



Senate Fiscal Agency
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BILL ANALYSIS



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FULL-TIME EQUATED (FTE) CLASSIFIED POSITIONS/FUNDING SOURCE	FY 2017-18 YEAR-TO-DATE*	FY 2018-19 CONFERENCE	CHANGES FROM FY 2017-18 YEAR-TO-DATE	
			AMOUNT	PERCENT
FTE Positions	1,246.0	1,231.0	(15.0)	(1.2)
GROSS	551,505,200	447,502,600	(104,002,600)	(18.9)
Less:				
Interdepartmental Grants Received	3,100,500	3,143,700	43,200	1.4
ADJUSTED GROSS	548,404,700	444,358,900	(104,045,800)	(19.0)
Less:				
Federal Funds	170,042,600	160,225,400	(9,817,200)	(5.8)
Local and Private	555,300	1,061,700	506,400	91.2
TOTAL STATE SPENDING	377,806,800	283,071,800	(94,735,000)	(25.1)
Less:				
Other State Restricted Funds	314,725,300	209,325,300	(105,400,000)	(33.5)
GENERAL FUND/GENERAL PURPOSE	63,081,500	73,746,500	10,665,000	16.9
PAYMENTS TO LOCALS	4,531,000	5,701,000	1,170,000	25.8

*As of May 3, 2018.

FY 2017-18 Year-to-Date Gross Appropriation	\$551,505,200
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Changes from FY 2017-18 Year-to-Date:

Items Included by the Senate and House

1. **Aquifer Dispute Resolution.** The Governor, House, and Senate included a reappropriation of lapsed funds from the Aquifer Protection Revolving Fund that was created through Public Act 305 of 2012. These funds have been used to support dispute resolutions between small and large well owners when it is believed the larger well's withdrawals are affecting the smaller well's ability to access water. Unused funds had been carried forward as a work project through FY 2016-17, but that authority has since expired. 524,000
2. **Stormwater, Asset Management, and Wastewater (SAW) Grants and Loans.** The Governor, House, and Senate removed appropriations for these grants. The grants were capitalized with \$450.0 million in bond proceeds from the Great Lakes Protection Bond (Proposal 2 of 2002), and all available funds have been awarded. (62,000,000)
3. **Clean Michigan Initiative (CMI) - Contaminated Sediments.** The Governor, House, and Senate removed the remaining CMI - Contaminated Sediment appropriations as these funds have all been either spent or encumbered for existing projects. (1,565,000)
4. **Wetland Mitigation Banking.** Statute allows for up to \$10.0 million from the Great Lakes Protection Bond to be allocated to the establishment of wetland mitigation banks. So far, \$9.0 million has been appropriated for that purpose so the Governor, House, and Senate reduced this item to appropriate the remaining \$1.0 million. (2,000,000)
5. **Volkswagen Diesel Emissions Mitigation Trust.** The Governor, House, and Senate included an appropriation to reflect private funds the DEQ has received to administer benefits to customers affected by the Volkswagen diesel emissions settlement. The settlement funds themselves will not pass through the DEQ; DEQ will act only as an administrator for the Trust. 506,600

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| 6. Office of the Great Lakes. The Governor's Recommendation reflects Executive Order 2017-9, which transferred the Office of the Great Lakes from the Department of Environmental Quality to the DNR. 23.0 FTEs and related funding was included in the transfer. The Senate and House included this transfer. | (11,743,600) |
| 7. Rent Adjustment. The Governor, House, and Senate included additional funds to reflect increased private rent costs at certain DEQ facilities. | 17,600 |
| 8. Remove FY 2017-18 Supplementals and Contingency Fund Transfers. | (42,737,500) |
| 9. Remove FY 2017-18 One-Time Appropriations. | (14,900,000) |
| 10. Economic Adjustments. Includes \$3,095,300 Gross and \$615,900 GF/GP for total economic adjustments, of which an estimated \$1,348,400 Gross and \$128,800 GF/GP is for legacy retirement costs (pension and retiree health). | 3,095,300 |

