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BILL ANALYSIS

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Senate Bill 453 (Substitute S-1 as reported)

Sponsor: Senator Vern Ehlers

Committee: Natural Resources and Environmental Affairs

Date Completed: 10-11-89

RATIONALE

The Clean Michigan Fund Act requires the Department of Natural Resources (DNR) to establish and the Natural Resources Commission (NRC) to fund various grant and assessment programs for research, demonstrations, and education in the area of solid waste alternatives. The recent "quality of life" environmental bond proposal, approved by the State's voters in 1988, includes similar grant programs. Some people feel that, in order to make the Act consistent with the quality of life bond programs, a new program aimed at waste reduction research and development should be added to the Act. In addition, some contend that the Act's current percentage cap restrictions for the funding of authorized programs should be deleted to avoid the rejection of grants for otherwise beneficial programs simply because the statutory cap has been reached. Finally, some feel that the maximum grant for individual waste-to-energy projects should be reduced because outside funding of such projects is more readily available today than it was two years ago, when the funding authorization was enacted.

CONTENT

The bill would amend the Clean Michigan Fund Act to require the DNR to establish a waste reduction research and demonstration capital grant program, and to revise certain spending restrictions on other programs supported by the Clean Michigan Fund.

The proposed waste reduction research and demonstration capital grant program would have to provide funding for the capital costs of waste reduction equipment in the research, testing, developmental, or operational stages. The NRC could make a grant only if all of the following applied:

- The proposed project had the potential to reduce the amount of waste produced.
- The project was located in a county that had an approved solid waste management plan.
- All permits required by State law and applicable specifically to the project had been obtained.

The bill would define "waste reduction research and demonstration project" as a project that resulted in "the generation of less solid waste at the source before entering the waste stream".

The Act requires the DNR to establish various grant programs and the NRC to pay for certain assessments, and specifies restrictions on the percentage of the Fund that can be spent for each program and ceilings for individual grants and assessments. The bill would delete the percentage restrictions, with one exception, and establish new ceilings on individual grants or retain current ceilings, as follows.

S.B. 453 (10-11-89)

<u>Program</u>	<u>Percent of Fund</u>	<u>Current Single Grant Ceiling</u>	<u>SB 453 Single Grant Ceiling</u>
Waste Stream Assessments	5%	\$50,000	\$100,000 ^{a)}
Resource Recovery Education Grants	25%	50,000	50,000
Solid Waste Transfer Station Grants	25%	300,000	200,000
Recycling & Composting Capital Grants	20%	500,000	500,000
Waste-to-Energy Capital Grants	30%	2,000,000	500,000 ^{b)}
Recycling Operational Grants	5%	150,000	150,000
Composting Operational Grants	5%	150,000	150,000
Household Hazardous Waste Disposal Grants ^{c)}	2%	15,000	15,000
Recycled Materials Market Development Research	25%	500,000	500,000

^{a)} This represents a single assessment ceiling.

^{b)} The bill's restriction would be \$500,000 or 25% of the Fund in any fiscal year, whichever was less, for any single grant.

^{c)} The bill also would delete the one-year project completion requirement for the awarding of household hazardous waste disposal grants.

FISCAL IMPACT

The bill would allow increased flexibility in Fund allocation, but would not have an impact on overall expenditures. Overall funding is subject to the appropriations process.

ARGUMENTS

Supporting Argument

Promoting solid waste reduction strategies and techniques is a high priority of Michigan's State Solid Waste Management Policy. The development of waste reduction strategies and techniques would be an integral part of any solid waste disposal alternative program. The Act's grant programs should encourage research and development of reduction technologies. In addition, the DNR and NRC should be given more flexibility in funding the best solid waste management projects available. The current strict percentage caps can be a barrier to such flexibility. By removing most of those caps, the bill would allow the DNR and NRC to encourage beneficial research and development of disposal alternatives more effectively. Removing the caps and providing for the grant program also would make the statute consistent with the quality of life bond programs. Finally, since alternative funding sources for waste-to-energy programs have become more available, the bill would reduce the maximum grant for such projects.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.