

FISCAL BRIEF



2019 DEQ FEE SUNSETS

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FAST FACTS

- Almost half of the DEQ's annual budget is funded by restricted revenue.
- Most of the DEQ's restricted funds are supported by fees.
- 15 DEQ fees are scheduled to sunset in 2019.
- The sunseting fees generate \$27.8 million in annual revenue for the DEQ.
- Air, waste, and water fees are among those scheduled for sunset in 2019.

INTRODUCTION

The Department of Environmental Quality (DEQ) relies on state restricted funding to support close to half of its annual budget; 47% (\$209.3 million) of the DEQ's FY 2018-19 gross appropriations (\$447.5 million) are funded by revenue from 53 restricted funds. Most of these funds receive proceeds from at least one of 59 fees charged by the department.

OVERVIEW OF FEES SCHEDULED TO SUNSET

Twenty fees have sunsets specified in statute which set the end date for collection: 15 fees are scheduled to sunset in 2019, and 5 fees are scheduled to sunset in 2021 (the remaining 39 fees have no sunset). The fees expiring in 2019 generate \$27.8 million in annual revenue. [Table 1](#) below provides an overview of these fees. Each is described in more detail below.

Table 1: 2019 DEQ Fee Sunsets

Fee	Sunset	Annual revenue
Groundwater discharge permit	September 30, 2019	\$1,190,000
Sewer expedited permit	September 30, 2019	31,800
Air quality fees	October 1, 2019	9,600,000
Solid waste surcharge	October 1, 2019	6,000,000
Surface water discharge permit	October 1, 2019	2,816,800
Stormwater discharge fee	October 1, 2019	1,625,100
Electronic device manufacturer's	October 1, 2019	230,000
Electronic device recycler registration	October 1, 2019	50,000
Floodplain application fee		
Great Lakes shoreline permits		
Inland lakes and streams application fee	October 1, 2019	2,100,000
Ordinary high water mark establishment		
Pre-application meeting fee		
Submerged lands application fees		
Tire disposal surcharge	December 31, 2019	4,200,000
TOTAL		\$27,843,700

Data source: Department of Environmental Quality

Legislative action is required if these fees are to be collected beyond their respective sunset dates. The Legislature may eliminate a sunset or extend it to a future date; all of the above sunsets were extended most recently by four years from 2015 to 2019. No action is required if the Legislature wishes for a fee to sunset as scheduled.

A CLOSER LOOK AT EXPIRING FEES

Ground Water Discharge Permit	
Sunset:	September 30, 2019
Authorizing Statute:	MCL 324.3122
Annual Revenue:	\$1.2 million
Fund:	Groundwater Discharge Permit Fund
Paid by:	Facilities or municipalities that discharge wastewater to the ground or groundwater
Supports:	The groundwater discharge permit program, which ensures proper design and construction of solid waste disposal facilities and inspects hazardous and solid waste facilities and those discharging to groundwater

Sewer Expedited Permit	
Sunset:	September 30, 2019
Authorizing Statute:	MCL 324.4112
Annual Revenue:	\$31,800
Fund:	Infrastructure Construction Fund
Paid by:	Persons requesting an expedited review of an application for a conventional gravity sewer extension of 10,000 feet or less of sewer line, a simple pumping station and force main, or a small diameter pressure sewer and grinder pumping station
Supports:	1.0 full-time-equated (FTE) position and the expedited processing of water and wastewater permits in accordance with 2006 PA 601 and 602

Air Quality Fees	
Sunset:	October 1, 2019
Authorizing Statute:	MCL 324.5522
Annual Revenue:	\$9.6 million
Fund:	Emissions Control Fund
Paid by:	Owners or operators of facilities that emit air pollutants specified in the federal Clean Air Act
Supports:	Michigan's air quality program, which identifies and abates existing air pollution problems through inter-governmental efforts and private sector cooperation; implements state and federal air quality standards; and regulates sources of air pollutants to minimize health and environmental impact

Solid Waste Surcharge	
Sunset:	October 1, 2019
Authorizing Statute:	MCL 324.11525a
Annual Revenue:	\$6.0 million
Fund:	Solid Waste Fund – Staff Account
Paid by:	Owners or operators of landfills
Supports:	The solid waste management program, which administers construction permit and operating license program for municipal and industrial solid waste disposal facilities; oversees the yard clippings compost facility registration program and the electronic waste takeback program; manages the disposal area financial assurance program; and provides assistance to local communities for solid waste management planning, recycling, and composting activities

