

NATURAL RESOURCES & ENVIRONMENTAL PROTECTION

HB 4446, H-1

Summary: FY 2009-10 Subcommittee Recommendations

Analyst: Kirk Lindquist

	FY 2008-09 YTD	FY 2009-10 Executive	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Enacted	Difference: House From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$22,692,400	\$11,235,800	\$11,235,800			(\$11,456,600)	(50.5)
Federal	433,338,200	184,363,000	184,995,000			(248,343,200)	(57.3)
Local	0	0	0			0	0
Private	5,300,700	6,040,000	5,927,400			626,700	11.8
Restricted	394,368,800	388,592,000	386,115,300			(8,253,500)	(2.1)
GF/GP	48,471,600	50,345,500	38,304,700			(10,166,900)	(21.0)
Gross	\$904,171,700	\$640,576,300	\$626,578,200			(\$277,593,500)	(30.7)
FTEs	3,700.6	3,751.6	3,578.4			(122.2)	(3.3)

Note: FY 2008-09 figures reflect supplementals and Executive Order (EO) actions through June 12, 2009.

Overview

The budgets for the Departments of Environmental Quality and Natural Resources are included in this appropriations bill.

General Sections of Boilerplate

Sec. 205. State Hiring Freeze – DELETED

Imposes a state-wide hiring freeze in all departments, and provides process for approvals of position vacancies.

Sec. 207. Restricted Fund Revenue, Expenditures, and Fund Balances – REVISED

Requires report of revenue, spending, and estimated year-end balance for each restricted fund appropriated. House added requirement to recalculate the number of funded FTE positions on October 15, 2009.

Sec. 222. FTE Monthly Report – NEW

Requires a bi-monthly report of the number of department FTE positions by classification.

Sec. 223 (DEQ). Rule Promulgation – DELETED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 223. Detailed Allotment Information – NEW

Requires report with detailed allotment detail by item of expense for each line item

Sec. 223 (Current Law) DNR Funding Workgroup – DELETED

States legislative intent to implement recommendations of the work group on department long term funding.

Sec. 226 (Current Law) Muskrat Lake Water Control – DELETED

Requires report on the status of permit applications and efforts to maintain water levels of Muskrat Lake in Clinton County.

Sec. 226 (DEQ). Out-of-State State Employee Training – DELETED

Stipulates that only one state employee may participate in training seminars or professional development conference, unless paid by non-state funds or multiple issues outside of a participants area of expertise are addressed.

Sec. 227 (DEQ). Obsolete Database Systems – DELETED

Requires a plan and cost estimate to replace obsolete or failing computer or database systems.

Sec. 228 (DEQ). Expenditure Reports: FY 2008-09 – DELETED

Requires a report of DEQ expenditures in a publicly accessible internet site including the purpose for which the expenditures were made, if funding is available.

Sec. 229 (DEQ). Freedom of Information Requests – DELETED

Requires semiannual reports on freedom of information requests presented to DEQ.

Sec. 229. DNR/DEQ Department Consolidation – NEW

Legislative intent to re-combine the Department of Environmental Quality and the Department of Natural Resources. A review of regulatory functions and programs and duties would be undertaken, and legislation would be proposed to create a stakeholder process for environmental programs, similar to the appeal procedure adopted by the Natural Resource Commission, DNR.

Sec. 230. Consolidation Executive Order – NEW

Appropriations in this act assume the issuance and acceptance of an executive order facilitating the consolidation of responsibilities and functions of the departments of Environmental Quality and Natural Resources.

Sec. 231. Monthly Review of Environmental Quality Program Expenditures – NEW

Requires monthly report of spending requirements to the Speaker of the House of Representatives, commencing on November 1, 2009.

