

**FY 2019-20: DEPARTMENT OF ENVIRONMENTAL QUALITY
Summary: House Subcommittee Chair's Recommendation
House Bill 4233 (H-1) Draft 2**



Analyst: Austin Scott

	FY 2018-19 YTD as of 3/5/19	FY 2019-20 Executive	FY 2019-20 House	FY 2019-20 Senate	FY 2019-20 Enacted	Difference: House From FY 2018-19 YTD	
						Amount	%
IDG/IDT	\$3,143,700	\$3,176,600	\$3,148,600			\$4,900	0.2
Federal	160,225,400	160,895,300	160,432,600			207,200	0.1
Local	0	0	0			0	--
Private	1,061,700	1,061,800	1,061,800			100	0.0
Restricted	278,325,300	259,346,600	262,263,700			(16,061,600)	(5.8)
GF/GP	58,546,500	53,793,000	42,519,200			(16,027,300)	(27.4)
Gross	\$501,302,600	\$478,273,300	\$469,425,900			(\$31,876,700)	(6.4)
FTEs	1,263.0	1,287.0	1,280.0			17.0	1.3

Notes: (1) FY 2018-19 year-to-date figures include mid-year budget adjustments through March 5, 2019. (2) Appropriation figures for all years include all proposed appropriation amounts, including amounts designated as "one-time."

Overview

The Department of Environmental Quality (DEQ) is responsible for managing Michigan's air, land, and water resources. Departmental functions include improving resource quality, reducing waste, and mitigating threats to Michigan's environment.

Major Budget Changes From FY 2018-19 YTD Appropriations

1. Elimination of Fee Sunsets

Executive proposes to eliminate the 14 fee sunsets that are scheduled to sunset prior to January 1, 2020. Collectively these fees provide \$27.8 million in annual revenue for DEQ.

House concurs.

	FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
Gross	NA	NA
GF/GP	NA	NA

Fee	Annual revenue
Air emissions fee	\$9,600,000
Solid waste surcharge	6,000,000
Electronic device manufacturer's registration	230,000
Electronic device recycler registration	50,000
Groundwater discharge permit	1,190,000
Surface water discharge permit	2,816,800
Stormwater discharge fee	1,625,100
Land and water permit fees (5 fees)	2,100,000
Sewer expedited permit	31,800
Tire disposal charge	4,200,000
Total	\$27,843,700

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
2. Drinking Water Compliance Assistance			
	FTE	115.0	5.0
<u>Executive</u> includes an increase of \$1.9 million GF/GP and authorizes 10.0 FTE positions to the Drinking Water and Environmental Health Program to establish a new Drinking Water Compliance Assistance Unit intended to provide technical expertise related to the lead and copper rule requirements.	Gross	\$16,554,400	\$950,000
	Federal	9,434,100	0
	Restricted	4,465,400	0
<u>House</u> includes an increase of \$950,000 GF/GP and authorizes 5.0 FTE positions.	GF/GP	\$2,654,900	\$950,000
3. Refined Petroleum Product Cleanup Program Staffing			
	FTE	85.0	14.0
<u>Executive</u> authorizes 14.0 FTE positions to the Refined Petroleum Product Cleanup program. This program provides for the remediation of petroleum contaminated sites, including leaking underground storage tanks.	Gross	\$34,680,000	\$0
	Federal	2,060,300	0
	Restricted	32,619,700	0
<u>House</u> concurs.	GF/GP	\$0	\$0
4. Coal Ash Care Fund – Solid Waste Management Program			
	FTE	37.0	0.0
<u>Executive</u> increases \$260,000 from the Coal Ash Care Fund to the Solid Waste Management program in accordance with 2018 PA 640 which provides for the regulation of coal ash landfills with revenue collected from landfill owners and operators.	Gross	\$5,159,600	\$260,000
	Restricted	5,159,600	260,000
<u>House</u> concurs.	GF/GP	\$0	\$0
5. Vapor Intrusion – Contaminated Site Investigations Program			
	FTE	130.0	0.0
<u>Executive</u> eliminates \$1.7 million GF/GP for vapor intrusion remediation from the Contaminated Site Investigations, Cleanup, and Revitalization Program. The Renewing Michigan's Environment Program provides for the remediation of emerging contaminants including vapor intrusion.	Gross	\$15,674,100	(\$1,655,300)
	Private	191,100	0
	Restricted	13,857,600	0
<u>House</u> concurs.	GF/GP	\$1,625,400	(\$1,655,300)
6. Water Quality and Use Initiative			
	Gross	\$1,522,900	(\$1,522,900)
<u>Executive</u> eliminates \$1.5 million GF/GP for the Water Quality and Use Initiative and shifts 5.0 FTE positions to the Renewing Michigan's Environment Program which provides for the continuation of this program's efforts.	GF/GP	\$1,522,900	(\$1,522,900)
<u>House</u> concurs.			
7. Recycling Initiative			
	FTEs	3.0	0.0
<u>Executive</u> reduces the Recycling Initiative by \$1.0 million GF/GP. The Renewing Michigan's Environment Program provides for the continuation of recycling grants to local communities.	Gross	\$2,032,300	(\$1,032,000)
	Restricted	1,000,000	0
<u>House</u> concurs.	GF/GP	\$1,032,000	(\$1,032,000)
8. Lead Remediation Grants			
	Gross	\$2,000,000	(\$2,000,000)
<u>Executive</u> eliminates funding for lead remediation grants (\$2.0 million Gross, \$1.0 million GF/GP). Restricted funding is transferred to the Emergency Cleanup Actions program.	Restricted	1,000,000	(1,000,000)
<u>House</u> concurs.	GF/GP	\$1,000,000	(\$1,000,000)
9. Removal of FY 2018-19 One-Time funding			
	Gross	\$2,120,000	(\$2,120,000)
<u>Executive</u> removes \$2.1 million GF/GP for one-time projects included in the previous fiscal year's budget.	GF/GP	\$2,120,000	(\$2,120,000)
<u>House</u> concurs.			
Inland Lake Aquatic Invasive Plant Species Control and Eradication Program	\$1,000,000		
Landfill Research, Design, and Demonstration Project	120,000		
Mapping and Other Support	400,000		
Michigan Geological Survey	500,000		
Water Withdrawal Implementation	100,000		

