

**DATE:** October 5, 2016  
**TO:** Interested Parties  
**FROM:** Austin Scott, Fiscal Analyst  
**RE:** DEQ Waste and Operator Training Fee Sunsets

This memorandum provides background information and the potential budgetary impact for five fees which support the Department of Environmental Quality (DEQ) budget and are set to expire for FY 2017-18. These five fees currently generate approximately \$1.6 million in revenue in the DEQ budget.

### **Fees with Sunsets**

The Department of Environmental Quality has 51 restricted funds supported by 61 fees, most of which are paid to the department by service providers (industry) or service consumers. 20 of these 61 fees have sunset dates specified in statute beyond which the fee is no longer in effect. The following five fees are scheduled to sunset on October 1, 2017.

- **Liquid industrial waste transporter or facility charge (MCL 324.12109, 324.12112)** – Transporters of liquid industrial waste and facilities that accept liquid industrial waste pay a one-time fee of \$50 to obtain a site identification number issued by the United States Environmental Protection Agency (EPA) or DEQ. Transporters and facilities pay this fee in order to obtain a site identification number which is statutorily required for a liquid industrial waste operation.
- **Hazardous waste manifest (MCL 324.11135)** – Hazardous waste generators are required to pay a fee of \$8 for each manifest provided to hazardous waste transporters; this manifest processing fee is submitted to DEQ. A manifest must be prepared for each load of hazardous waste to be transported; each manifest details the composition of the transported waste and its destination.
- **Hazardous waste generator, transporter, or treatment, storage or disposal facility user charge (MCL 324.11153)** – Hazardous waste generators and transporters as well as treatment, storage, and disposal facilities pay a one-time fee of \$50 to obtain a site identification number issued by the EPA or DEQ. Generators, transporters, and facilities pay this fee in order to obtain a site identification number which is statutorily required for a hazardous waste operation.
- **Hazardous waste handler user charge (MCL 324.11153)** – Hazardous waste generators are required to pay an annual handler user charge based on quantity of waste generated as follows:
  - 100 kg – 1,000 kg in any month = \$100
  - 1,000 kg in any month but less than 900,000 kg annually = \$400
  - 1,000 kg in any month and more than 900,000 kg annually = \$1,000

Additionally, an owner or operator of a treatment, storage, or disposal facility which requires a department-issued operating license must pay DEQ an annual handler user charge of \$2,000. Used oil processors, refiners, marketers, and burners must also pay an annual handler user charge of \$100.

- **Operator training and certification fees (MCL 324.3110, 325.1009, 324.4104)** – Individuals seeking to complete operator certification programs must pay a fee of \$30 to \$95 depending on the certification sought. Examples of certification include the following:
  - Industrial wastewater certification
  - Storm water industrial certification
  - Storm water construction certification
  - Municipal wastewater certification
  - Drinking water treatment/distribution certification

**Applicable Fee Revenue**

Revenue from the five expiring fees is deposited into two restricted funds, which are then appropriated among five DEQ divisions as well as for departmental administration.

Revenue from the four waste fees is deposited into the Environmental Pollution Prevention Fund (EPPF); this revenue totaled \$1.1 million in FY 2014-15. The principle purpose of this fund is to support emergency response and cleanup activities initiated by DEQ related to hazardous or liquid industrial waste. Appropriations from this fund for FY 2016-17 total \$8.0 million; the primary recipients of this funding are DEQ’s hazardous and solid waste management programs (\$3.8 million combined), the Office of Environmental Assistance (\$1.5 million), and the air quality program (\$1.4 million). There are six departmental administration line items that also include EPPF support totaling \$1.3 million. Figure 1 is an overview of EPPF appropriations for FY 2016-17.

**Figure 1. FY 2016-17 EPPF Appropriations**

<b>Program</b>	<b>Total appropriation</b>	<b>EPPF portion of appropriation</b>	<b>EPPF % of Appropriation</b>
Hazardous waste management	\$6,946,100	\$3,585,200	51.6
Office of Environmental Assistance	6,257,700	1,501,300	24.0
Air quality	27,231,500	1,362,000	5.0
Solid waste management	5,026,400	183,100	3.6
Departmental administration	23,838,700	1,345,700	5.6
<b>GROSS</b>	<b>\$69,300,400</b>	<b>\$7,977,300</b>	<b>11.5</b>

The elimination of these four waste fees by sunset would result in a decrease in revenue for the EPPF. The EPPF currently provides more than half of the funding for the hazardous waste management program and almost a quarter of the funding for the Office of Environmental Assistance.

Revenue from the operator and certification fees is deposited into the Wastewater Operator Training Fund (WOTF); this revenue totaled \$462,000 in FY 2014-15. The principle purpose of this fund is to support the wastewater operator training program. Appropriations from this fund for FY 2016-17 total \$584,200; the two primary recipients of this funding are DEQ’s surface water program (\$280,700) and the drinking water and environmental health program (\$248,700). Both of these programs rely on certified wastewater operators for program administration. There are three departmental administration line items that also include WOTF support totaling \$54,800. Figure 2 is an overview of WOTF appropriations for 2016-17.

**Figure 2. FY 2016-17 WOTF Appropriations**

<b>Program</b>	<b>Total appropriation</b>	<b>WOTF portion of appropriation</b>	<b>WOTF % of Appropriation</b>
Surface water	\$15,871,800	\$280,700	1.8
Drinking water & environmental health	14,901,900	248,700	1.7
Departmental administration	16,058,900	54,800	0.3
<b>GROSS</b>	<b>\$46,832,600</b>	<b>\$584,200</b>	<b>1.2</b>

All five of these fees are presently scheduled to sunset on October 1, 2017 in accordance with their respective statutes. Collectively these fees represent \$1.6 million in revenue for DEQ programs supported by the EPPF and WOTF. Legislative action would be required to allow for these fees to continue to be collected after October 1, 2017 by extending or eliminating their sunsets.