

HAZARDOUS WASTE USER FEES EXTENSION; COMBINATION OF HAZARDOUS WASTE RESTRICTED FUNDS

**House Bill 4666 (H-3), as reported from Committee
Sponsor: Rep. Eileen Kowall**

**House Bill 4708, as amended
Sponsor: Rep. Eileen Kowall**

House Committee: Appropriations

Complete to 6-5-13

A SUMMARY OF HOUSE BILL 4666 (H-3) AND HOUSE BILL 4708, AS AMENDED, AS REPORTED FROM COMMITTEE 6-5-13:

House Bill 4666 (H-3) would extend the sunset of the Hazardous Waste Management Program user fees one year - from the current sunset of October 1, 2013 to October 1, 2014. Taken together, the bills would also eliminate two current restricted funds in the DEQ budget, the Waste Reduction Fund and the Hazardous Materials Transportation Permit Fund, and require that the revenues those funds currently receive and any fund balance be transferred to the Environmental Pollution Prevention Fund (EPPF). In effect, these three funds would be combined into one fund, the EPPF. Both bills would take effect on October 1, 2013.

House Bill 4666 (H-3) would amend Part 111 (Hazardous Waste Management) of the Natural Resources and Environmental Protection Act (NREPA) to extend the sunset of the Hazardous Waste Management Program user charges that are paid by generators, transporters, and treatment, storage, and disposal facilities (TSDs). In FY 2013, these fees are estimated to generate \$1.1 million.

House Bill 4708, as amended, would amend the Hazardous Waste Transportation Act (PA 128 of 1998) to eliminate the Hazardous Materials Transportation Permit Fund which receives the registration fees from liquid industrial and hazardous waste transporters. Under the bill, these revenues and any fund balance would be deposited into the EPPF. In FY 2013, the Hazardous Waste Transport Permit Fund is anticipated to receive \$230,000 in revenues.

BACKGROUND INFORMATION:

The Department of Environmental Quality (DEQ) has the responsibility to regulate the transfer, treatment, and disposal of hazardous wastes within the state. Hazardous wastes are defined as any material that has been identified as having the potential to cause harm to human health or the environment. The Hazardous Waste Management Program within DEQ currently monitors the management of hazardous wastes, issues permits,

and assesses user charges on approximately 6,500 hazardous waste generators, 110 transporters, and 17 TSDs within Michigan.

House Bill 4666 (H-3) would extend the sunset on the following hazardous waste user fees which currently are deposited into the EPPF:

<u>Fee Name</u>	<u>Amount</u>	<u>When Assessed</u>
Manifest Processing Charge	\$ 8	Each load of waste
Site ID Issuance User Charge	50	One-time
Treatment, Storage, and Disposal Facility User Charge	2,000	Annually
Used Oil Handler Charge	100	Annually
Small Quantity Generator	100	Annually
Large Quantity Generator	400	Annually
Very Large Quantity Generator	1,000	Annually

Manifest Processing Charge

Federal and state regulations require that hazardous waste generators and transporters, as well as owners or operators of hazardous waste designated facilities, use a uniform hazardous waste manifest or shipping document for both the inter- and intrastate transportation of hazardous waste. The Manifest Processing Charge for each load of hazardous waste that is transported to any property other than the generation site is \$8.00 per manifest.

Site ID Issuance User Charge

All hazardous waste generators, transporters, and TSDs must obtain and utilize a site identification number from the DEQ in order to be involved with the transportation or reception of hazardous wastes. The one-time site identification number user charge is \$50.

Treatment, Storage, and Disposal Facility User Charge

The DEQ assesses an annual handler user charge of \$2,000 on each TSD for which an operating license is required.

Used Oil Handler Charge

The DEQ assesses an annual \$100 handler user charge on any used oil processor or rerefiner, used oil burner, or a used oil fuel marketer.