Major Budget Changes From FY 2008-09 YTD Appropriations**FY 2008-09 YTD****House Change
From YTD****2. Consolidation with Department of Natural Resources**

The Environmental Quality Subcommittee and the Natural Resources Subcommittee recommend that the two departments be merged and any realized General Fund savings realized through realignment and field office consolidation be lapsed at year end. This recommendation is contingent upon issuance and legislative acceptance of a facilitating executive order. The subcommittee recommendation is included in HB 4446.

Gross	\$609,643,300	\$0
IDG/IDT	18,890,200	0
Federal	379,536,100	0
Private	555,700	0
Restricted	172,081,600	0
GF/GP	\$38,579,700	\$0

3. Baseline and Full year FY 2008-09 Executive Order Reductions

General Fund supported programs reduced in FY 2008-09 are reduced. An additional \$403,700 is related to EO 2009-22, and \$2,046,300 is reduced from General Fund supported programs. Funding shifts offsetting General Fund expenditures in the Remediation and Redevelopment, Water, and Waste and Hazardous Materials programs are also included: \$1,453,300.

Gross	\$609,643,300	(\$2,046,300)
IDG/IDT	18,890,200	0
Federal	379,536,100	632,000
Private	555,700	0
Restricted	172,081,600	821,300
GF/GP	\$38,579,700	(\$3,499,600)

4. Fee Offset Reductions

General Fund appropriations which have replaced restricted fee revenue (included in lieu of license and fee increases recommended but not implemented in FY 2007-08: Flood Plain, Hazardous Waste, Radiological Protection and Surface Water Quality) is reduced.

FTE	1,526.7	(7.5)
Gross	\$609,643,300	(\$874,900)
IDG/IDT	18,890,200	0
Federal	379,536,100	0
Private	555,700	0
Restricted	172,081,600	0
GF/GP	\$38,579,700	(\$874,900)

5. Contaminated Site Cleanup Program

Revenue collected from a 2008 settlement is appropriated from the Environmental Response Fund for site clean up and remediation. Funding from the Cleanup Redevelopment Fund is reduced: \$6,000,000.

Gross	\$22,973,700	\$0
Private	155,700	0
Restricted	20,788,500	0
GF/GP	\$2,029,500	\$0

6. Environmental Protection Fund Funding Shifts

GF/GP reduced and replaced by appropriations from the Environmental Protection Fund.

Gross	\$22,973,700	\$0
Private	155,700	0
Restricted	20,788,500	2,000,000
GF/GP	\$2,029,500	(\$2,000,000)

Appropriations are made in boiler plate, shifting \$1,000,000 from the Cleanup and Redevelopment Trust Fund, and \$1,000,000 from the Community Pollution Prevention Fund to the Environmental Protection Fund.

7. Waste and Hazardous Materials Funding Shifts

GF/GP support for the Above Ground Storage Tank, and Underground Storage Tank Programs reduced and replaced with Refined Petroleum Fund (1,400,000). The Solid Waste Management Fund Staff Account (500,300) was reduced and replaced with funding from the perpetual care fund.

Gross	\$18,768,900	\$0
Federal	4,027,500	0
Restricted	10,588,900	1,900,300
GF/GP	\$4,152,500	(\$1,900,300)

8. Drinking Water Revolving Fund Match

Reduces funding for Drinking Water Revolving Fund.

Gross	\$85,139,200	(\$2,062,500)
Federal	71,543,000	0
Restricted	11,400,000	0
GF/GP	2,196,200	(\$2,062,500)

9. Air Quality: Asbestos and Technical Assistance/Outreach

Technical Assistance program for asbestos remediation eliminated. Current year Federal support for the technical assistance program, \$100,000, is related to the General Fund reduction and is reduced. Federal fund support is provided to fund an ongoing, but reduced, outreach program: \$250,000.

Gross	\$25,962,000	(\$748,000)
Federal	6,201,100	150,000
Restricted	12,334,200	0
GF/GP	\$7,426,700	(\$898,000)

10. Pollution Prevention Workshops

Compliance Assistance Workshop programs eliminated.

