

# ENVIRONMENTAL QUALITY

## Summary: House Passed, HB 4358, H-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 Enacted	Difference: House From FY 2006-07 YTD	
						Amount	%
IDG/IDT	\$18,034,200	\$18,411,800	\$18,411,800			\$377,600	2.1
Federal	137,429,200	132,274,300	132,739,700			(4,689,500)	(3.4)
Local	0	0	0			0	0.0
Private	450,000	455,100	455,100			5,100	1.1
Restricted	249,758,500	187,690,000	171,681,900			(78,076,600)	(31.3)
GF/GP	30,787,700	32,796,400	49,621,100			18,833,400	61.2
Gross	<b>\$436,459,600</b>	<b>\$371,627,600</b>	<b>\$372,909,600</b>			<b>(\$63,550,000)</b>	<b>(14.6)</b>
FTEs	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 June 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: \$16,258,100.

### Major Budget Changes From FY 2006-07 YTD Appropriations

#### 1. Restricted Fee Revenue

Executive Recommendation increases fee revenue for 8 different restricted funds:

	Increased Revenue	FY 2008 Rev.
• Air Emissions Fees	\$5,500,000	\$16,576,000
• Land & Water Fees	5,862,000	8,062,000
• Solid Waste Fees	1,800,000	6,000,000
• Groundwater Discharge	1,800,000	3,084,500
• Poll. Prevention Fees	2,400,000	4,800,000
• Haz. Waste User Fees	1,200,000	2,800,000
• Onsite Waste Water Mgt.	598,000	598,000
• Mineral Wells Reg. Fees	75,000	215,000

	FY 2006-07 YTD	House Change From YTD
<b>Gross</b>	<b>\$22,900,450</b>	<b>\$0</b>
Restricted	22,900,450	(16,258,100)
GF/GP	\$0	\$16,258,100

The House does not include these increases. A General Fund funding shift is provided instead, allowing the department to continue regulatory programs without fee adjustments.

<u>Major Budget Changes From FY 2006-07 YTD Appropriations</u>		<u>FY 2006-07 YTD</u>	<u>House Change From YTD</u>	
<b>2. Deposits into Drinking Water Revolving Fund</b>		<b>Gross</b>	<b>\$95,579,900</b>	<b>(\$7,516,400)</b>
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	(6,169,000)
		Restricted	11,400,000	0
		GF/GP	\$4,179,900	(\$1,347,400)
<b>3. One-time Restricted Fund Appropriations</b>		<b>Gross</b>	<b>\$66,061,000</b>	<b>(\$65,147,800)</b>
Deletes funding for the following FY 2007 appropriations:		Restricted	66,061,000	(65,147,800)
• 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				
<b>4. Refined Petroleum Product Cleanup Program Revenue</b>		<b>Gross</b>	<b>\$22,000,000</b>	<b>(\$2,000,000)</b>
Program funding is reduced to reflect expected revenue levels.		Restricted	22,000,000	(2,000,000)
<b>5. Septage Waste Compliance Program Revenue</b>		<b>Gross</b>	<b>\$1,525,000</b>	<b>(\$1,125,000)</b>
Program funding is reduced to reflect expected revenue levels.		Restricted	1,525,000	(1,125,000)
<b>6. Air Quality Renewable Operating Permit Program</b>		<b>Gross</b>	<b>\$23,948,500</b>	<b>\$1,000,000</b>
Program increase covers staffing and IT development costs required under the Federal Clean Air Act for the Renewable Operating Permit program (Title V). Lost federal revenue is replaced by GF/GP: \$340,600		Federal	5,708,900	(340,600)
		Restricted	14,806,200	1,000,000
		GF/GP	\$3,433,400	\$340,600
<b>7. Great Lakes Protection Grants</b>		<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$1,000,000)</b>
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)
<b>8. Outdoor Bio-watch Network</b>		<b>Gross</b>	<b>\$23,948,500</b>	<b>\$575,000</b>
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
<b>9. Information Technology: Information Lifecycle Content Management System (ILCM)</b>		<b>Gross</b>	<b>\$6,810,400</b>	<b>\$500,000</b>
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
<b>10. Expedited Water/Waste Water Permit Program (New)</b>		<b>Gross</b>	<b>\$0</b>	<b>\$400,000</b>
Allows expenditure of revenue collected for expedited permit reviews, pursuant to PA's 601 and 602 of 2006.		Restricted	0	400,000
<b>11. Clean Michigan Initiative Administrative Funding</b>		<b>Gross</b>	<b>\$1,111,700</b>	<b>(\$785,700)</b>
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>House Change From YTD</u>	
<b>12. Economic Adjustments</b>	<b>Gross</b>	<b>N/A</b>	<b>\$5,500,700</b>
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. Great Lakes Water Diversion – DELETED***

Requires notification of the Legislature and provision of public meetings on any request received by the State of Michigan to divert water from the Great Lakes.

#### ***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. 219. Prohibition of Disciplinary Actions For Legislative Contacts – DELETED***

Provides that state employees who communicate with the Michigan Legislature shall not be disciplined.

#### ***Sec. 220. Criminal and Civil Fine Revenue – DELETED***

Requires report of criminal and civil fine revenue collected during FY 2005-06.

#### ***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. 503. Processing Regulatory Compliance Guide – DELETED***

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

#### ***Sec. 705. Environmental Cleanup Site List – DELETED***

Lists cleanup projects funded through the environmental cleanup and redevelopment program.

#### ***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. 803 (FY 07). Waste Disposal in Deep Wells, Cities of Romulus and Taylor – DELETED***

Requires report to City of Romulus and/or City of Taylor if hazardous waste or hazardous waste constituents are discharged or released.

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

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