Conference Agreement on Items of Difference

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| 11. Clean Environment Initiative. The Governor proposed an increase in solid waste disposal fees, commonly referred to as 'tipping fees' from 12 cents per cubic yard (approximately 36 cents per ton, on average) to \$4.75 per ton. This increased fee would generate about \$79.0 million in total, an increase of about \$73.9 million over the \$5.1 million that the tipping fees currently generate for the existing solid waste management program. In total, fee revenue would be used for the following: \$45.0 million for environmental cleanup and brownfield redevelopment (20.0 new FTEs), \$15.0 million for recycling grants, \$5.0 million for water quality monitoring (3.0 new FTEs), \$5.0 million for State park infrastructure improvements, \$1.5 million for asbestos disposal oversight and landfill gas monitoring (7.0 new FTEs), \$1.5 million for materials management planning with local governments (8.0 new FTEs), and \$6.0 million would be used to continue the current solid waste management program. The Senate bill did not reflect an anticipated increase in these fees. The House included \$25.0 million in ongoing GF/GP specifically for cleanups under Part 201 of NREPA. The Conference concurred with the House, but included the funding as a one-time appropriation. | 25,000,000 |
| 12. Communications and Customer Service Reduction. The House reduced this program by \$1.0 million GF/GP to fund lead remediation grants. The Senate and Conference did not include this reduction. | 0 |
| 13. Cleanup and Redevelopment Fund Reductions. The House reduced Cleanup and Redevelopment Fund appropriations from the following lines to fund lead remediation grants and an increase for recycling grants: \$1.0 million from Contaminated Site Investigations, Cleanup, and Revitalization, \$2.0 million from Emergency Cleanup Actions, and \$850,000 from Federal Cleanup Project Management. The Senate did not include these reductions. The Conference included only the reduction of \$2.0 for Emergency Cleanup Actions. | (2,000,000) |
| 14. Recycling Initiative. The House provided an additional \$1.0 million from the Cleanup and Redevelopment Fund for this program, bringing the total to \$2.0 million. The Senate did not include this increase. The Conference concurred with the House, and included the increase. | 1,000,000 |
| 15. Lead Remediation Grants. The House included \$3,850,000 for grants for the remediation and redevelopment of sites contaminated by lead paint (\$2,850,000 Cleanup and Redevelopment Fund, \$1.0 million GF/GP). The Senate did not include this item. The Conference included the item at a reduced level of \$2.0 million (\$1.0 million C&R Fund, \$1.0 GF/GP). | 2,000,000 |
| 16. Water Withdrawal Assessment Program. The Conference included \$180,000 GF/GP for this program to cover additional costs that would be incurred under House Bill 5638. | 180,000 |
| 17. Michigan Geological Survey. The Senate included ongoing GF/GP support for the Michigan Geological Survey at Western Michigan University to assist the program with mapping the geology of this state. The House did not include this item. The Conference included it, but as a one-time appropriation. | 500,000 |

18. Landfill Research, Design, and Demonstration Project. The Senate included GF/GP funds for a grant to continue septage waste bioreactor RDDP at the Smith's Creek Landfill in St. Clair County. The project will continue to test the effect of introducing septage into the landfill on the rate of decomposition of the waste deposited there. The House did not include this item. The Conference included it as a one-time appropriation.	120,000
19. Vapor Intrusion Program. The Senate reduced this program from \$1.6 million to \$1.1 million. The program was new in FY 2017-18 and is intended to address public health concerns stemming from chemicals in soil that manage to leak into basements and building foundations. The House and Conference retained current-year funding.	0
20. Oil, Gas, and Mineral Services. The Governor and Senate included GF/GP funds for the operation of the Office of Oil, Gas, and Mineral Services. In the past the Office had been funded primarily through the Oil and Gas Regulatory Fund, which receives revenue based on the gross cash value of oil and gas produced in Michigan. Due to low prices in the last few years, the Fund has not had sufficient revenue to support the operations of the Office. In FY 2017-18 \$4.0 million GF/GP was included as a one-time measure to fund the Office. Since prices have remained low the Governor proposed retaining this GF/GP on an ongoing basis. The House retained this as a one-time appropriation. The Conference concurred with the Governor and Senate.	0
21. FY 2018-19 One-Time Gross Appropriations. \$25.0 million for environmental cleanup and remediation, \$120,000 for landfill research, design, and demonstration project, \$500,000 for Michigan geological survey, and \$100 for drinking water declaration of emergency.	
Total Changes	(\$104,002,600)
FY 2018-19 Conference Report Ongoing/One-Time Gross Appropriation	\$447,502,600
Amount Over/(Under) GF/GP Target:	\$0