Major Budget Changes From FY 2018-19 YTD Appropriations		FY 2018-19 Year-to-Date (as of 3/5/19)	FY 2019-20 House Change
10. Technical Adjustments		Gross NA	(\$19,927,400)
<u>Executive</u> decreases DEQ budget by \$19.9 million in restricted authorization to align appropriations with available funds and to remove authorization for concluded programs. Adjustments include eliminating authorization for exhausted bond funding and the aquifer protection revolving fund.	Restricted	NA	(19,927,400)
<u>House</u> concurs.	GF/GP	NA	\$0
11. Economic Adjustments		Gross NA	\$3,068,300
<u>Executive</u> reflects increased costs of \$3.1 million Gross (\$676,700 GF/GP) for negotiated salary and wage increases (2.0% ongoing, 2.0% lump sum), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA	32,900
	Federal	NA	669,900
	Private	NA	100
<u>House</u> concurs.	Restricted	NA	1,688,700
	GF/GP	NA	\$676,700
12. Ottawa County Comprehensive Groundwater Monitoring Network	FTEs	86.0	0.0
	Gross	\$16,291,600	\$500,000
<u>House</u> includes an increase of \$500,000 GF/GP to the Surface Water program to establish a comprehensive Groundwater Monitoring Network in Ottawa County. Boilerplate section 401 earmarks this funding for the collection of data on groundwater use, flow, and recharge dynamics across the county.	Federal	6,246,000	0
	Restricted	7,625,900	0
	GF/GP	2,419,700	\$500,000
13. Water State Revolving Funds		Gross \$120,000,000	(\$500,000)
<u>House</u> reduces the Water State Revolving Funds by \$500,000 GF/GP. This appropriation provides low-interest loans for local sewage and stormwater treatment facilities as well as drinking water infrastructure projects.	Federal	100,000,000	0
	Restricted	15,000,000	0
	GF/GP	\$5,000,000	(\$500,000)
14. Groundwater Discharge Permit Program	FTEs	22.0	0.0
	Gross	\$3,253,500	(\$306,500)
<u>House</u> reduces the Groundwater Discharge Permit Program by \$306,500 GF/GP. This program ensures proper design and construction of solid waste disposal facilities and supports facility inspections.	Restricted	1,472,500	0
	GF/GP	\$1,781,000	(\$306,500)
15. Wetlands Program		Gross \$1,000,000	(\$200,000)
<u>House</u> reduces the Wetlands Program by \$200,000 GF/GP. This program manages, monitors, and regulates wetlands around Michigan.	GF/GP	\$1,000,000	(\$200,000)
16. Drinking Water Infrastructure	FTEs	2.0	(2.0)
	Gross	\$4,000,000	(\$4,000,000)
<u>House</u> eliminates \$4.0 million GF/GP and 2.0 FTE positions for matching grants to local governments for PFAS contamination remediation and for costs related to connecting residents to alternative water systems.	GF/GP	\$4,000,000	(\$4,000,000)
17. Oil, Gas, and Mineral Services fund shift	FTEs	57.0	0.0
	Gross	\$10,804,700	\$0
<u>House</u> shifts \$3.9 million in spending authorization from GF/GP to the Oil and Gas Regulatory Fund (\$2.0 million) and Orphan Well Fund (\$1.9 million).	Restricted	6,804,700	3,900,000
	GF/GP	4,000,000	(\$3,900,000)
18. Surface Water fund shift	FTEs	86.0	0.0
	Gross	\$16,291,600	\$0
<u>House</u> shifts \$1.2 million in spending authorization from GF/GP to the Environmental Response Fund.	Federal	6,246,000	0
	Restricted	7,625,900	1,200,000
	GF/GP	2,419,700	(\$1,200,000)
19. Administrative Efficiencies		Gross NA	(\$983,300)
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies	Federal	NA	(9,000)
	Restricted	NA	(376,500)
	GF/GP	NA	(\$597,800)