FTE	48.0	(5.0)
Gross	\$4,992,600	(\$897,100)
Federal	507,400	0
Restricted	3,575,000	0
GF/GP	\$910,200	(\$897,100)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>		<u>FY 2008-09 YTD</u>	<u>House Change From YTD</u>
11. On-site Wastewater Program	Gross	\$16,176,600	(\$600,000)
Program eliminated.	Federal	11,788,500	0
	Restricted	1,386,300	0
	GF/GP	\$3,001,800	(\$600,000)
12. Oil and Gas Regulatory Fund Funding Shifts	Gross	\$780,000	\$0
Inspection fee revenue for various programs in the Office of Geological Survey replaced by Oil and Gas permit fee revenue, reflecting reassignment of program staff to permit inspections and regulatory support (\$780,000).	Restricted	\$780,000	\$0
13. Aquifer Protection Program	Gross	\$400,000	(\$400,000)
Program eliminated: revenue insufficient to support program.	Restricted	400,000	(400,000)
14. Retired Engineers Technical Assistance Program: DELEG	Gross	\$1,474,300	(\$1,474,300)
Program transferred to the Department of Energy, Labor and Economic Growth.	Restricted	\$1,474,300	(\$1,474,300)
15. Southeast Michigan Diesel Emissions Reduction Grant	Gross	NA	\$500,000
Grant funding for Wayne County diesel emissions reduction projects, including busses operated by the Detroit Public Schools. Matching funds provided by Marathon Oil Company.	Federal		200,000
	Private		\$300,000
16. Radiological Protection	Gross	\$1,407,100	(\$200,000)
Program funding reduced.	IDG/IDT	742,900	0
	Federal	274,500	0
	GF/GP	\$389,700	(\$200,000)
17. Air Quality Fees: Renewable Operating Permit Program	Gross	NA	\$130,000
Restricted fee increase would continue the current year GF/GP offset related to Executive Order 2008-21	Restricted		\$130,000
18. Economic Adjustments	Gross	N/A	\$2,852,500
Provides an adjustment to cover the cost of the 1% salary increase to be provided in FY 2009-10.	Federal	N/A	607,000
	Private	N/A	3,200
	Restricted	N/A	1,613,900
	GF/GP	N/A	\$628,400

Major Boilerplate Changes From FY 2008-09

Sec. 223. Rule Promulgation – DELETED

Requires a report on any policy changes made to implement a public act; DEQ is not allowed to adopt a rule that will apply to a small business if it has a disproportionate economic impact.

Sec. 226. Out-of-State State Employee Training – DELETED

Stipulates that only one state employee may participate in training seminars or professional development conference, unless paid by non-state funds or multiple issues outside of a participants area of expertise are addressed.

Sec. 227. Obsolete Database Systems – DELETED

Requires a plan and cost estimate to replace obsolete or failing computer or database systems.

Sec. 228. Expenditure Reports: FY 2008-09 – DELETED

Requires a report of DEQ expenditures in a publicly accessible internet site including the purpose for which the expenditures were made, if funding is available.

Sec. 229. Freedom of Information Requests – DELETED

Requires semiannual reports on freedom of information requests presented to DEQ.

Sec. 230. Muskrat Lake Water Levels – DELETED

Requires the issuance of permits to construct a lake level control structure on Muskrat Lake in Clinton County.

Major Boilerplate Changes From FY 2008-09

Sec. 229. DNR/DEQ Department Consolidation – NEW

Legislative intent to re-combine the Department of Environmental Quality and the Department of Natural Resources. A review of regulatory functions and programs and duties would be undertaken, and legislation would be proposed to create a stakeholder process for environmental programs, similar to the appeal procedure adopted by the Natural Resource Commission, DNR.

Sec. 230. Consolidation Executive Order – NEW

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Sec. 231. Monthly Review of Environmental Quality Program Expenditures – NEW

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Sec. 402. Bond Fund Report – DELETED

Requires report of amount/disposition of bond funds and descriptions of activities supported from bond revenue.

