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BILL ANALYSIS

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Senate Bill 560 (Substitute S-2 as reported)  
Sponsor: Senator Burton Leland  
Committee: Appropriations

### **CONTENT**

The bill would amend the Natural Resources and Environmental Protection Act to create an annual groundwater discharge permit fee for facilities that discharge waste water into the ground or groundwater.

The Department of Environmental Quality (DEQ) issues groundwater discharge permits to entities such as municipalities, housing developments, industrial facilities, and farming operations. There are about 950 permitted dischargers in the State. Administrative rules adopted in 1999 significantly increased the responsibilities of the DEQ regarding the permitting, monitoring, and enforcement of groundwater discharges. A backlog of approximately 200 permit applications has resulted. The recent rule changes and this bill would require an additional 350 groundwater dischargers to be permitted, for a total of 1,400 permitted dischargers.

Under the bill, the Department would be authorized to levy and collect an annual groundwater discharge permit fee from dischargers of wastewater to the ground or groundwater of this State. The bill would allow municipalities to pass the permit fee on to customers. The bill would create a sunset of October 1, 2007, for this fee and require the annual submission of a workload analysis report on the groundwater discharge program by the DEQ to the Legislature. Fee points would be assigned to dischargers and the total collections would be set at \$1,388,200, to be divided among the dischargers based on the fee points. Individual fee points would be calculated as the product of the complexity factor and the flow factor.

The complexity of discharge means the number and type of pollutants in the wastewater that is discharged into the ground. Under the bill, complexity factors would be assigned based on which administrative rules a discharger was subject to according to the schedule below. A higher factor is applied to discharges that have a greater number of additives and require more time and effort by the DEQ to monitor.

The flow refers to the volume of discharge. Similar to the complexity factor, the flow factor would be determined by which administrative rules apply to a groundwater discharger, in addition to the number of gallons discharged annually, according to the schedule below.

<b>Proposed Groundwater Discharge Factors</b>				
	<b># of Facilities</b>	<b>Administrative Rule</b>	<b>Complexity Factor</b>	<b>Flow Factor</b>
Group 1	300	Rule 2218	10	4 to12
Group 2	500	Rules 2210(y), 2215, and 2216	5	4 to 6
Group 3	150	Rules 2211 and 2212	3	2

MCL 324.3120-324.3122

## **FISCAL IMPACT**

Groundwater discharge permitting activities are currently supported with \$1,388,200 from the General Fund. The Governor's proposed budget for FY 2003-04 includes an appropriation of an additional 18.0 FTEs and \$3,588,200 from groundwater discharge permit fees. The House-passed version of the FY 2003-04 budget for the DEQ does not include an appropriation for groundwater discharge permit fees. The House-passed bill funds the groundwater program at 85% of its current-year level. The Senate Appropriations Committee version of the FY 2003-04 budget for the DEQ would replace the current-year General Fund support for the groundwater program with new fee revenue of \$1,388,200 and does not include the program increase recommended by the Governor.

Date Completed: 6-16-03

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