<u>Major Budget Changes From FY 2018-19 YTD Appropriations</u>		<u>FY 2018-19 Year-to-Date (as of 3/5/19)</u>	<u>FY 2019-20 House Change</u>
20. Information Technology Reduction	Gross	\$9,076,800	(\$2,407,600)
<u>House</u> reduces funding available for information technology services and projects by 25%.	IDG	111,900	(28,000)
	Federal	1,338,000	(453,700)
	Restricted	7,154,100	(1,806,400)
	GF/GP	472,800	(\$119,500)

Major Boilerplate Changes From FY 2018-19

Sec. 216. Consolidated Report on Environmental Cleanup Projects – RETAINED

Requires DEQ to provide status report with detailed information on approved cleanup projects funded through environmental cleanup and redevelopment program, state cleanup, emergency actions, superfund cleanup, revitalization revolving loan program, brownfield grants and loans, leaking underground storage tank cleanup program, contaminated lake and river cleanup program, refined petroleum product cleanup program, and environmental protection bond projects. Executive revises due date from March 31 to April 30, House retains March 31 due date.

Sec. 220. Disciplinary Action Against State Employees – RETAINED

Prohibits DEQ from disciplining state employees for communicating with members of the legislature and their staffs. Executive deletes, House retains.

Sec. 221. Rule Promulgation – RETAINED

Prohibits DEQ from adopting a rule that has a disproportionate economic impact on small business. Executive deletes, House retains.

Sec. 235. Clean Michigan Initiative Report – RETAINED

Requires DEQ to prepare an annual report on projects funded by Clean Michigan Initiative (CMI) funds, remaining CMI fund balances, and total debt obligation on all CMI bonds, as well as a March 31 report deadline. Executive revises due date from March 31 to April 30, House retains March 31 due date.

Sec. 238. Fee and Fund Source Report – RETAINED

Requires DEQ to report on its public website information detailing activities related to departmental fees and fund sources. Executive deletes, House retains.

Sec. 239. Environmental Rules Review Committee – NEW

Earmarks \$150,000 of the central support services appropriation for the Environmental Rules Review Committee to contract with consultants to assist with business before the committee. House adds new section.

Sec. 240. Southeast Michigan Air Quality Impact Study – NEW

Earmarks \$100,000 of the air quality programs appropriation for an air quality impact study in southeast Michigan on pollutants cumulative impact. House adds new section.

Sec. 302. Work Projects - Environmental Cleanup Actions – REVISED

Authorizes unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Executive revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$2.0 million; changes completion date to 2024. House revises to change estimated cost to \$2.0 million and change completion date to 2024.

Sec. 305. Refined Petroleum Fund – RETAINED

Expresses intent of the legislature to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes, House retains.

Sec. 307. Work Projects - Environmental Cleanup and Redevelopment Program – DELETED

Authorizes unexpended funds appropriated for the environmental cleanup and redevelopment program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$15.0 million with a tentative completion date of September 30, 2023. Executive deletes, House concurs.

Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – REVISED

Authorizes unexpended funds appropriated for the refined petroleum product cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$34.7 million with a tentative completion date of September 30, 2023.

Executive revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$34.8 million; changes completion date to 2024.

House revises to change estimated cost to \$34.8 million and change completion date to 2024.

Sec. 311. Bear Lake cleanup – NEW

Earmarks funds from remediation and redevelopment division appropriations for the remediation of the oil contaminated Zephyr site at Bear Lake in Muskegon County.

House adds new section.