Sec. 501. WMU Geologic Core Research Laboratory – DELETED

States legislative intent that the Office of Geological Survey work with Western Michigan University to maintain the Michigan basin core research laboratory and to collaborate on other cooperative projects.

Sec. 601. Wetlands Protection Program Supplemental – NEW

Gives legislative intent to address funding needs for the wetlands regulatory program if amendatory legislation eliminating the program is not passed by October 1, 2009.

Sec. 702. Peer-Reviewed Site Cleanup Criteria – DELETED

Directs DEQ to include cleanup criteria in remedial action plans derived from peer-reviewed risk assessments.

Sec. 703. Refined Petroleum Cleanup Site List – DELETED

Lists cleanup projects funded through the refined petroleum cleanup program.

Sec. 704. Refined Petroleum Fund – DELETED

States legislative intent to restore \$70.0 million Refined Petroleum Fund transferred to General Fund in FY 2006-07.

Sec. 705. Administrative Rules Advisory Workgroup – DELETED

Establishes a work group on use of administrative rules and operational memoranda in the leaking underground storage tank program.

Sec. 702. Restricted Fund Transfer: Cleanup and Redevelopment Trust Fund – NEW

Transfers \$1,000,000 from the Cleanup and Redevelopment Trust Fund to the Environmental Protection Fund.

Sec. 703. Restricted Fund Transfer: Community Pollution Prevention Fund – NEW

Transfers \$1,000,000 from the Community Pollution Prevention Fund to the Environmental Protection Fund.

Sec. 704. Restricted Fund Transfer: Solid Waste Management Fund – NEW

Transfers \$500,000 from the Solid Waste Management Fund to the Solid Waste Management Fund Staff Account.

Sec. 706. Operational Memoranda – DELETED

Bans the use of operational memoranda for selected programs.

Sec. 801. Construction Permit Site Review Board – DELETED

States legislative intent that approval by the Site Review Board represents the final approval for construction permit applications referred by DEQ.

Sec. 901 Groundwater Dispute Resolution Supplemental – NEW

Gives legislative intent to address funding needs for the ground water dispute resolution program if amendatory legislation eliminating the program is not passed by October 1, 2009.

Sec. 901 (current year) Water Quality Enforcement Report – DELETED

Requires report on enforcement and program activities funded from National Pollution Discharge Elimination System Fund.

Sec. 902. Contaminated Lake and River Sediments Cleanup Funding – DELETED

Re-appropriates Clean Michigan Initiative funding for the Contaminated Lake and River Sediments Cleanup program.

Sec. 903. Michigan Agriculture Environmental Assurance Program – DELETED

States legislative intent that DEQ and Department of Agriculture should proportionally reduce their programs if federal funding is less than that received in FY 2007-08.

Major Boilerplate Changes From FY 2008-09

Sec. 1102. Scrap Tire Fire Suppression Costs – DELETED

Provides \$100,000 for grants to communities for scrap tire suppression costs, provided that owner liability bonds and other available funding sources have been exhausted.

Sec. 1103. Real-Time Water Quality Monitoring – DELETED

Provides grant to Macomb County and St. Clair County to support real-time water quality monitoring programs in the St. Clair watershed.

NATURAL RESOURCES

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Summary: FY 2009-10 House Subcommittee Recommendation

Analyst: Kirk Lindquist

	FY 2008-09 YTD	FY 2009-10 Executive	FY 2009-10 House	FY 2009-10 Senate	FY 2009-10 Enacted	Difference: House From FY 2008-09 YTD	
						Amount	%
IDG/IDT	\$3,802,200	\$3,802,200	\$3,802,200			0	0
Federal	53,802,100	54,763,700	54,763,700			961,600	1.8
Local	0	0	0			0	0
Private	4,745,000	5,381,100	5,268,500			523,500	11.0
Restricted	222,287,200	217,859,700	214,578,000			(7,709,200)	(3.5)
GF/GP	9,891,900	17,217,600	9,551,300			(340,600)	(3.4)
Gross	\$294,528,400	\$299,024,300	\$287,963,700			(\$6,564,700)	(2.2)
FTEs	2,173.9	2,267.9	2,114.9			(59.0)	(2.7)

Note: FY 2008-09 figures reflect supplementals, transfers, and Executive Order (EO) actions through June 12, 2009.

