.5)
PAYMENTS TO LOCALS	2,775,000	3,648,500	873,500	31.5

FY 2014-15 Year-to-Date Gross Appropriation	\$502,591,800
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Changes from FY 2014-15 Year-to-Date:

- Underground Storage Tank Authority.** The Governor included revenue from the Underground Storage Tank Cleanup Fund to provide monies to address privately-owned leaking underground storage tanks. This fund and program were created by Public Act 416 of 2014. The Fund receives the first \$20.0 million of the 7/8th cent environmental regulatory fee paid on each gallon of refined petroleum products in Michigan. The remainder of that revenue is credited to the Refined Petroleum Fund, as all of this revenue had been before the enactment of this program. 20,000,000
- Refined Petroleum Product Cleanup Program.** The Governor included a reduction in this program from \$32.9 million in FY 2014-15 to \$20.0 million in FY 2015-16. Public Act 416 of 2014 redirected the first \$20.0 million in Refined Petroleum Fund (RPF) revenue, the sole support for this program, to a new fund that will be used to clean up leaking underground storage tanks on private property, rather than orphaned tanks, which is what this program covers. There is a sufficient balance in the RPF to partially offset the redirection of these funds, so the reduction the Governor included in this line is \$12.9 million rather than the full \$20.0 million. (12,900,000)
- Air Quality Fee Increase.** The Governor included additional Air Quality Fees revenue in anticipation of an increase in fees charged per ton of air emissions at regulated facilities. The current fee is \$47.95 per ton; the Governor's budget assumes an increase to \$65.00 per ton. The current fee raises about \$9.6 million per year, with this increase the fee would raise about \$11.9 million. Additional revenue would be used to expand the program and ensure that Federal and State requirements are met. 2,250,000

4. Fee Sunsets. The Governor's budget assumes that a number of fee sunsets are eliminated or delayed. Failure to address these sunsets would result in the loss of about \$27.1 million in revenue across a number of restricted funds in the DEQ budget.	0
5. Air Quality - Environmental Pollution Prevention Fund (EPPF). The Governor removed EPPF currently revenue used to support the Air Quality Division. The Fund does not have revenues or a balance that allows for current-year appropriation levels to be maintained. This reduction would have a programmatic impact on the Air Quality Division and would result in the reduction of services, permit delays, or other outcomes.	(1,337,000)
6. Drinking Water Revolving Fund State Match. The Governor included a reduction for this program. The DEQ receives a 5:1 Federal match on State monies dedicated to this program which provides low-interest loans to municipalities for improvements to drinking water infrastructure. In addition to GF/GP, the DEQ also uses repayments from previous loans as matching funds. Between repayments and the \$2.05 million GF/GP that would be left in the program if this reduction were enacted, the DEQ should be able to leverage all available Federal funds.	(2,950,000)
7. Radiological Protection Program. The Governor included additional interdepartmental grant revenue from the Department of State Police to conduct Federally-mandated radiological emergency preparedness exercises at Michigan's nuclear power plants. The funds used for these activities come from these power plants, and the cost of the exercises is anticipated to rise.	366,000
8. Clean Michigan Initiative Adjustments. The Governor included a number of adjustments to the Clean Michigan Initiative funds used in the DEQ budget. These adjustments reflect statutory requirements, fund availability, and expected Federal revenue.	(1,473,200)
9. Overstated Federal Authorization. The Governor reduced a number of line-items to reflect lower-than-appropriated Federal receipts. Many of these items have been over-appropriated (appropriation exceeds size of actual Federal grant) for a number of years. These adjustments would bring appropriations to the level of expected revenue.	(10,907,000)
10. Technical Adjustments. The Governor included reductions in excess restricted fund appropriations in the Contaminated Site Investigation, Cleanup, and Revitalization line, restricted fund shifts in Oil, Gas, and Mineral Services, and an increase in authorization to reflect statutory changes in the Aquatic Nuisance Control Program.	(4,882,000)
11. Remove FY 2014-15 One-Time Appropriations.	(2,500,000)
12. Economic Adjustments. Includes a negative \$1,503,500 Gross and a negative \$241,100 GF/GP for OPEB and \$1,170,800 Gross and \$192,900 GF/GP for other economic adjustments.	(332,700)
Total Changes	(\$14,665,900)
FY 2015-16 Governor's Recommendation	\$487,925,900

The changes show the differences between the schedule of programs proposed by the Governor and the prior-year line items.

Boilerplate Changes from FY 2014-15 Year-to-Date:

1. **New Program Benchmarks.** The Governor removed a section requiring any new or expanded programs over \$500,000 to have identified metrics. (Sec. 204)
2. **Report Retention.** The Governor removed a section requiring the Department to abide by State and Federal guidelines for record retention. (Sec. 207)
3. **Disciplinary Action.** The Governor removed a section prohibiting disciplinary action from being taken against employees who communicate with the Legislature. (Sec. 212)
4. **Small Business Rules.** The Governor removed a section prohibiting rules that have a disproportionate impact on small businesses. (Sec. 213)

5. **FTE Report.** The Governor removed a report on the number of FTEs in the Department after the beginning of the fiscal year. (Sec. 223)
6. **Customer Satisfaction Report.** The Governor removed a report on the customer satisfaction program. (Sec. 228)
7. **Expedited Permit Program Report.** The Governor removed a report on this program. (Sec. 229)
8. **Refined Petroleum Fund (RPF) Repayment.** The Governor removed a section establishing intent that \$70.0M borrowed from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
9. **RPF Site List.** The Governor removed a list of sites to be funded with Refined Petroleum Fund revenue in part 1. (Sec. 306)
10. **Aquatic Nuisance Control (ANC) Program.** The Governor removed a section requiring \$700,000 and 5.0 FTEs to be allocated to this program. (Sec. 401)
11. **Water Quality and Use Initiative Report.** The Governor removed a report on the use of funds for this program. (Sec. 402)
12. **Air Quality Penalties.** The Governor removed a section prohibiting the Department from issuing additional penalties for violations committed by a facility's previous owner, unless compelled by a legal agreement. (Sec. 502)
13. **Increased Air Fees.** The Governor included a new section directing the Department to use increased funds for the Air Quality Program to increase compliance assistance, permitting, inspections, monitoring, and enforcement. The funds would assist with ensuring that Michigan meets National Ambient Air Quality Standards. (Sec. 501 of Gov's Rec.)
14. **Stormwater, Asset Management, and Wastewater (SAW) Grants Report.** The Governor removed section requiring a report on all previously awarded SAW grants. (Sec. 603)
15. **Environmental Pollution Prevention Fund (EPPF) Revenue Shortfall.** The Governor removed a section requiring EPPF appropriations to be used for the Hazardous Waste Management Program as a priority if EPPF revenues are not sufficient to cover all appropriations of the fund. (Sec. 604)
16. **FY 2015-16 Appropriation Intent.** The Governor removed two sections stating legislative intent for appropriations in FY16. (Secs. 1201 & 1202)

Date Completed: 2/17/15

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