



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



# BILL ANALYSIS

Telephone: (517) 373-2768  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1086 (S-1 as passed by the Senate)

Committee: Appropriations

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>FY 2005-06 Year-to-Date Gross Appropriation .....</b>                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>\$455,196,000</b>  |
| <b>Changes from FY 2005-06 Year-to-Date:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                  |                       |
| 1. <b>State Revolving Fund.</b> Federal funding for the Water Pollution Control Revolving Loan Fund is reduced by \$5.0 million to reflect an anticipated reduction in grant level. The required State match is subsequently reduced by \$1,073,600 GF/GP.                                                                                                                                                                                                                    | (6,073,600)           |
| 2. <b>Manufactured Housing Fees.</b> This program is administered jointly with the Department of Labor and Economic Growth (DLEG). Insufficient funds are available in the fee fund to support the DEQ activities and the Senate eliminated the fund source in the budget. All activities will be performed by DLEG.                                                                                                                                                          | (633,300)             |
| 3. <b>Cleanup Fund Shifts.</b> The Senate included a number of fund shifts to address revenue shortfalls in various cleanup funds. Appropriations previously supported by the Cleanup and Redevelopment Fund would be shifted to the General Fund (\$2.0 million) and the Environmental Protection Fund (\$1.0 million). Clean Michigan Initiative administrative funding of \$1.9 million would be reduced and replaced with revenue from the Environmental Protection Fund. | 0                     |
| 4. <b>General Fund Reduction and Fund Shift.</b> To meet reduced General Fund revenue projections, the Senate replaced a General Fund reduction of \$434,000 with revenue from the Environmental Protection Fund in cleanup site administration.                                                                                                                                                                                                                              | 0                     |
| 5. <b>Land and Water Fund Shift.</b> In addition to supporting cleanup administration, the Governor recommended additional appropriations from the Environmental Protection Fund to replace funding from land and water permit fees for which revenue is anticipated to fall short of program needs. The total fund shift is for \$1,613,800. The Senate concurred.                                                                                                           | 0                     |
| 6. <b>Department of Transportation (MDOT) Funding.</b> The Senate increased the interdepartmental grant from the MDOT to support field permitting and project assistance and match the MDOT budget.                                                                                                                                                                                                                                                                           | 27,200                |
| 7. <b>FTE Reductions.</b> To decrease GF/GP appropriations, funding and FTEs (0.5 FTEs from Air Quality and 4.0 FTEs from Surface Water) are reduced.                                                                                                                                                                                                                                                                                                                         | (425,600)             |
| 8. <b>Human Resource Changes.</b> Savings related to the HR optimization process are proposed, including the reduction of 1.0 FTEs.                                                                                                                                                                                                                                                                                                                                           | (35,500)              |
| 9. <b>Remove One-time Items.</b> The Governor recommended the removal of one-time appropriations enacted in FY 2005-06, including the Refined Petroleum Fund initial cleanup program, the household hazardous waste collection program, and a grant for real-time water quality monitoring. The Senate concurred.                                                                                                                                                             | (80,350,000)          |
| 10. <b>Economic Adjustments.</b> The budget included economic adjustments for worker's compensation, building occupancy charges, salaries and fringe benefits, and information technology.                                                                                                                                                                                                                                                                                    | 5,777,800             |
| 11. <b>Other Changes.</b> The budget made other adjustments to reflect actual revenue anticipated and other budget reductions.                                                                                                                                                                                                                                                                                                                                                | (1,354,500)           |
| 12. <b>Comparison to Governor.</b> The Senate budget is \$1,900,000 Gross over and \$434,000 GF/GP under the Governor's recommended budget.                                                                                                                                                                                                                                                                                                                                   |                       |
| <b>Total Changes.....</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>(\$83,067,500)</b> |
| <b>FY 2006-07 Senate Gross Appropriation .....</b>                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>\$372,128,500</b>  |

**Changes from FY 2005-06 Year to Date:**

1. **Sections Removed.** The Governor and Senate removed language sections addressing a project list for Refined Petroleum Fund sites, Romulus deep injection well, notification of groundwater use, inspections of solid waste, and a real-time water quality monitoring project.
2. **Sections Retained.** The Senate retained language sections addressing the retention of reports, public meetings on water diversion, the MI Youth Conservation Council, areas of concern, a prohibition on disciplinary action, fine and penalty collections, a waiver of certain permit fees, a requirement for bioavailability studies for cleanup sites, notification of petroleum-related orders, safe drinking water technical assistance, and scrap tire suppression. (Secs. 207, 210, 213, 218, 219, 220, 601, 702, 801, 902, and 1102)
3. **Reports Retained.** The Senate retained reporting requirements for restricted funds, grant and loan programs, air quality programs, the Great Lakes Water Quality bond, and the NPDES Fund. (Secs. 208, 209, 401, 501, and 901)
4. **Contingency Funds.** The Senate did not include language recommended by the Governor authorizing contingency fund appropriations of \$30.0 million Federal, \$5.0 million State restricted, \$100,000 local, and \$100,000 private funds.
5. **Report on Cleanup Programs.** The Governor recommended including the new Refined Petroleum Fund cleanup program in the report. The Senate concurred. (Sec. 211)
6. **Carryforward of Cleanup Appropriations.** The budget added language allowing funding from the Refined Petroleum Fund cleanup program to carryforward and be used for sites listed in the bill or other legislatively-authorized sites. (Sec. 212)
7. **Settlement Funds Carryforward.** The Senate and Governor included a new section that would carryforward up to \$2.5 million in the Settlement Funds account to the succeeding fiscal year. (Sec. 221)
8. **Benchmarking Report.** The Senate added language for the DEQ to establish an ongoing effort to benchmark its permitting, enforcement, and compliance efforts. An annual report on the results was created. (Sec. 222)
9. **Renewal of Joint Agreement.** States the intent of the Legislature that the joint agreement with the US EPA on regulatory innovation be renewed in substantially similar form as the initial agreement, including tenets to help farms and farm operations voluntarily prevent agricultural pollution risks. (Sec. 223)
10. **Report on GF/GP Reductions.** The Senate added language requiring a list of GF/GP budget reductions of 7.93% if the K-16 ballot initiative is adopted. (Sec. 224)
11. **Deprived and Depressed.** The Senate included language recommended by the Governor directing the Department to ensure businesses in deprived and depressed areas compete for contracts and added Baldwin in Lake County to the list of communities. (Sec. 225)
12. **Permit Compliance Guides.** The Senate directed the DEQ to publish permit compliance guides for certain types of manufacturers to assist small business with rule compliance. (Sec. 503)
13. **Work Project Authorization.** The budget added the Refined Petroleum Fund Cleanup program to the work project authorization for cleanup sites. (Sec. 701)
14. **Site Review Board.** The Senate added intent language that the recommendations of the Hazardous Waste Site Review Board be final approval for the site construction permit applications. (Sec. 802)

Date Completed: 3-29-06

Fiscal Analyst: Jessica Runnels