



December 1, 2015

House Appropriations Committee
Capitol 352
Lansing, MI

Re: SB 552 – Groundwater fees

Dear Committee members,

The Michigan Environmental Council (MEC), a coalition of more than 70 member organizations across the state, is supportive of the Department of Environmental Quality's groundwater program. This program is about 40% supported by fees that are assessed on those that discharge to our state's precious groundwater supply. These fees currently raise approximately \$1.2 million each year. As we've seen in Flint recently, the protection of drinking water should be of the utmost priority for the state.

Groundwater supplies the water for 40% of Michigan's population. Without proper treatment of wastewater that is discharged to our groundwater supply, the risk of contamination is great. Only a short time ago, a food processing wastewater discharge contaminated 200 private wells with iron, manganese and arsenic. The groundwater program fees were put into place in 2004 to help fund the DEQ's inspections of these facilities and to help get the dischargers into compliance.

Due to changes made on the floor of the Senate we now can no longer support SB 552. Though we supported SB 552 as the product of a workgroup process and a consensus that the fee structure put forth in that bill would be acceptable moving forward, we cannot support the bill as amended. These changes to SB 552 go against the work put in by the participants of the workgroup, including local governments, environmental groups, and industry groups, who dedicated their time to help find a fair way forward. We feel that the product of the workgroup was sound for many reasons, two of which are highlighted below.

First, we feel these fees are necessary for the group 2a campgrounds, as the groundwater program is very different from the campground program for septic systems at these campgrounds. The septic systems inspections from the health departments each year do not address the concerns that the groundwater program does. The groundwater program focuses on those discharges to the groundwater that could cause harm, where the health department inspections looks more at the functioning of the septic system, and does not look below the surface for the groundwater quality changes that may be occurring.

Second, though we could go to a system that is based on flow volume and complexity, or a system based on the workload of the groups, those fee structures would be detrimental to the state at this time, even if they are more "fair". For example, if based on workload, the Group 1 fees would jump nearly \$2000 in one year. If based on flow factors annual fees could range from \$600 a year all the way to \$12,000 a year. MEC would support looking at these fees again in an in-depth manner if the legislature chooses, as the massive discount currently being applied to the 2a groups comes at the cost of raising the fees on all other discharging facilities, and that raise still does not replace all the funding lost from the discount.

The fees that are now included in SB 552 set up a structural deficit in the groundwater program. Though we would support any fee structure that keeps fees at the same level, we believe the work group product represents the best consensus of all participants, as no one spoke in opposition at the last in person meeting.

MEC does not support SB 552 as approved by the Senate. We understand the need to continue the fees to help support the groundwater program, but at this point it may be best to extend the sunset with no changes to any fees and go back to a stakeholder group again, and the consensus product of that workgroup supported and passed. With the program already heavily supported by general fund dollars, the further reductions to fees result in a long term structural deficit in this program and will put nearly 4 million Michiganders' drinking water at risk of contamination.

Thank you,

A handwritten signature in cursive script that reads "Sean Hammond". The signature is written in black ink and is positioned to the left of a vertical line.

Sean Hammond
Deputy Policy Director