

**FY 2019-20: DEPARTMENT OF ENVIRONMENTAL QUALITY**  
**Summary: As Passed the Senate**  
**Senate Bill 137 (S-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: Senate From FY 2018-19 YTD	
						Amount	%
<b>IDG/IDT</b>	\$3,143,700	\$3,176,600	\$3,148,600	\$3,176,600		\$32,900	1.0
<b>Federal</b>	160,225,400	160,895,300	160,432,600	160,895,300		669,900	0.4
<b>Local</b>	0	0	0	0		0	--
<b>Private</b>	1,061,700	1,061,800	1,061,800	1,061,800		100	0.0
<b>Restricted</b>	278,325,300	259,346,600	262,263,700	259,346,600		(18,978,700)	(6.8)
<b>GF/GP</b>	58,546,500	53,793,000	42,519,200	173,793,000		115,246,500	196.8
<b>Gross</b>	<b>\$501,302,600</b>	<b>\$478,273,300</b>	<b>\$469,425,900</b>	<b>\$598,273,300</b>		<b>\$96,970,700</b>	<b>19.3</b>
<b>FTEs</b>	1,263.0	1,287.0	1,280.0	1,285.0		22.0	1.7

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 continue the collection of 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 and Senate concur.

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

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
<b>Total</b>	<b>\$27,843,700</b>

<b><u>Major Budget Changes From FY 2018-19 YTD Appropriations</u></b>		<b><u>FY 2018-19 Year-to-Date (as of 3/5/19)</u></b>	<b><u>FY 2019-20 Senate Change</u></b>
<b>2. Drinking Water Compliance Assistance</b>	FTE	115.0	10.0
<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.	<b>Gross</b>	<b>\$16,554,400</b>	<b>\$1,900,000</b>
<u>House</u> includes an increase of \$950,000 GF/GP and authorizes 5.0 FTE positions.	Federal	9,434,100	0
<u>Senate</u> concurs with Executive.	Restricted	4,465,400	0
	GF/GP	\$2,654,900	\$1,900,000
<b>3. Refined Petroleum Product Cleanup Program Staffing</b>	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.	<b>Gross</b>	<b>\$34,680,000</b>	<b>\$0</b>
<u>House</u> and <u>Senate</u> concur.	Federal	2,060,300	0
	Restricted	32,619,700	0
	GF/GP	\$0	\$0
<b>4. Coal Ash Care Fund – Solid Waste Management Program</b>	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.	<b>Gross</b>	<b>\$5,159,600</b>	<b>\$260,000</b>
<u>House</u> and <u>Senate</u> concur.	Restricted	5,159,600	260,000
	GF/GP	\$0	\$0
<b>5. Vapor Intrusion – Contaminated Site Investigations Program</b>	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.	<b>Gross</b>	<b>\$15,674,100</b>	<b>(\$1,655,300)</b>
<u>House</u> and <u>Senate</u> concur.	Private	191,100	0
	Restricted	13,857,600	0
	GF/GP	\$1,625,400	(\$1,655,300)
<b>6. Water Quality and Use Initiative</b>	<b>Gross</b>	<b>\$1,522,900</b>	<b>(\$1,522,900)</b>
<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> and <u>Senate</u> concur.			
<b>7. Recycling Initiative</b>	FTE	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.	<b>Gross</b>	<b>\$2,032,000</b>	<b>(\$1,032,000)</b>
<u>House</u> and <u>Senate</u> concur.	Restricted	1,000,000	0
	GF/GP	\$1,032,000	(\$1,032,000)
<b>8. Lead Remediation Grants</b>	<b>Gross</b>	<b>\$2,000,000</b>	<b>(\$2,000,000)</b>
<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> and <u>Senate</u> concur.	GF/GP	\$1,000,000	(\$1,000,000)