Surface Water Discharge Permit	
Sunset:	October 1, 2019
Authorizing Statute:	MCL 324.3120
Annual Revenue:	\$2.8 million
Fund:	National Pollutant Discharge Elimination System Fund (NPDES)
Paid by:	Persons initiating or continuing activities that will discharge substances other than storm water into the state’s surface waters
Supports:	The NPDES nonstormwater program, which issues permits to facilities that discharge wastewater to the state's surface waters; ensures that permit holders comply with the NPDES permit conditions, state laws, and rules; investigates reported spills and illegal discharges; initiates enforcement actions; inspects wastewater treatment facilities; oversees municipally-operated pretreatment programs; and maintains permit files, records, and databases

Stormwater Discharge Permit	
Sunset:	October 1, 2019
Authorizing Statute:	MCL 324.3118
Annual Revenue:	\$1.6 million
Fund:	National Pollutant Discharge Elimination System Fund (NPDES)
Paid by:	Persons initiating or continuing activities that will discharge substances other than storm water into the state’s surface waters
Supports:	The NPDES nonstormwater program, which issues permits to facilities that discharge wastewater to the state's surface waters; ensures that permit holders comply with the NPDES permit conditions, state laws, and rules; investigates reported spills and illegal discharges; initiates enforcement actions; inspects wastewater treatment facilities; oversees municipally operated pretreatment programs; and maintains permit files, records, and databases

Electronic Device Manufacturer's Registration	
Sunset:	October 1, 2019
Authorizing Statute:	MCL 324.17303
Annual Revenue:	\$230,000
Fund:	Electronic Waste Recycling Fund
Paid by:	Manufacturers of covered electronic devices offered for sale
Supports:	The solid waste management program, which administers construction permit and operating license program for municipal and industrial solid waste disposal facilities; oversees the yard clippings compost facility registration program and the electronic waste takeback program; manages the disposal area financial assurance program; and provides assistance to local communities for solid waste management planning, recycling, and composting activities

Electronic Device Recycler Registration	
Sunset:	October 1, 2019
Authorizing Statute:	MCL 324.17317
Annual Revenue:	\$50,000
Fund:	Electronic Waste Recycling Fund
Paid by:	Recyclers of covered electronic devices
Supports:	The solid waste management program, which administers construction permit and operating license program for municipal and industrial solid waste disposal facilities; oversees the yard clippings compost facility registration program and the electronic waste takeback program; manages the disposal area financial assurance program; and provides assistance to local communities for solid waste management planning, recycling, and composting activities

Land and Water Permits (Includes 6 individual permits)	
Sunset:	October 1, 2019
Authorizing Statute:	<ul style="list-style-type: none"> • Floodplain application fee (MCL 324.3104) • Great Lakes shoreline permits (MCL 324.32312) • Inland lakes and streams application fee (324.30104) • Ordinary high watermark establishment fee (MCL 324.30109) • Pre-application meeting fee (MCL 324.30306b) • Submerged lands application fees (MCL 324.32513)
Annual Revenue:	\$2.1 million
Fund:	Land and Water Permit Fund
Paid by:	<p>Applicants for infrastructure and construction projects on Michigan's waterways</p> <ul style="list-style-type: none"> • Project examples have included boat basins, boat slips, bulkheads, condominiums, docks, dredging, golf courses, groins, jetties, marinas, revetments, seawalls, stream enclosures, subdivisions, underwater stabilizers, and wharves
Supports:	The Land and Water Interface Permit Program, which provides policy direction and technical support for flood hazard and national flood insurance and dam safety programs; administers permit process for construction; provides hydrological engineering technical support; conducts application reviews; enforces compliance enforcement for lakes, streams, wetlands, Great Lakes, flood plains, and sand dunes areas; and oversees Great Lakes Shorelands program, which helps manage, protect and improve Michigan's coastal resources, Great Lakes bottomlands, underwater preserves, critical sand dunes, high-risk erosion, flood risk areas, and coastal fish and wildlife habitat.

Tire Disposal Surcharge	
Sunset:	December 31, 2019
Authorizing Statute:	MCL 257.806(3)
Annual Revenue:	\$4.2 million
Fund:	Scrap Tire Regulatory Fund
Paid by:	Applicants for a certificate of title, a salvage vehicle certificate of title, or a scrap certificate title as defined by the Michigan Vehicle Code
Supports:	The scrap tire regulatory program, which enforces the Scrap Tire Regulatory Act; manages the collection site financial assurance program; administers grants for abandoned scrap tire cleanup and disposal; and develop markets for scrap tires