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RETIRED ENGINEER TECHNICAL ASSISTANCE PROGRAM

House Bill 4849 as enrolled
Public Act 289 of 1998
Second Analysis (8-14-98)

Sponsor: Rep. James Middaugh
House Committee: Conservation,
Environment and Recreation
Senate Committee: Appropriations

THE APPARENT PROBLEM:

Almost every state has a program that provides on-site technical assistance on pollution prevention (the elimination or reduction of waste at the source) to smaller businesses. In Michigan, a pilot program -- the Retired Engineer Technical Assistance Program (RETAP) -- was introduced in 1994 that used retired engineers and other professionals to aid businesses in adopting programs that would reduce the volume or toxicity of waste that each releases into the environment. During this pilot phase, RETAP personnel have performed pollution prevention assessments at facilities and developed recommendations to improve energy efficiency. According to the Department of Environmental Quality (DEQ), the program is now an important part of its efforts to institute pollution prevention practices throughout the state. Recommendations from RETAP have proven practical and have provided new approaches to conserve materials and prevent the generation of waste. They have also resulted in considerable savings for the companies involved. This, and the fact that the extensive business experience of RETAP professionals has also been well received by Michigan businesses, has shown that the policy deserves to be established as a permanent program. Consequently, legislation has been introduced that would establish the program in statute and create a RETAP Fund to support it.

THE CONTENT OF THE BILL:

The bill would amend Parts 143 and 145 of the Natural Resources and Environmental Protection Act (NREPA), concerning waste minimization and waste reduction assistance, to establish the Retired Engineer Technical Assistance Program (RETAP) within the Department of Environmental Quality (DEQ). Under

the program, retired engineers, scientists, and other qualified professionals would participate in providing technical assistance on pollution prevention to business and industry.

Under the bill, the DEQ would replace the Office of Waste Reduction within the Department of Natural Resources (DNR), and a Retired Engineers Technical Assistance Program would replace the present Waste Reduction Research Grants Program. The bill would also establish a RETAP Fund to cover department expenses in administering the RETAP program, and a Pollution Prevention Assistance Revolving Loan Fund that would provide loans to small businesses for qualifying pollution prevention expenditures. (Note: A "small business" would be defined under the bill to mean one that is independently owned and operated and was not dominant in its field, as defined in federal rules (13 CFR 121); and is both a "small business concern," as defined in the Small Business Act (Public Law 85-536, 72 STAT 384), and is owned or operated by a person who employed 100 or fewer employees.)

"Pollution prevention" would be defined under the bill to mean all of the following:

- "Source reduction," as defined in the Pollution Prevention Act of 1990, Subtitle G of Title VI of the Omnibus Budget Reconciliation Act of 1990, Public Law 101-508 (42 USC 13101 to 13109).
- "Pollution prevention," as described in the U.S. Environmental Protection Agency (EPA) Pollution Prevention Statement dated June 15, 1993.
- Environmentally sound on-site or off-site reuse or recycling.

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"Environmental wastes" would be defined under the bill to mean all environmental pollutants, wastes, discharges, and emissions, regardless of how they are regulated and regardless of whether they are released to the general environment or the workplace environment.

Department Responsibilities. The DEQ could contract with public or private corporations to conduct one or more RETAP activities. However, proposed contracts would first have to be submitted to the legislature. The director of the department could establish priorities for RETAP assistance, based on demand, the funds available for the service, and the needs of the applicants, taking into consideration the most effective use of the service. The DEQ would also be required to establish a pollution prevention information clearinghouse, which would replace and have the same responsibilities as the Waste Reduction Information Clearinghouse.

RETAP Fund. The Retired Engineer Technical Assistance Program Fund would be created within the state treasury, and used by the department, upon appropriation, to administer and operate the RETAP. The fund would not be allowed to exceed \$10 million. In addition, \$700,000 would be transferred and appropriated from fees assessed on hazardous waste disposal to capitalize the RETAP fund. The bill would specify that, if the fund was capitalized from a different source, then \$700,000 would be appropriated and transferred from the RETAP Fund back to the Waste Reduction Fee Fund. Money in the fund at the close of the fiscal year would remain in the fund and would not lapse to the general fund. The state treasurer would be required to report annually to the legislature on the amount of money in the fund.

Small Business Pollution Prevention Assistance Revolving Loan Fund. The fund would be created within the state treasury, and used by the DEQ, upon appropriation, to provide loans to small businesses to implement the pollution prevention recommendations made in RETAP audits and other "qualifying pollution prevention expenditures" (defined under the bill as equipment or technology modification, process or procedure modifications, reformulation or redesign of products, substitution of raw materials, and improvements in housekeeping, maintenance, training, or inventory control that reduced the amount of

environmental waste, public health hazards, or hazards to the environment). The maximum loan that could be made from the fund would be \$50,000. In addition, the bill would specify that a business could not receive more than one loan in a three-year period.

Annual Report. The DEQ would be required, under the bill, to submit a report to the governor and the legislature on the pollution prevention impacts of the toxic materials accounting and toxics use reporting programs of other states and of the federal government. In addition, the bill would require that the report evaluate the costs and benefits of such programs and recommend whether the state should implement them to foster pollution prevention.

Repealer. The bill would repeal current waste reduction provisions that established the Waste Reduction Assistance Service within the Department of Natural Resources (DNR) and the Waste Reduction Advisory Committee within the Department of Commerce, as well provisions that established department liaisons between the Waste Reduction Assistance Service in the Department of Commerce and the Office of Waste Reduction in the DNR. Instead, the bill would specify that the DEQ would incorporate waste reduction goals within its regulatory and permit programs. (Note: These provisions reflect Executive Orders 1995-7 and 1995-18, which transferred waste reduction responsibilities to the DEQ.)

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SENATE COMMITTEE ACTION:

The Senate Appropriations Committee substitute changed the focus of the bill, from "waste reduction" to "pollution prevention." The Senate substitute also establishes the Small Business Pollution Prevention Assistance Revolving Loan Fund that would provide loans for small businesses for qualifying pollution prevention expenditures. In addition, the substitute bill requires that, prior to entering into a Retired Engineers Technical Assistance Program (RETAP) contract, the Department of Environmental Quality (DEQ) would have to submit the proposed contract to the legislature; and also specifies that, if the RETAP Fund is capitalized from a different source, the \$700,000 appropriated for the purpose would have to be returned to the Waste Reduction Fee Fund.

FISCAL IMPLICATIONS:

A Department of Environmental Quality (DEQ) analysis notes that, if the Clean Michigan Initiative Bond Proposal is approved by the voters in the November, 1998 general election, then the RETAP Fund would receive \$10 million, and the Small Business Pollution Prevention Assistance Revolving Loan Fund would receive \$5 million. The DEQ reports that its current budget includes \$300,000 to continue a pilot RETAP program. In addition, the bill would transfer \$700,000 from hazardous waste disposal fees. (8-12-98)

ARGUMENTS:**For:**

The RETAP program focuses on reducing waste at the source by providing on-site technical assistance to businesses to identify waste reduction. This has led to increased environmental protection, as well as significant cost savings, with a minimum use of state funds. According to the Department of Environmental Quality (DEQ), the pilot program, which started in 1994, has demonstrated that the program is a highly effective method of providing needed technical assistance to small- and mid-sized Michigan businesses and institutions. Approximately one hundred waste reduction assessments have been conducted by retired engineers and other professionals with positive results: businesses have reduced chemical inventories, energy consumption, and their environmental reporting requirements. By establishing the RETAP program as a permanent program and creating a funding source, the bill will assure that this successful program reaches more businesses.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.