<b><u>Major Budget Changes From FY 2018-19 YTD Appropriations</u></b>		<b><u>FY 2018-19 Year-to-Date (as of 3/5/19)</u></b>	<b><u>FY 2019-20 Senate Change</u></b>
<b>9. Removal of FY 2018-19 One-Time Funding</b>	<b>Gross</b>	<b>\$2,120,000</b>	<b>(\$2,120,000)</b>
<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> and <u>Senate</u> concur.			
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		
<b>10. Technical Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>(\$19,927,400)</b>
<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 GF/GP	NA NA	(19,927,400) \$0
<u>House</u> and <u>Senate</u> concur.			
<b>11. Economic Adjustments</b>	<b>Gross</b>	<b>NA</b>	<b>\$3,068,300</b>
<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 Federal Private Restricted GF/GP	NA NA NA NA NA	32,900 669,900 100 1,688,700 \$676,700
<u>House</u> and <u>Senate</u> concur.			
<b>12. Ottawa County Comprehensive Groundwater Monitoring Network</b>	FTE	86.0	0.0
<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.	<b>Gross</b> Federal Restricted GF/GP	<b>\$16,291,600</b> 6,246,000 7,625,900 \$2,419,700	<b>\$0</b> 0 0 \$0
<u>Senate</u> does not include funding.			
<b>13. Water State Revolving Funds</b>	<b>Gross</b>	<b>\$120,000,000</b>	<b>\$0</b>
<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 Restricted GF/GP	100,000,000 15,000,000 \$5,000,000	0 0 \$0
<u>Senate</u> does not include reduction.			
<b>14. Groundwater Discharge Permit Program</b>	FTE	22.0	0.0
<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.	<b>Gross</b> Restricted GF/GP	<b>\$3,253,500</b> 1,472,500 \$1,781,000	<b>\$0</b> 0 \$0
<u>Senate</u> does not include reduction.			
<b>15. Wetlands Program</b>	<b>Gross</b>	<b>\$1,000,000</b>	<b>\$0</b>
<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	\$0
<u>Senate</u> does not include reduction.			
<b>16. Drinking Water Infrastructure</b>	FTE	2.0	(2.0)
<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.	<b>Gross</b> GF/GP	<b>\$4,000,000</b> \$4,000,000	<b>(\$4,000,000)</b> (\$4,000,000)
<u>Senate</u> concurs.			

<b>Major Budget Changes From FY 2018-19 YTD Appropriations</b>		<b>FY 2018-19 Year-to-Date (as of 3/5/19)</b>	<b>FY 2019-20 Senate Change</b>	
<b>17. Oil, Gas, and Mineral Services Fund Shift</b>		FTE	57.0	0.0
<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).		<b>Gross</b>	<b>\$10,804,700</b>	<b>\$0</b>
<u>Senate</u> does not include fund shift.		Restricted	6,804,700	0
		GF/GP	\$4,000,000	\$0
<b>18. Surface Water Fund Shift</b>		FTE	86.0	0.0
<u>House</u> shifts \$1.2 million in spending authorization from GF/GP to the Environmental Response Fund.		<b>Gross</b>	<b>\$16,291,600</b>	<b>\$0</b>
<u>Senate</u> does not include fund shift.		Federal	6,246,000	0
		Restricted	7,625,900	0
		GF/GP	\$2,419,700	\$0
<b>19. Administrative Efficiencies</b>		<b>Gross</b>	<b>NA</b>	<b>\$0</b>
<u>House</u> reduces operational funding throughout the budget, reflecting a 3% reduction to be achieved through administrative efficiencies.		Federal	NA	0
<u>Senate</u> does not include reduction.		Restricted	NA	0
		GF/GP	NA	\$0
<b>20. Information Technology Reduction</b>		<b>Gross</b>	<b>\$9,076,800</b>	<b>\$0</b>
<u>House</u> reduces funding available for information technology services and projects by 25%.		IDG	111,900	0
<u>Senate</u> does not include reduction.		Federal	1,338,000	0
		Restricted	7,154,100	0
		GF/GP	\$472,800	\$0
<b>21. Drinking Water Protection and Innovation Initiatives</b>		<b>Gross</b>	<b>NA</b>	<b>\$120,000,000</b>
<u>Senate</u> includes \$120.0 million GF/GP for drinking water protection and innovation initiatives from Supplemental Request 2019-4:		GF/GP	NA	\$120,000,000
Drinking Water Revolving Fund Loan Forgiveness	\$30,000,000			
PFAS and Emerging Contaminants	30,000,000			
Stormwater, Asset Management, and Wastewater Program	30,000,000			
Lead and Copper Rule Implementation	25,000,000			
Private Well Testing	5,000,000			
<b>22. Air Quality Programs</b>		<b>Gross</b>	<b>\$27,493,200</b>	<b>\$2,000,000</b>
<u>Senate</u> increases air quality funding by \$2.0 million GF/GP. This appropriation supports air emissions control, air quality monitoring, facility inspections, and compliance with EPA air standards.		Federal	7,277,800	0
		Restricted	14,310,700	0
		GF/GP	\$5,904,700	\$2,000,000
<b>23. Watershed Grant Program</b>		<b>Gross</b>	<b>NA</b>	<b>\$1,350,000</b>
<u>Senate</u> provides \$1.4 million GF/GP for grants to watershed councils for education, administration, and management.		GF/GP	NA	\$1,350,000
<b>24. Cooperative Lakes Management Program</b>		FTE	86.0	0.0
<u>Senate</u> includes an increase of \$150,000 GF/GP to the Surface Water program to continue the Cooperative Lakes Monitoring Program.		<b>Gross</b>	<b>\$16,291,600</b>	<b>\$150,000</b>
<u>House</u> earmarks existing Surface Water funds for this purpose (Sec. 413).		Federal	6,246,000	0
		Restricted	7,625,900	0
		GF/GP	\$2,419,700	\$150,000

