

**FY 2018-19: DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**Summary: As Reported by the House Subcommittee**  
**House Bill 5573 (H-1)**



**Analyst: Austin Scott**

IDG/IDT	FY 2017-18 YTD as of 2/7/18	FY 2018-19 Executive	FY 2018-19 House	FY 2018-19 Senate	FY 2018-19 Enacted	Difference: House From FY 2017-18 YTD	
						Amount	%
	\$3,100,500	\$3,143,700	\$3,143,700			\$43,200	1.4
<b>Federal</b>	170,042,600	160,225,400	160,225,400			(9,817,200)	(5.8)
<b>Local</b>	0	0	0			0	--
<b>Private</b>	555,300	1,061,700	1,061,700			506,400	91.2
<b>Restricted</b>	314,725,300	283,210,700	209,325,300			(105,400,000)	(33.5)
<b>GF/GP</b>	63,081,500	46,946,500	71,946,500			8,865,000	14.1
<b>Gross</b>	<b>\$551,505,200</b>	<b>\$494,588,000</b>	<b>\$445,702,600</b>			<b>(\$105,802,600)</b>	<b>(19.2)</b>
<b>FTEs</b>	1,252.0	1,263.0	1,221.0			(31.0)	(2.5)

Notes: (1) FY 2017-18 year-to-date figures include mid-year budget adjustments through February 7, 2018. (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 2017-18 YTD Appropriations**

	FY 2017-18 Year-to-Date (as of 2/7/18)	FY 2018-19 House Change
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**1. Renewing Michigan's Environment Program**

Executive intends to use 75.0 FTEs and \$79.0 million in restricted funding, the majority of which would be generated by a proposed increase in Michigan's solid waste tipping fee from \$0.36 per ton to \$4.75 per ton, to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:

FTEs	NA	11.0
<b>Gross</b>	<b>NA</b>	<b>\$25,000,000</b>
GF/GP	NA	\$25,000,000

Remediation and redevelopment (including vapor intrusion and PFAS)	\$45,000,000
Recycling grants	15,000,000
Solid waste management	6,000,000
State park infrastructure	5,000,000
Water quality monitoring grants	5,000,000
Asbestos and landfill gas monitoring	1,500,000
Materials management	1,500,000

House intends to use 11.0 FTEs and \$25.0 million GF/GP to partially offset the loss of Clean Michigan Initiative funding. This new program would include the following:

Remediation and redevelopment (including vapor intrusion and PFAS)	\$25,000,000
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**2. Oil, Gas, and Mineral Services GF/GP**

Executive continues \$4.0 million GF/GP for oil, gas, and mineral services to help offset a reduction in available oil and gas regulatory funding. This funding is included in the FY 2017-18 DEQ budget on a one-time basis and moved to ongoing for FY 2018-19.

House continues this appropriation on a one-time basis.

FTEs	59.0	0.0
<b>Gross</b>	<b>\$10,680,900</b>	<b>\$0</b>
Restricted	6,680,900	0
GF/GP	\$4,000,000	\$0

**3. Solid Waste Management Program**

Executive eliminates the solid waste management program by transferring 37.0 FTEs and \$5.1 million in restricted funding to the proposed Renewing Michigan's Environment Program.

House makes no change.

FTEs	37.0	0.0
<b>Gross</b>	<b>\$5,077,800</b>	<b>\$0</b>
Restricted	5,077,800	0
GF/GP	\$0	\$0

