



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

Senate Bill 552 (Substitute S-1 as passed by the Senate)  
Sponsor: Senator Mike Green  
Committee: Appropriations

Date Completed: 11-13-15

**CONTENT**

**The bill would amend Part 31 (Water Resources Protection) of the Natural Resources and Environmental Protection Act to create a new facility group category for the purpose of issuing groundwater discharge permits; delay the sunset date of groundwater discharge permit fees from December 31, 2015, to September 30, 2019; and adjust the fee schedule for annual groundwater discharge permits.**

Currently, there are three group categories of groundwater discharge permits delineated by size and type as defined by rule; Group 1 facilities are the largest, followed by Groups 2 and 3. The Department of Environmental Quality (DEQ) issues annual permits for these facilities and charges an annual fee of \$3,650, \$1,500, and \$200 for Group 1, 2, and 3 facilities, respectively. Municipalities with a population of 1,000 or fewer pay a \$1,500 fee.

Under the bill, two of the three types of facilities currently classified as Group 2 facilities would be reclassified into a new Group 2a and subject to an annual fee of \$250 (rather than \$1,500) if one or more of the following conditions were met:

- The facility's discharge is from a laundromat.
- The facility's discharge is from a public car wash or vehicle wash.
- The facility's discharge is a subsurface sanitary discharge of fewer than 10,000 gallons per day, and does not meet the terms for authorization under Rule 323.2211(a).
- The facility's discharge is a seasonal sanitary discharge from a recreational vehicle park or campground, recreational or vacation camp, or public park.

(Rule 323.2211(a) authorizes the discharge of sanitary sewage not exceeding a daily flow of 10,000 gallons if particular requirements are met.)

Finally, the bill would adjust the annual groundwater discharge fees for all facility group types. Beginning October 1, 2016, fees would increase to \$3,910, \$1,607, \$260, and \$248 for Groups 1, 2, 2a, and 3, respectively. Municipalities with a population of 1,000 or fewer would pay a \$1,607 fee. These fees would sunset on September 30, 2019.

MCL 324.3101 & 324.3122

**FISCAL IMPACT**

The bill would have a negative fiscal impact on the DEQ, and a minor, but negative fiscal impact on local units of government that operate groundwater discharge facilities from FY 2016-17 through FY 2018-19.

The fees affected by the bill generate approximately \$1.2 million annually, and will provide about 45.8% of the total funding for the Groundwater Program in the DEQ. Under the bill, this revenue would be reduced by about \$112,500 during FY 2015-16, and then reduced by about \$21,700 relative to current levels from FY 2016-17 through FY 2018-19. Table 1 provides additional details regarding this revenue.

Table 1

Permit Category	Number of Facilities	Current Law		FY 2015-16 (Under Bill)		FY 2016-17-2018-19 (Under Bill)	
		Fee	Revenue	Fee	Revenue	Fee	Revenue
Group 1	151	\$3,650	\$551,150	\$3,650	\$551,150	\$3,910	\$590,410
Group 2	278	1,500	552,000	1,500	417,000	1,607	446,746
Group 2a	90			250	22,500	260	23,400
Group 3	399	200	79,800	200	79,800	248	98,952
Muni. ≤1,000	16	\$1,500	24,000	\$1,500	24,000	\$1,607	25,712
TOTAL		--	\$1,206,950	--	\$1,094,450	--	\$1,185,220

Finally, local units of government that operate facilities classified as either a Group 1 or 2 facility or have a population of 1,000 or fewer residents would see their groundwater discharge fees increase by about 7.1% beginning in FY 2016-17. Statute allows these local units to pass these costs onto their users through their monthly utility bills, so the extent to which the proposed fee increases would affect local units of government is unclear.

Fiscal Analyst: Josh Sefton