**Major Boilerplate Changes From FY 2018-19**

**Sec. 210. Contingency Fund Transfer Authority – DELETED**

Provides authority for contingency fund transfers: up to \$30.0 million federal, \$5.0 million restricted, \$100,000 local, and \$500,000 private; transfers must be approved by both the House and Senate Appropriations Committees. Senate deletes.

## **Major Boilerplate Changes From FY 2018-19**

### ***Sec. 216. Consolidated Report on Environmental Cleanup Projects – REVISED***

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, Senate concurs with Executive.

### ***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 and Senate retain.

### ***Sec. 221. Rule Promulgation – DELETED***

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

### ***Sec. 235. Clean Michigan Initiative Report – REVISED***

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, Senate concurs with Executive.

### ***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 and Senate retain.

### ***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.

Senate rolls into Sec. 308.

### ***Sec. 303. Restricted Fund Transfer: Cleanup and Redevelopment Trust Fund – DELETED***

Transfers \$1.0 million from Cleanup and Redevelopment Trust Fund to Environmental Protection Fund. Executive and House retain, Senate deletes.

### ***Sec. 304. Restricted Fund Transfer: Community Pollution Prevention Fund – DELETED***

Transfers \$1.0 million from Community Pollution Prevention Fund to Environmental Protection Fund. Executive and House retain, Senate deletes.

### ***Sec. 305. Refined Petroleum Fund – DELETED***

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

Executive and Senate delete, House retains.

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

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, Senate rolls into Sec. 308.

### ***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.

Senate revises to include Sec. 302 and Sec. 307.

### ***Sec. 313. Vapor Intrusion – DELETED***

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

Executive deletes, House and Senate concur.

## **Major Boilerplate Changes From FY 2018-19**

### **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 and Senate concur.

### **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 and Senate concur.

### **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 and Senate delete.

### **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 and Senate delete.

### **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 and Senate concur.

### **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 and Senate concur.

### **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. Revised to include the voluntary stream monitoring program.

Executive deletes, House retains and revises, Senate retains.

### **Sec. 501. Work Projects – Renewing Michigan’s Environment Program – DELETED**

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, Senate deletes.

### **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 and Senate concur.

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

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.

Senate retains.

**Major Boilerplate Changes From FY 2018-19**

***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 and Senate concur.

***Sec. 802. Watershed Grant Program – NEW***

Directs expenditure of one-time funding for the Watershed Grant Program and requires a program report by April 1.

Senate adds new section.