

Senate Fiscal Agency
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TDD: (517) 373-0543Senate Bill 422 (Substitute S-1)
Sponsor: Senator Roger Kahn, M.D.
Committee: Appropriations*(as passed by the Senate)***CONTENT**

Senate Bill 422 (S-1) would amend the Natural Resources and Environmental Protection Act (NREPA) to delay sunsets for several environmental fees charged by the Department of Environmental Quality (DEQ) and Department of State (DOS). A fee sunset is a date set in statute that prevents a State department from collecting a certain fee or fees after that date. The dollar amount of each of these fees would not be changed by the bill from the levels already established in statute. The fiscal year (FY) 2011-12 DEQ and DOS budgets were passed by the Legislature predicated on the extension of each of the fees in the bill. Table 1 shows each fee affected by the bill, its current sunset, and the new sunset that would be established by the bill.

Table 1

Fee Name	MCL Sections	Current Sunset	Sunset Under Bill
Aquatic Nuisance Control fees	324.3306	10/1/2011	10/1/2015
Storm Water Discharge fees	324.3118	10/1/2011	10/1/2015
NPDES Non-Storm Water fees	324.3120	10/1/2011	10/1/2015
Groundwater Discharge Permit fees	324.3122	10/1/2011	10/1/2015
Hazardous Waste User Charge fees	324.11135, 324.11153 324.12103, 324.12109 324.12112	10/1/2011	10/1/2013
Land and Water – Consolidated Permit Application	324.30104, 324.30109 324.3104, 324.32513, 324.32312	10/1/2011	10/1/2015
Watercraft Registration Commercial Look-up	324.80130	10/1/2011	10/1/2015
Watercraft Title Commercial Look-up	324.80315	10/1/2011	10/1/2015
ORV Commercial Look-up	324.81114	10/1/2011	10/1/2015
Snowmobile Commercial Look-up	324.82156	10/1/2011	10/1/2015

FISCAL IMPACT

Table 2 shows the approximate amount of revenue that each of the affected fees brings in annually. The FY 2011-12 DEQ budget is built on this revenue. Failure to extend these fees would create a deficit in the DEQ budget, and would require the DEQ to scale back or eliminate the affected programs.

Table 2

Fee	Annual Revenue
Aquatic Nuisance Control fees	\$600,000
Storm Water Discharge fees	\$1,500,000
NPDES Non-Storm Water fees	\$2,900,000
Groundwater Discharge Permit fees	\$1,100,000
Hazardous Waste User Charge fees	\$1,200,000
Land and Water – Consolidated Permit Application	*
DEQ Subtotal	\$7,300,000*

Commercial Look-up Watercraft Registration/Title	\$51,332
Commercial Look-up Snowmobile	\$2,338
Commercial Look-Up ORV	Not available
DOS Subtotal	\$53,670
TOTAL	\$7,353,670
* Due to how the consolidated permit application fees are calculated, it is not possible to estimate how much revenue these fees bring in annually. Please see page 4 for a more detailed explanation.	

Brief descriptions of each of the fees and fee areas affected by this bill, as well as the fee levels currently established in statute, are provided below.

Aquatic Nuisance Control (ANC) Fees

ANC fees are paid by people wishing to apply a chemical to a body of water for the purpose of controlling aquatic nuisances such as undesirable plants or swimmer's itch. In FY 2009-10, approximately \$600,000 was generated by these fees. Table 3 shows the schedule for these fees.

Table 3

Permit Type	Fee
Certificate of Coverage	\$75
Treatment area less than 1/2 acre	\$75
Treatment area between 1/2 acre and 5 acres	\$200
Treatment area between 5 acres and 20 acres	\$400
Treatment area between 20 acres and 100 acres	\$800
Treatment area more than 100 acres	\$1,500

National Pollutant Discharge Elimination System (NPDES) Storm Water Discharge Fees

Storm water discharge fees are paid by municipal, industrial, and construction entities that have built or are building storm water discharge systems. The DEQ uses these fees under authority from the U.S. Environmental Protection Agency (EPA) for the review and approval of new construction permits, system inspections, and system monitoring. The DEQ has indicated that approximately 330 municipal entities, 400 construction operators, and 3,300 industrial facilities pay one or more of the fees annually. A schedule of fees is shown in Table 4. In FY 2009-10, approximately \$1.5 million was raised by these fees.

Table 4

Fee Type	Fee Description	Fee	
Construction	A 1-time fee is required for a permit related solely to a site of construction activity for each permitted site. Multiple permits from a single applicant require only a single payment of this fee.	\$400	
Municipal separate storm sewer system (MS4)	MS4 Population Range	0 - 1,000	\$500
		1,001 - 3,000	\$1,000
		3,001 - 10,000	\$2,000
		10,001 - 30,000	\$3,000
		30,001 - 50,000	\$4,000
		50,001 - 75,000	\$5,000
		75,001 - 100,000	\$6,000
	Greater than 100,000	\$7,000	
	Counties	\$3,000	
	Others	\$500	
Industrial	An annual fee is required for a permit related solely to a storm water discharge associated with industrial activity or from a commercial site for which the DEQ determines a permit is needed.	\$260	

NPDES Non-Storm Water Fees

NPDES fees are paid by municipal, industrial, and commercial entities that discharge wastewater to bodies of surface water in the State. The DEQ uses revenue from the fees under authority from the EPA for the review and approval of NPDES permits, system inspections, and system monitoring. NPDES permits are valid for up to five years after issuance and may be reissued if State and Federal requirements are met. A separate application and reapplication fee is charged to dischargers as detailed in [Table 5](#).

The DEQ has indicated that approximately 1,500 municipal, commercial, and industrial dischargers pay these fees annually. A schedule of annual fees is shown in [Table 6](#). In FY 2009-10, approximately \$2.9 million was raised by these fees.

Table 5

Facility Type	Permit Fee
EPA Major Facility	\$750
EPA Minor Facility Individual Permit, CSO Permit, or Wastewater Stabilization Lagoon Individual Permit	\$400
EPA Minor Facility General Permit	\$75

Table 6

Facility Type	Size/Type	Annual Fee
EPA Major Facility	Industrial-Commercial Facility	\$8,700
	Municipal 500 Million gallons per day (MGD) or greater	\$213,000
	Municipal 50 to 500 MGD	\$20,000
	Municipal 10 to 50 MGD	\$13,000
	Municipal less than 10 MGD	\$5,500
EPA Minor Facility	Industrial-Commercial General Permit, high-flow	\$400
	Industrial-Commercial General Permit, low-flow	\$150
	Industrial-Commercial Individual Permit, high-flow	\$3650
	Industrial-Commercial Individual Permit, low-flow	\$1650
	Municipal, 1 MGD or greater	\$3,000
	Municipal, less than 1 MGD	\$1,950
	Municipal, General Permit, high-flow	\$600
	Municipal, General Permit, low-flow	\$400
	Municipal CSO	\$6,000
Wastewater stabilization lagoon	\$1,525	
Agricultural	Individual or General Permits (unless facility is an EPA Major or EPA Minor facility)	\$600
	EPA Major Facility (excluding Farmers' Cooperative Corporations)	\$6,000
	EPA Minor Facility (CAFOs)	\$150

Groundwater Discharge Fees

Groundwater discharge fees are collected from industrial, commercial, municipal, and other facilities that discharge wastewater into the ground. Entities paying these fees include: manufacturers, public utilities, food processors, municipalities, campgrounds, laundromats, car washes, mining facilities, mobile home parks, and private sewer systems. The DEQ uses revenue from these fees to pay for the review and evaluation of groundwater discharge permit applications. Groundwater discharge permits are valid for a maximum of five years, after which they may be reissued.

Groundwater discharge fees generate approximately \$1.1 million annually. [Table 7](#) shows current fee levels for the three categories of dischargers.

Table 7

Category	Fee
Group 1	\$3,650
Group 2	\$1,500
Group 3	\$200

Hazardous Waste User Charge Fees

Hazardous waste user charge fees are collected from producers and handlers of hazardous waste. A one-time fee is charged for obtaining a site ID number. An annual fee is charged based on the amount of hazardous waste handled at each site, and a fee is charged for printing and processing costs of hazardous waste manifest forms. The DEQ has indicated that approximately 4,000 entities pay hazardous waste fees annually, the bulk of the entities being businesses. The bill would extend these fees to October 1, 2013.

Hazardous waste user charge fees generate approximately \$1.2 million annually. [Table 8](#) shows current fee levels.

Table 8

Type	Description	Fee
Site ID Number User Charge (one-time)		\$50
Handler User Charges (based on amount of regulated hazardous waste activity)	Small Quantity Generator (more than 100kg and less than 1,000kg generated in any month)	\$100
	Large Quantity Generator (greater than 1,000kg and less than 900,000kg generated for the year)	\$400
	Very Large Quantity Generator (900,000kg or more generated for the year)	\$1,000
	Used oil processors, re-refiners, burners, and used oil fuel marketers	\$100
	Active or inactive treatment, storage, and disposal facilities	\$2,000
Manifest Processing User Charge (per manifest)		\$6; not to exceed \$8

Land and Water Consolidated Permit Application

When individuals in this State undertake construction or other projects that fall under Part 31 (Water Resources Protection), Part 301 (Inland Lakes and Streams), Part 303 (Wetlands Protection), Part 315 (Dam Safety), Part 325 (Submerged Lands), or Part 353 (Sand Dunes Protection and Management) of NREPA, the DEQ Water Resources Division evaluates the application and proposed projects holistically, charging the individual only the highest fee for the permits he or she needs. Even if the individual needs three different permits, he or she is charged only for the one with the highest associated fee. Because of this, it is difficult to determine how much revenue fees from the four specific permitting areas affected by Senate Bill 422 bring in annually. In total, fees from all of the specified parts of NREPA bring in approximately \$1.8 million annually. The broad Land and Water Consolidated Permit Application covers the next four fee groups that are discussed: land and water – floodplain regulatory authority; land and water – inland lakes and streams; land and water – high-risk erosion/flood permit fees; and land and water – Great Lakes submerged lands fees.

Land and Water – Floodplain Regulatory Authority

These fees are paid by people wishing to undertake construction activity in a floodplain. The fees are used by the DEQ to assess permit applications and, in some cases, perform engineering studies where it is determined that construction might interfere with floodwater discharge. [Table 9](#) shows current fee levels for these permits.

Table 9

Activity	Fee
Minor project	\$100
All other projects	\$500
Engineering computations (if deemed necessary)	\$1,500

Land and Water – Inland Lakes and Streams

A permit issued by the DEQ under Part 301 of NREPA typically must be obtained by someone wishing to do any of the following on any inland lake or stream in the State:

- a) Dredge or fill bottomland.
- b) Construct, enlarge, extend, remove, or place a structure on bottomland.
- c) Construct, reconfigure, or expand a marina.
- d) Create, enlarge, or diminish an inland lake or stream.
- e) Structurally interfere with the natural flow of an inland lake or stream.
- f) Construct, dredge, commence, extend, or enlarge an artificial canal, channel, ditch, lagoon, pond, lake, or similar waterway where the purpose is ultimate connection with an existing inland lake or stream, or where any part of the artificial waterway is located within 500 feet of the ordinary high-water mark of an existing inland lake or stream.
- g) Connect any natural or artificially constructed waterway, canal, channel, ditch, lagoon, pond, lake, or similar water with an existing inland lake or stream for navigation or any other purpose.

Fees associated with these permits are used by the DEQ to review permit applications and, where necessary, inspect sites. [Table 10](#) shows a schedule of these fees.

Table 10

Activity	Fee
Minor project	\$50
First drawdown of a lake for weed control	\$500
Subsequent drawdown	\$50
General permit	\$50
Marina expansion 1-10 slips	\$50
Marina construction 1-10 slips	\$100
Marina expansion 11-50 slips	\$250 plus \$10 for each slip over 50
Marina construction 11-50 slips	\$500 plus \$10 for each slip over 50
Marina maintenance dredging of 10,000 yards or more or shore protection of 500 feet or more	\$1,500
Major projects	\$2,000
All other projects including locating the ordinary high water mark	\$500

Land and Water – High-Risk Erosion/Flood Permit Fees

In the absence of an approved local ordinance, people wishing to build or enlarge structures in areas designated as being high-risk erosion or flood areas are required to obtain a permit from the DEQ under Part 323 of NREPA. Applicants also are required to include the payment of a fee with their permit application. The DEQ uses these fees to review permits, and to inspect construction sites, where necessary. [Table 11](#) shows a schedule of these fees.

Table 11

Activity	Fee
Commercial or multifamily residential project	\$500
Single-family residential project	\$100
Addition to a single-family home or a minor impact project in an environmental area	\$50

Land and Water – Great Lakes Submerged Lands Fees

A person must obtain a Great Lakes Bottomlands Permit (as well as pay the appropriate fee) before dredging, filling, modifying, constructing, enlarging, or extending structures in Great Lakes waters or below the ordinary high-water mark of the Great Lakes. These fees are used by the DEQ to review permit applications and to inspect sites where necessary. Table 12 shows a schedule of these fees.

Table 12

Activity	Fee
Minor project	\$50
General permit	\$100
Mowing of vegetation beyond the exemption	\$50
Marina expansion 1-10 slips	\$50
Marina construction 1-10 slips	\$100
Marina expansion 11-50 slips	\$250 plus \$10 for each slip over 50
Marina construction 11-50 slips	\$500 plus \$10 for each slip over 50
Marina maintenance dredging of 10,000 yards or more or shore protection of 500 feet or more	\$1,500
Major projects	\$2,000
All other projects	\$500

Watercraft, Off-Road Vehicle (ORV), and Snowmobile Commercial Look-Up Fees

Pursuant to Sections 324.80130, 324.80315, 324.8114 and 324.82156, the Department of State may provide a commercial look-up service of records maintained regarding watercraft, ORVs, and snowmobiles. The Secretary of State charges a fee for this service that is specified in its annual appropriations bill (\$7 per record) and bulk list rates as determined by the DOS. The revenue received from the sale of records is credited to the Transportation Administration Collection Fund and used to support the Department of State's budget. Annual revenue from these fees totals between \$54,000 and \$70,000.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.