



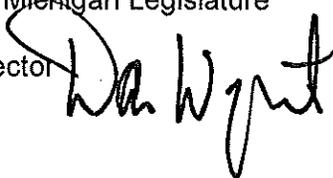
RICK SNYDER  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF ENVIRONMENTAL QUALITY  
LANSING



DAN WYANT  
DIRECTOR

VIA E-MAIL

TO: Members of the Michigan Legislature  
FROM: Dan Wyant, Director   
DATE: May 19, 2014  
SUBJECT: Report on Hazardous Waste User Charges

In accordance with Subsections 11135(6) and 11153(8) of Part 111, Hazardous Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended, attached is the Department of Environmental Quality's 2014 Hazardous Waste User Charge Report.

If you need further information, please contact Bryce Feighner, Chief, Office of Waste Management and Radiological Protection, at 517-284-6857; or you may contact me at 517-284-6700.

Attachment

cc/att: Ellen Jeffries, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency  
John Roberts, Director, State Budget Office  
Dick Posthumus, Governor's Office  
Valerie Brader, Governor's Office  
Jacques McNeely, State Budget Office  
Jennifer Harrison, State Budget Office  
Jim Sygo, Deputy Director, DEQ  
Madhu R. Anderson, Director of Policy, DEQ  
Maggie Datema, Director of Legislative Affairs, DEQ  
Sarah M. Howes, Legislative Liaison, DEQ  
James M. Kasprzak, DEQ  
Bryce Feighner, DEQ  
Amy Epkey, DEQ  
Kathy Tetzlaff, DEQ  
DeLores Montgomery, DEQ  
Jack Schinderle, DEQ

# **HAZARDOUS WASTE USER CHARGE REPORT TO THE LEGISLATURE**

May 19, 2014

Rick Snyder, Governor  
Dan Wyant, Director

Prepared By:  
Department of Environmental Quality  
Office of Waste Management and Radiological Protection  
Hazardous Waste Section  
P.O. Box 30241  
Lansing, Michigan 48909-7741

## Table of Contents

Introduction.....	1
Hazardous Waste Program .....	1
Program Funding.....	2
Improvements, Efficiencies, and HWP Reductions Implemented .....	3
Considerations for Alternative User Fee System.....	4
Conclusion.....	5

## Introduction

The Department Environmental Quality (DEQ) submits this report to the Legislature regarding the hazardous waste user charge (HWUC) fee system. The report is required under Subsections 11135(6) and 11153(8) of Part 111, Hazardous Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (Act 451). In general, Part 111 of Act 451 requires the DEQ to evaluate the effectiveness and adequacy of the manifest processing user charges, the site identification number user charges, and the handler user charges collected relative to the overall revenue needs of the DEQ, Office of Waste Management and Radiological Protection (OWMRP), Hazardous Waste Program (HWP).

## Hazardous Waste Program

The HWP is a preventive program that protects human health and the environment by ensuring the proper handling, tracking, remediation, transportation, storage, treatment, and disposal of hazardous wastes and management of liquid industrial wastes in Michigan. It is a comprehensive program regulating hazardous wastes from "cradle-to-grave" that extends to the management of liquid industrial wastes.

The HWP is administered through the following acts:

- Part 111, Hazardous Waste Management, of Act 451, and its administrative rules, Michigan Administrative Code R 299.9101 *et seq.* (Part 111 Rules)
- Part 121, Liquid Industrial Wastes, of Act 451
- Part 167, Used Oil Recycling, of Act 451
- Part 171, Battery Disposal, of Act 451
- Hazardous Materials Transportation Act, 1998 PA 138
- Consistent with Congressional intent that the federal hazardous waste regulations be delegated to the states for implementation, the DEQ is federally authorized to operate Michigan's HWP. This delegation comes from Michigan's authorization to administer Part 111 of Act 451 in lieu of the federal Resource Conservation and Recovery Act of 1976, as amended (RCRA).

The following table shows the distribution of full-time equivalent (FTE) work years among the various core elements of the Michigan HWP and objectives of the Work Plan. This table represents the total number of FTEs that the DEQ has in fiscal year (FY) 2014 to run the core HWP. The total does not include the DEQ's seven Senior Environmental Employee (SEE) Program FTEs that provide critical support for Site Identification, Manifest Processing, and Biennial Reporting.