Overview

The Department of Natural Resources (DNR) manages, conserves, and protects Michigan's resources. Programs include forest management, land and minerals management, wildlife and fisheries management, conservation law enforcement, and state parks and forest campgrounds.

Major Budget Issues

- Subcommittee Recommends Consolidation with Department of Environmental Quality
- Programs transferred from the Dept. of History, Arts and Libraries in Executive Not included: \$10,014,100
- Game and Fish Protection Fund programs reduced to reflect reduced revenue: (\$8,964,200)
- Federal grant increase for trail development: \$1,800,000
- Snowmobile trail easement purchases: \$700,000
- Capital Outlay: Parks, Forestry, Waterways: \$850,400 increase; Gross: \$15,043,400
- State Park Motor Vehicle Permit Increase (no increase in appropriation)
- Rebase funded full time positions: Reduced Exec. Rec. by 59.0 FTE

Major Budget Changes From FY 2008-09 YTD Appropriations		FY 2008-09 YTD	House Change From YTD
1. Consolidation with Department of Environmental Quality	Gross	\$294,528,400	(\$288,400)
The Natural Resources Subcommittee and the Environmental Quality Subcommittee recommend that the two departments be merged. Administrative savings of \$288,400 is assumed. Any additional General Fund savings realized through realignment and field office consolidation is to be lapsed at year end. This recommendation is contingent upon issuance and legislative acceptance of a facilitating executive order.	IDG/IDT	3,802,200	0
	Federal	53,802,100	0
	Private	4,745,000	0
	Restricted	222,287,200	0
	GF/GP	\$9,891,900	(\$288,400)

Major Budget Changes From FY 2008-09 YTD Appropriations

FY 2008-09 YTD

**House Change
From YTD**

2. Historic and Museum Programs: Transferred from DHAL

Executive recommends several programs are transferred from the Department of History, Arts and Libraries:

Mackinac Island State Park	\$3.4 million
State Museum.....	\$3.2 million
Museum Stores.....	\$0.5 million
Heritage Publications.....	\$1.0 million
Freedom Trail.....	\$0.2 million
Lighthouse Programs.....	\$0.2 million
Thunder Bay Underwater Preserve	\$0.2 million
Mann House.....	\$0.1 million
State Rent (BOC).....	\$0.9 million
Information Technology	\$0.4 million

FTE	NA	0.0
Gross		\$0
Private		0
Restricted		0
GF/GP		\$0

Not included in the Subcommittee Recommendation

3. Game and Fish Protection Fund Supported Programs: Reduced

Several programs reduced to reflect expected revenue shortfalls in the Game and Fish Protection Fund-General Purpose:

Administrative Units (Various)	\$955,000
Land and Facilities.....	\$400,000
Wildlife Management.....	\$1,700,000
Fish Production.....	\$700,000
Fisheries Resource Management.....	\$2,200,000
Forestry: Coop. Resource Programs	\$220,700
Forest Management Initiatives.....	\$38,500
Law Enforcement.....	\$2,550,000
Inland Fisheries Grants.....	\$200,000

Gross	\$64,513,700	(\$8,964,200)
Restricted	\$64,513,700	(\$8,964,200)

4. Baseline and Full year FY 2008-09 Executive Order Reductions

General Fund supported programs reduced in FY 2008-09 are reduced. Reductions reflect the continuation of General Fund reductions included in EO 2009-22 and a reduction of \$120,000 in the Bovine TB containment program.