<b>Major Budget Changes From FY 2017-18 YTD Appropriations</b>		<b>FY 2017-18 Year-to-Date (as of 2/7/18)</b>	<b>FY 2018-19 House Change</b>
<b>4. Lead Remediation Grants</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,850,000</b>
<u>House</u> appropriates \$3.9 million Gross (\$1.0 million GF/GP) for the DEQ to award grants for the remediation and redevelopment of sites contaminated by lead paint. Restricted funding is provided by the Cleanup and Redevelopment Fund.	Restricted	NA	2,850,000
	GF/GP	NA	\$1,000,000
<b>5. Communications and Community Outreach (Lead Remediation Grants)</b>	<b>Gross</b>	<b>NA</b>	<b>(\$1,000,000)</b>
<u>House</u> reduces the new Office of External Relations included in the FY 2018-19 Executive budget by \$1.0 million GF/GP to create lead remediation grants.	GF/GP	NA	(\$1,000,000)
<b>6. Emergency Cleanup Actions (Lead Remediation Grants)</b>	<b>Gross</b>	<b>\$3,000,000</b>	<b>(\$2,000,000)</b>
<u>House</u> reduces the Emergency Cleanup Actions program by \$2.0 million from the Cleanup and Redevelopment Fund to create lead remediation grants. This program administers contingency account to abate acute risk sites and provides funding to confirm whether an emergency exists at a site.	Restricted	3,000,000	(2,000,000)
	GF/GP	\$0	\$0
<b>7. Federal Cleanup Project Management (Lead Remediation Grants)</b>	FTE	40.0	(5.0)
<u>House</u> reduces the Federal Cleanup Project Management program by 5.0 FTEs and \$850,000 from the Cleanup & Redevelopment Fund to create lead remediation grants. This program provides funding for staff support for federal superfund and other sites in Michigan that qualify for federal dollars; funds implementation of program policy and procedures, the investigation and identification of properties, the oversight and audit of projects, and the coordination of enforcement actions against noncompliant owners and operators.	<b>Gross</b>	<b>\$6,986,500</b>	<b>(\$850,000)</b>
	Federal	3,320,900	0
	Restricted	3,665,600	(850,000)
	GF/GP	\$0	\$0
<b>8. Recycling Initiative</b>	<b>Gross</b>	<b>\$1,011,800</b>	<b>\$1,000,000</b>
<u>House</u> increases the Recycling Initiative by \$1.0 million from the Cleanup & Redevelopment Fund to expand the program. This program builds partnerships with stakeholders to increase the number of counties with access to recycling; promotes regional collaboration; provides education and technical assistance; and develops a measurement system to quantify recycling participation.	Restricted	0	1,000,000
	GF/GP	\$1,011,800	\$0
<b>9. Contaminated Site Investigations, Cleanup, and Revitalization (Recycling Initiative)</b>	FTE	132.0	(10.0)
<u>House</u> reduces the Contaminated Site Investigations, Cleanup, and Revitalization program by 10.0 FTEs and \$1.0 million from the Cleanup & Redevelopment Fund to increase funding for the Recycling Initiative. This program provides funding for staff support for response activities to eliminate danger to public health, safety, welfare, or environment from environmental contamination sites.	<b>Gross</b>	<b>\$15,397,800</b>	<b>(\$1,000,000)</b>
	Private	191,100	0
	Restricted	13,594,700	(1,000,000)
	GF/GP	\$0	\$0
<b>10. Removal of FY 2017-18 supplemental funding</b>	FTE	7.0	(7.0)
<u>Executive</u> removes 7.0 FTEs and \$40.5 million Gross (\$15.8 million GF/GP) for FY 2017-18 supplemental appropriations included in Public Acts 158 and 201 of 2017. The vapor intrusion, PFAS, and remediation and redevelopment programs are continued in FY 2018-19 through the proposed Renewing Michigan's Environment Program. <u>House</u> concurs.	<b>Gross</b>	<b>\$40,537,500</b>	<b>(\$40,537,500)</b>
	Restricted	24,700,000	(24,700,000)
	GF/GP	\$15,837,500	(\$15,837,500)
<b>11. Removal of FY 2017-18 one-time funding</b>	<b>Gross</b>	<b>\$17,100,000</b>	<b>(\$17,100,000)</b>
<u>Executive</u> removes \$17.1 million in restricted funding for one-time projects included in the previous fiscal year's budget:	Restricted	17,100,000	(17,100,000)
	GF/GP	\$0	\$0
Refined petroleum product cleanup program		\$14,900,000	
Drinking water declaration of emergency		2,200,000	
<u>House</u> concurs.			

<b><u>Major Budget Changes From FY 2017-18 YTD Appropriations</u></b>	<b><u>FY 2017-18 Year-to-Date (as of 2/7/18)</u></b>	<b><u>FY 2018-19 House Change</u></b>
<b>12. Technical Adjustments</b>	FTEs	NA (20.0)
<u>Executive</u> decreases DEQ budget by 20.0 FTEs and \$76.3 million Gross (\$913,400 GF/GP) to align authorization with available funds and comply with organizational changes. Adjustments include transferring the Office of the Great Lakes from the DEQ to the DNR (Executive Order 2017-9), establishing a new Office of External Relations, and eliminating authorization for Strategic Water Quality Initiative grants and loans program which was funded through FY 2017-18.	<b>Gross</b>	<b>NA (\$76,260,400)</b>
<u>House</u> concurs.	Federal	NA (10,439,200)
	Private	NA 506,600
	Restricted	NA (65,414,400)
	GF/GP	NA (\$913,400)
<b>13. Economic Adjustments</b>	<b>Gross</b>	<b>NA \$3,095,300</b>
Reflects increased costs of \$3.1 million Gross (\$615,900 GF/GP) for negotiated salary and wage increases (2.0% ongoing), actuarially required retirement contributions, worker's compensation, building occupancy charges, and other economic adjustments.	IDG	NA 43,200
<u>House</u> concurs.	Federal	NA 622,000
	Private	NA (200)
	Restricted	NA 1,814,400
	GF/GP	NA 615,900