Sec. 312. Oscoda Township Water Connection Costs – NEW

Earmarks funds from the Renewing Michigan's Environment appropriation for water connection costs for consumers affected by PFAS contamination in Oscoda Township, Iosco County.

House adds new section.

Sec. 313. Parchment Drinking Water Treatment Plant – NEW

Earmarks up to \$410,000 from the Renewing Michigan's Environment appropriation for the drinking water treatment plant dismantling and disposal in the city of Parchment, Kalamazoo County.

House adds new section.

Sec. 313. Vapor Intrusion – DELETED

Requires DEQ to use funds appropriated for vapor intrusion to investigate potential vapor intrusion sites.

Executive deletes, House concurs.

Sec. 315. Lead Remediation Grants – DELETED

Requires DEQ to distribute grant awards for remediation and redevelopment of sites contaminated by lead paint, prioritizing sites affecting families with children.

Executive deletes, House concurs.

Sec. 316. Environmental Cleanup and Redevelopment Program (One-Time) – DELETED

Requires DEQ to expend funds appropriated for the Environmental Cleanup and Redevelopment Program (one-time) for remediation and redevelopment of nonpetroleum contaminated sites.

Executive deletes, House concurs.

Sec. 401. Ottawa County Comprehensive Groundwater Monitoring Network – NEW

Earmarks up to \$500,000 from the Surface Water appropriation for the department to collaborate with the Ottawa County administrator's office to establish a comprehensive groundwater monitoring network to collect data of groundwater use, flow, and recharge dynamics across the county.

House adds new section.

Sec. 402. Drinking Water Infrastructure and Mapping – DELETED

Authorizes unexpended funds appropriated for Drinking Water Infrastructure and for Mapping and other support to be considered work project appropriations, and unencumbered or unallotted funds to be available until the projects have been completed. The projects will be accomplished by contract and have a tentative completion date of September 30, 2023.

Executive renumbered Sec. 801 and removed "mapping and other support." Also revised to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$4.0 million; changes completion date to 2024.

House deletes.

Sec. 403. Grants for Drinking Water Systems – DELETED

Authorizes grants of no more than \$2.0 million each to be awarded to drinking water systems for contamination remediation or alternate system connections from the funds appropriated for drinking water infrastructure. Grants will be determined by the size of the population served and will require a 20% local match unless waived by the Water Asset Management Council. Renumbered to Sec. 802.

House deletes.

Sec. 404. Inland Lake Aquatic Invasive Plant Species Control and Eradication Program – DELETED

Requires \$1.0 million appropriation to be used in accordance with 2018 PA 671 for the Inland Lake Aquatic Invasive Plant Species Control and Eradication program.

Executive deletes, House concurs.

Sec. 412. Work Projects – Aquifer Protection Program – DELETED

Authorizes unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward. The program will help resolve aquifer disputes between well owners and is estimated to cost \$524,000 with a tentative completion date of September 30, 2023.

Executive deletes, House concurs.

Sec. 413. Cooperative Lakes Monitoring Program – RETAINED

Earmarks \$150,000 from the Surface Water program (\$16.3 million Gross) to support the Cooperative Lakes Monitoring Program.

Executive deletes, House retains.

Sec. 501. Work Projects – Renewing Michigan’s Environment Program – NEW

Authorizes unexpended funds appropriated for the Renewing Michigan’s Environment Program to be considered work project appropriations and carried forward. The program supports nonpetroleum cleanups and is estimated to cost \$69.0 million with a tentative completion date of September 30, 2024.

Executive adds new section, House concurs but specifies that work projects must be completed by contract.

Sec. 502. Retesting Drinking Water Wells for PFAS Contamination – NEW

Authorizes drinking water wells that have tested positive for elevated PFAS levels below 70 parts per trillion to be retested up to every 24 months.

House adds new section.

Sec. 604. Lead and Copper Rule – DELETED

Requires DEQ to use funds appropriated for the lead and copper rule program to host training sessions for public water supply owners and operators to provide technical assistance on the federal lead and copper rule.

Executive deletes, House concurs.

Sec. 701. Underground Storage Tank Authority – REVISED

Authorizes unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward. The program will perform contaminated site cleanups estimated to cost \$20.0 million with a tentative completion date of September 30, 2023.

Executive revises to allow project to be accomplished by contracts using state employees, service providers, or both; changes estimated cost to \$20.0 million; changes completion date to 2024.

House revises to change estimated cost to \$20.0 million and changes completion date to 2024.

Sec. 801. Landfill Research, Design, and Development Project – DELETED

Directs expenditure of one-time funding for the landfill development project in St. Clair County.

Executive deletes, House concurs.