Waste Generator Charges

Hazardous waste generators must pay the following annual handler user charges based upon the amount of hazardous waste they generate:

- **Small Quantity Generator (\$100 fee)** -- generates 100 to 1,000 kilograms in any month of a calendar year.
- **Large Quantity Generator (\$400 fee)** --generates 1,000 kilogram or more in any month of a calendar year and generates less than 900,000 kilograms in a year.
- **Very Large Quantity Generator (\$1,000 fee)** --generates 1,000 kilograms or more in any month of a calendar year and generates 900,000 kilograms or more in a year.

In addition to extending the sunset on these hazardous waste fees, the bills would combine the following three funds into the EPPF:

Environmental Pollution Prevention Fund (EPPF)

The Environmental Pollution Prevention Fund was established in NREPA (MCL 324.11130) and receives revenue from the Hazardous Waste User Charge fees which are paid by hazardous waste generators, transporters, and hazardous waste TSDs. These fees have a current sunset date of October 1, 2013. Revenues may be expended for the hazardous waste program and for emergency response and cleanup activities related to hazardous or liquid industrial waste.

Hazardous Materials Transport Permit Fund

The Hazardous Materials Transportation Permit Fund receives Liquid Industrial Waste Transporter registration fees and Hazardous Waste Transporter Registration fees. These fees do not have a sunset date in statute. Funds may also be expended for emergency response, training, and other activities related to hazardous materials transportation safety.

Waste Reduction Fund

The Waste Reduction Fund was established in NREPA (MCL 324.11108(14)) and receives revenue from a fee paid directly by owners or operators of landfills and licensed solidification facilities as defined under Part 111 of NREPA. The landfill and solidification facilities in turn assess the fee on generators of hazardous waste disposed at their landfill or solidification facilities. The fee is assessed on generators regardless of where the waste is generated, in-state or out-of-state. The fee, which has stayed at the same rate since it commenced on January 1, 1989, is \$10.00 per ton, \$10.00 per cubic yard, 1/2 cent per pound, or 4 cents per gallon. These fees do not have a sunset date in statute. Fees collected must be used for activities specified in Parts 143 and 145 of NREPA, which focus on pollution prevention, and for the permit to install Air Quality program established under Part 55 section 5505 of NREPA.

FISCAL IMPACT:

House Bill 4666 (H-3) would extend the sunset on these hazardous waste fees by one additional year. If the fee sunset is not extended by September 30, 2013, then the DEQ would no longer have the statutory authority to collect these fees and the \$1.1 million restricted annual revenue that they provide.

Together these bills combine three restricted funds into one fund, the EPPF, and transfer these funds' balances into the EPPF as well. The projected balances of each of these three funds at the close of FY 2013 are as follows:

Hazardous Wastes Restricted Funds -- FY 2013 Balances

	Fiscal Year Ending September 30, 2013			
State Restricted Fund	Available Fund Balance 10-1-2012	Revenue	Expenditures	Available Fund Balance 10-1-2013
Environmental Pollution Prevention Fund (EPPF)	\$2,559,500	\$1,100,000	(\$2,624,000)	\$1,035,500
Hazardous Materials Transport Permit Fund	1,118,500	230,000	(297,300)	1,051,200
Waste Reduction Fund	4,228,400	3,687,000	(5,839,100)	2,076,300

By combining the three funds into the EPPF, the bills would allow any fund balances to be appropriated from the EPPF in the DEQ budget, if necessary, for the purposes statutorily allowed for any expenditures of the EPPF.

Funding from these three funds supports DEQ programs each year. In FY 2013-14, the DEQ budget is anticipated to appropriate the following amounts from these three funds:

Hazardous Wastes Restricted Funds FY 2014 Appropriations

DEQ Restricted Fund	FY 2014 Appropriations
Environmental Pollution Prevention Fund (EPPF)	\$ 2,892,500
Hazardous Materials Transport Permit Fund	780,600
Waste Reduction Fund	<u>6,284,600</u>
Total	\$ 9,957,700

Fiscal Analyst: Viola Bay Wild

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.