**Major Boilerplate Changes From FY 2017-18**

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

Allows unexpended funds appropriated for the emergency cleanup actions program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$3.0 million with a tentative completion date of September 30, 2023. Revised to split environmental cleanup actions (Sec. 302), the environmental cleanup and redevelopment program (Sec. 307), and the refined petroleum product cleanup program (Sec. 308) into separate boilerplate sections.

Executive revises, House concurs but specifies that work projects must be completed by contract.

**Sec. 305. Refined Petroleum Fund – RETAINED**

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07. Executive deletes, House retains.

**Sec. 306. Refined Petroleum Fund Cleanup Site List – REVISED**

Requires list of cleanup sites addressed by the Refined Petroleum Product Cleanup Program for the new fiscal year and closed sites from the preceding fiscal year by January 1. Date revised from November 1 to January 1.

Executive revises, House concurs.

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

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

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

**Sec. 308. Work Projects – Refined Petroleum Product Cleanup Program – NEW**

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

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

**Sec. 314. Refined Petroleum Fund Reimbursements to Owners/Operators of Legacy Releases – RETAINED**

Requires DEQ to expend not more than \$36.0 million of funds appropriated in 2017 PA 107 for the refined petroleum product cleanup program to reimburse owners and operators of underground storage tanks who have taken remediation actions to cleanup releases that predate the establishment of the Underground Storage Tank Cleanup Authority in 2014.

Executive deletes, House retains.

## **Major Boilerplate Changes From FY 2017-18**

### **Sec. 315. Lead Remediation Grants – NEW**

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

House adds new section.

### **Sec. 316. Renewing Michigan's Environment Program – NEW**

Requires DEQ to expend funds appropriated for the Renewing Michigan's Environment Program for the remediation and redevelopment of nonpetroleum contaminated sites.

House adds new section.

### **Sec. 317. Database of Contaminated Groundwater – NEW**

Requires DEQ to use Remediation and Redevelopment Division appropriations to maintain a statewide GIS map database of contaminated groundwater in Michigan.

House adds new section.

### **Sec. 407. Contaminated Lake and River Sediment Cleanup Program – DELETED**

Allows unexpended funds appropriated for the contaminated lake and river sediment cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated lake and river sediment cleanups estimated to cost \$2.3 million with a tentative completion date of September 30, 2022.

Executive deletes, House concurs.

### **Sec. 410. Lake Erie Report – DELETED**

Requires DEQ to compile a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. Report shall include estimated cost of removal of total phosphorus per pound at the four major wastewater treatment plants; a description of the grants that have been awarded; a description of the work that has commenced on the issue of dissolved reactive phosphorus, the expected objectives and outcomes of that work, and a list of the parties involved in that effort; and a description of the efforts and outcomes aimed at the total phosphorus reduction for the River Raisin watershed.

Executive retains, House deletes.

### **Sec. 411. Kalamazoo River Superfund Site Study – DELETED**

Sets aside \$150,000 of FY 2017-18 CMI contaminated sediments funding for an engineering study pertaining to the Kalamazoo River Superfund site and allows the study to be conducted by a private engineering firm.

Executive deletes, House concurs.

### **Sec. 412. Work Projects – Aquifer Protection Program – NEW**

Allows unexpended funds appropriated for the aquifer protection program to be considered work project appropriations and carried forward into the succeeding fiscal year. 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 adds new section, House concurs but specifies that work projects must be completed by contract.

### **Sec. 603. Stormwater, Asset Management, and Wastewater (SAW) Grants Report – RETAINED**

Requires report to be posted on DEQ website which contains a summary document of each completed asset management plan for each awarded SAW grant; requires that local governments retain copies of their plan for 15 years.

Executive deletes, House retains.

### **Sec. 701. Underground Storage Tank Authority – REVISED**

Allows unexpended funds appropriated for the underground storage tank cleanup program to be considered work project appropriations and carried forward into the succeeding fiscal year. The program will perform contaminated site cleanups estimated to cost \$20 million with a tentative completion date of September 30, 2023.

Executive retains, House concurs but specifies that work projects must be completed by contract.