Gross	\$294,528,400	(\$758,100)
IDG/IDT	3,802,200	0
Federal	53,802,100	0
Private	4,745,000	0
Restricted	222,287,200	0
GF/GP	\$9,891,100	(\$758,100)

5. National Recreational Trails Grants

The Michigan share for this grant program for trail development and maintenance is increased. Funds are awarded through a competitive application process.

Gross	\$2,150,000	\$1,800,000
Private	50,000	0
Federal	2,100,000	1,800,000

6. State Parks Funding: Park Endowment Fund Increase

Funding from the State Parks Endowment Fund is increased to make up for deficient revenues from motor vehicle permits and other user fees.

Gross	\$44,654,200	\$1,000,000
Federal	120,300	0
Private	363,900	0
Restricted	\$44,170,000	\$1,000,000

7. State Forest Management

Revenue increases, generated during FY 2007-08 through timber harvest activities, are added to the forest management program.

Gross	\$15,423,900	\$750,000
Federal	922,600	0
Private	822,800	0
Restricted	\$13,678,500	\$750,000

8. Snowmobile Trail Easements

Funding, realized through the recently approved fee increase, will be used to purchase or lease easements to lengthen or create snowmobile trails.

Gross	\$0	\$700,000
Restricted	\$0	\$700,000

9. Capital Outlay

Proposed funding for FY2009-10 would support state park, forestry, and waterways construction and infrastructure maintenance projects. State Park Endowment Fund support replaces Park Improvement revenue (\$2,000,000).

Gross	\$14,193,000	\$850,400
Federal	1,293,000	685,400
Private	1,500,000	500,000
Restricted	\$11,400,000	(\$335,000)

<u>Major Budget Changes From FY 2008-09 YTD Appropriations</u>	<u>FY 2008-09 YTD</u>	<u>House Change From YTD</u>
10. Economic Adjustments	Gross	NA
Provides an adjustment to cover the cost of the 1% salary increase to be provided in FY 2009-10.	Federal	\$4,150,100
	Private	528,800
	Restricted	23,500
	GF/GP	3,393,100
		\$204,700

Major Boilerplate Changes From FY 2008-09

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Imposes a state-wide hiring freeze in all departments, and provides process for approvals of position vacancies.

Sec. 207. Restricted Fund Revenue, Expenditures, and Fund Balances – REVISED

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Sec. 230. Consolidation Executive Order – NEW

Appropriations in this act contingent upon issuance and acceptance of an executive order facilitating the consolidation of responsibilities and functions of the departments of Environmental Quality and Natural Resources.

Sec. 706. Payments in Lieu of Taxes: Report to Department of Treasury –REVISED

Directs DNR to provide billing information related to payments in lieu of taxes to Michigan Department of Treasury within 10 days of receipt.

Sec. 802. Bovine TB Eradication Efforts – REVISED

Requires semi-annual reports on enforcement actions taken to eradicate bovine TB, relevant scientific studies and the number of deer found to be infected.

Sec. 603. (Current Law) Fish Hatchery Operations – DELETED

Requires that DNR operate six fish hatcheries.

Sec. 1002. State Park Campground Closures – REVISED

Requires notice if DNR intends to reduce operations or reduce recreation opportunities at any state park or recreation area.

Sec. 703 (Current Law). Defibrillators in State Parks – DELETED

Directs DNR to maintain defibrillators placed in state parks.

Sec. 1203. Timber Marking – REVISED

Directs DNR, subject to forest certification process, to mark for harvest, 58,000 acres at an average rate of 12.5 to 15.0 cords per acre; be responsive to changes in regional markets for timber products; impact of timber harvest on wildlife habitat and recreation uses to be considered; requires quarterly report.

Sec. 1207. Timber Sale Bidding Process – NEW

Suggests that the department should address and resolve timber sale bidding problems before March 31, 2010.

Sec. 902. Island Lake Shooting Range Concession Contract – DELETED

Requires public notice of the expiration date or adoption of amendments to the concession contract to operate the Island Lake Shooting Range.