Boilerplate Changes from FY 2017-18 Year-to-Date:

Items Included by the Senate and House

1. **Communication with the Legislature.** The Governor removed, and House and Senate retained a prohibition against taking disciplinary action against Department employees who communicate with the Legislature. (Sec. 220)
2. **Rule Promulgation - Small Business Impact.** The Governor removed, and House and Senate retained a prohibition against the promulgation of rules that would have a disproportionate impact on small businesses. (Sec. 221)
3. **Refined Petroleum Fund (RPF) Repayment.** The Governor removed, and House and Senate retained a statement of legislative intent that the \$70.0 million transferred to the Environmental Protection Fund from the Refined Petroleum Fund in FY 2006-07 be repaid. (Sec. 305)
4. **CMI - Contaminated Sediments.** The Governor, House, and Senate removed work project language for this program as it has no funding remaining. (Sec. 407)
5. **CMI Earmark - Allied Paper Superfund Site.** The Governor, House, and Senate removed a boilerplate earmark for \$150,000 from CMI - Contaminated Sediments funds for an engineering study at the Allied Paper Superfund site. (Sec. 411)
6. **Aquifer Protection - Work Project.** The Governor included a new section that would allow unexpended funds for aquifer protection to be carried forward into subsequent fiscal years as a work project. The House and Senate included this section. (Sec. 412)

Conference Agreement on Items of Difference

7. **Fee and Fund Source Report.** The Senate included a new section requiring a number of reports on the fees charged and fund sources used by the Department. The House did not include this section. The Conference included this section. (Sec. 238)

8. **Refined Petroleum Fund - Corrective Action Reimbursement.** The Governor and Senate removed a section that allows up to \$36.0 million from the RPF to be used to reimburse owners and operators of underground storage tanks who have taken corrective actions, but who are not eligible for reimbursement under the Underground Storage Tank Authority. The House retained this section. The Conference removed this section. (Sec. 314)
9. **Groundwater Survey.** The Senate included a new section that directs the Department to conduct a survey of groundwater in Michigan, beginning with areas known to be contaminated with per- and polyfluoroalkyl substances. The House included a similar section. The Conference did not include either of these sections. (Sec. 315 of Senate bill)
10. **Lead Remediation Grants.** The House included a new section specifying that lead remediation grants be used for remediation and redevelopment of sites contaminated with lead paint. The Senate did not include this section. The Conference included it. (Sec. 315)
11. **One-Time Cleanup and Redevelopment Program Appropriation.** The Conference included a section specifying that one-time funds included for the environmental cleanup and redevelopment program be used for sites in accordance with Part 201 of NREPA. (Sec 316)
12. **Lake Erie Basin Collaborative Agreement Report.** The Senate retained and House removed a report on the status of the implementation plan for the western Lake Erie basin collaborative agreement. The Conference retained this section. (Sec. 410)
13. **Cooperative Lakes Monitoring Program (MiCorps).** The Conference included a \$150,000 earmark in the Surface Water line item to provide for funding for this program. (Sec. 413)
14. **Stormwater, Asset Management, and Wastewater (SAW) Grant Report.** The Governor and Senate removed a report containing a summary of all completed asset management plans that received a SAW grant. The section also requires a local unit of government receiving a SAW grant to make its asset management plan available to the Department upon request. The House retained this section. The Conference removed this section. (Sec. 603)
15. **Landfill Research, Design, and Development Project.** The Senate included a new section that specifies where funds for this grant program should be distributed. The House did not include this section. The Conference included it. (Sec. 801)

Date Completed: 5-30-18

Fiscal Analyst: Josh Sefton

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberation.