

Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5007 (Substitute H-3 as passed by the House)
Sponsor: Representative Donovan McKinney
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 9-25-23

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act (NREPA) to extend various fee sunsets and to increase two sets of fees.

The bill would extend the fee sunset and increase the following fees:

- **Groundwater Discharge Permit Fees.** These fees are paid by entitles that wish to discharge wastewater to the ground or groundwater. Generally, these facilities are industrial, commercial, or agricultural, and they are subject to four annual fee tiers depending on the size of the facility. These tiers, as well as the bill's proposed increased fee structure is included in Table 1 below. These fees will sunset on October 1, 2023; the bill would extend the sunset to October 1, 2027.

Table 1

Facility Type	Current Law Fee	Fee Increase	New Fee Amounts
Group 1	\$3,600	\$3,900	\$7,500
Group 2 or a municipality of 1,000 or fewer residents	\$1,500	\$300	\$1,800
Group 2a	\$250	\$50	\$300
Group 3	\$200	\$40	\$240

- **State Look-up Fees.** The NREPA allows the Secretary of State to maintain a commercial look-up service for records maintained under the Act. For each individual record retrieved, the Secretary of State must charge a fee set by the Legislature or, if none is set, a market-based price. The current look-up fee charged by the Michigan Department of State (MDOS) is \$11 per requested record. The bill would increase that fee to \$15 per requested record. The information provided under a requested look-up is the information submitted on a person's application for a personal ID card. The fees collected must be deposited in the Transportation Administration Collection Fund (TACF), currently set to expire on October 1, 2023. The bill would extend the sunset until October 1, 2027.

The bill also would extend fee sunsets for five other fees:

- **Air Emission Fees.** These fees are paid by owners and operators of industrial facilities or electric providers that emit air pollutants as defined by the Environmental Protection

Agency. These fees range from \$250 to \$50,000 based on annual emissions. Under current law, these fees will sunset on October 1, 2023; the bill would extend the sunset to October 1, 2027.

- **Electronic Device Manufacturer Registration Fee.** A fee of \$3,000 per year is paid by manufacturers of covered electronic devices, typically computers, printers, and other video display devices. This fee supports the Electronic Waste Recycling Fund. Under current law, these fees will sunset on October 1, 2023; the bill would extend the sunset to October 1, 2027.
- **Electronic Device Recycler Registration Fee.** An annual fee of \$2,000 is paid by those engaged in the business of recycling electronic devices. This fee supports the Electronic Waste Recycling Fund. Under current law, this fee will sunset on October 1, 2023; the bill would extend the sunset to October 1, 2027.
- **Sewer Expedited Permit Fee.** These fees are paid by people who wish to have an expedited sewer construction permit review. The fees vary between \$1,000 and \$4,000 depending on the size of the project. Under current law, this fee will sunset on October 1, 2023; the bill would extend the sunset to October 1, 2027.
- **Solid Waste Surcharge.** These fees are paid by solid waste facilities (primarily landfills) based on the number of cubic yards of waste deposited at the facility. The fee is currently 12 cents per cubic yard. Captive facilities use a different fee structure and pay an annual fee ranging from \$500 to \$3,000 based on tonnage received. Under current law, this fee will sunset on October 1, 2023; the bill would extend the sunset to October 1, 2027.

BACKGROUND

Groundwater Discharge Permit Fees. Revenue from the fee is credited to the Groundwater Discharge Permit Fund and is used to offset the costs related to several programs including: Groundwater Discharge Permit Program, Renewing Michigan's Environment, IT, and Departmental Administration and Support.

State Look-up Fees. The bill would amend NREPA to extend, until October 1, 2027, the deposit of commercial look-up fees for boating records, watercraft title records, off-road vehicle records, and snowmobile records, into the TACF. The collection of these fees is maintained by the MDOS, and is set to expire on October 1, 2023. The current look-up fee charged by the MDOS is \$11 per requested record. The bill would increase the fee to \$15.

Air Emissions Fees. Under Title V of the Federal Clean Air Act, states are required to operate a permitting program for facilities that are major sources of air pollution within their respective states. The Department of Environment, Great Lakes, and Energy's (EGLE's) Renewable Operating Permit program is Michigan's program under Title V.

Approximately 850 large Michigan facilities pay ROP fees under the ROP program. These facilities include manufacturing facilities, electric and steam generation plants, mining and processing facilities, chemical manufacturers, and others. The fees these facilities pay are based primarily on the amount of hazardous air pollutants (HAPs) released annually by those facilities. Additionally, approximately 520 smaller facilities pay a flat \$250 fee; most of these facilities are dry cleaners and parts degreasing shops. Fees are assessed by the tonnage of HAPs released by a facility on an annual basis.

Under the current six-tiered categorical fee structure, shown in [Table 2](#), category A, B, C, and D facilities pay a base annual facility charge as well as a per-ton charge. Category E and F facilities pay a base annual facility charge and no per-ton charge.

Table 2

Air Emissions Fee Categories Under Current Law
Category A – Electric Providers
Category B – Nonelectric Providers
Category C – Major Hazardous Air Pollutants
Category D – New Source Performance Standards
Category E – Title V Opt-Out Permit
Category F – Not considered "major source"

These fees are deposited into the Air Emissions Fees Fund, which primarily supports the Air Quality Division within EGLE, as well as Renewing Michigan's Environment, IT, and Departmental Administration and Support.

Electronic Device Manufacturer Registration Fee. This fee is deposited into the Electronic Waste Recycling Fund and supports various units and programs across EGLE, including Departmental Administration and Support, IT, Renewing Michigan's Environment, and the Solid Waste Management Program.

Electronic Device Recycler Registration Fee. This fee is deposited into the Electronic Waste Recycling Fund and supports various units and programs across EGLE, including Departmental Administration and Support, IT, Renewing Michigan's Environment, and the Solid Waste Management Program.

Sewer Expedited Permit Fee. This fee is deposited into the Infrastructure Construction Fund that supports Departmental Administration and Support as well as IT.

Solid Waste Surcharge. This fee is deposited into the Solid Waste Management Fund, Staff Account, and supports various units and programs across EGLE, including Departmental Administration and Support, IT, Renewing Michigan's Environment, and the Solid Waste Management Program.

MCL 324.3122 et al.

FISCAL IMPACT

Department of Environment, Great Lakes and Energy. The bill would have a positive fiscal impact on EGLE by allowing continued fee collection. The bill would have a limited negative fiscal impact on local units of government that own or operate facilities that are subject to increased fees for groundwater discharge permits. The bill would prevent a loss in revenue for EGLE from numerous fees each year. [Table 3](#) below depicts the Department's total revenue estimate of the fees. The revenue estimates in [Table 3](#) indicate only the revenue loss prevented by extending the fee sunsets and do not account for any additional revenue generated by fee increases. The Groundwater Discharge Permit fee increase that is also built into the bill would represent an estimated \$680,000 in additional revenue.

The fiscal year (FY) 2023-24 EGLE budget as approved in Public Act 119 of 2023 assumes that these fees will be collected at the rates proposed in the bill.

Table 3

Fee	Revenue Estimate
Air Emission Fees	\$9,400,000
Electronic Device Manufacturer's Registration	\$215,000
Electronic Device Recycler Registration	\$50,000
Groundwater Discharge Permit Fee	\$1,190,000
Sewer Expedited Permit	\$31,800
Solid Waste Surcharge	\$5,900,000
TOTAL	\$16,786,800

Department of State. The current sunset date of October 1, 2023, for the deposit of the fees described above in the TACF will have a negative fiscal impact on MDO'S annual operating revenue, if the sunset occurs. The collection of these fees for the TACF totaled \$51.0 million in fiscal year (FY) 2021-22, according to the Department. If the sunset date is not delayed, the MDOS will lose approximately \$51.0 million in revenue beginning in FY 2023-24.

Additionally, the bill would increase the record look-up fee from \$11 to \$15. The increase in the fee would raise an additional \$18.5 million for the TACF and is necessary to avoid a shortfall in the Department's FY 2023-24 budget. Look-up fee collections total approximately \$51.0 million annually and is included in the total of \$130.1 million in TACF collections for FY 2021-22.

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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.