<b>RCRA Work Plan Program Element</b>	<b>FTEs*</b>
<b>State Authorization</b>	1
<b>Compliance Monitoring and Enforcement</b> Inspections and/or Record Reviews Manifest Processing Waste Classification Biennial Report Reviews Laboratory Support Monitoring Performance Reviews and Inspections	12
<b>Administrative Controls</b> Operating Licenses/Postclosure Operating Licenses Closures/Postclosure Plans Orders/Legally Enforceable Agreements Public Participation	5
<b>Corrective Action</b> Planning and Priority Setting Public Participation Technical Reviews Oversight Enforcement Support Corrective Action Tracking	10
<b>Financial Assurance</b>	1
<b>Management and Reporting</b> Administrative Activities – including legislative workgroup for funding Information Management – Tracking and Database Administration Training (Health and Safety and Technical) Information Requests (FOIA) Laboratory Coordination Quality Management Plan (QMP) Health and Safety and Emergency Management Coordination Pollution Emergency Alerting System Support	10
<b>RCRA Total FTEs</b>	<b>39</b>

\*The column "FTEs" was rounded to the closest whole number to eliminate fractional time.

### Program Funding

The DEQ's fiscal year (FY) 2014 HWP budget is estimated at \$6.6 million and is funded with a federal grant from the U.S. Environmental Protection Agency (U.S. EPA), fees generated from the HWUCs, Hazardous Waste Disposal Fees, and fees generated from hazardous and liquid industrial waste transporters that are deposited into the Environmental Pollution Prevention (EPP) Fund, and General Fund/General Purpose (GF/GP) dollars.

Following is a breakdown of these sources of program funding:

Source of Funding (all FY 2014 appropriations)	Dollars	Percent
Federal Hazardous Waste Management Grant	\$3,091,000	48%
Environmental Pollution Prevention Fund	\$2,998,000	46%
General Fund/General Purpose	\$400,000	6%
Total	\$6,489,000	100%

Included in the above federal grant amount is \$280,000 of federal funding that is not appropriated to the HWP but, at the request of the HWP, is used by the U.S. EPA to pay for 7 FTE Senior Environmental Employee Program (SEEP) contract staff. These contract employees are supervised by HWP managers and perform critical work in support of the program.

The following chart provides a breakdown of how the overall program funding for FY 2014 is projected to be expended:

Type of Expenditure (FY 2014)	Estimated Expense	Percent
Salary Expenses	\$5,200,000	78%
Travel Expenses	\$51,000	1%
Contractual & Supply Expenses	\$487,000	7%
Attorney General Expense	\$48,000	1%
SEEP Contract Employees	\$280,000	4%
Rent, Information Technology Support, and DEQ Central Administration	\$596,000	9%
	\$6,662,000	100%

### **Improvements, Efficiencies, and HWP Reductions Implemented**

The DEQ has been incorporating improvements, efficiencies, and reductions in the HWP to reduce costs and upgrade the services provided. These efforts are summarized below:

#### Office of Regulatory Reform Recommendations

The HWP addressed or is addressing the Office of Regulatory Reform Environmental Recommendations. These recommendations included implementing an electronic biennial reporting system, streamlining the manifest processing, evaluating and eliminating state only hazardous waste listings and convening a stakeholder workgroup to completely evaluate the Liquid Industrial Waste statute.

Part 147, Chemical Compounds, of Act 451, and the administrative rules, were rescinded. These were state requirements regarding the management of polychlorinated biphenyl compounds. These materials remain subject to the federal requirements found in the Toxic Substance Control Act of 1976.

All these recommendations have been completed except the evaluation of the Liquid Industrial Waste statute. That work is contemplated for summer or fall of 2014.

## Updated Rules

The HWP promulgated rule amendments that became effective November 5, 2013.

The rules address federal revisions that are required for the DEQ to maintain its authorization, as well as those revisions that authorized states have the option of incorporating for consistency purposes. The federal revisions relate to the following subject areas: hazardous waste identification and listing, comparable fuels exclusion, universal wastes, manifesting, standards for academic laboratories, treatment standards, air standards, spent lead-acid battery requirements, and testing and monitoring standards updates.

Additionally, the proposed rules address revisions based on DEQ and public recommendations. These revisions relate to the following subject areas: hazardous waste identification and listing, manifesting, records availability, environmental protection standards, changes to reflect statutory revisions pertaining to the abolishment of the former site review board and streamlining of the permitting and licensing processes, certified local health departments, hazardous waste emergencies, updates to information associated with items adopted by reference in the rules, typographical corrections, and removal of duplicative text.

## Senior Environmental Employee Program

Michigan utilizes the federal SEE Program for cost-effective contract positions to assist with manifest processing, data entry, and Site Identification processing. The SEE Program is efficient and cost-effective, and the HWP relies heavily upon the SEE Program contractors to accomplish the data management requirements of the HWUC process.

## Improved Public Participation

The HWP has expanded its public participation process. For most projects, public meetings are posted on the Internet via YouTube so they can be accessed by anyone at any time. Licensing and contact information is also routinely posted on city Web sites, which is in addition to what our administrative rules require.

## Staffing and Efficiencies

The HWP eliminated a unit chief position and relies heavily on the work of seven SEEs, funded by the U.S. EPA, to keep the core program at minimally acceptable levels of effort.

The OWMRP shares administrative support services and enforcement support services with two other offices in the DEQ. These improvements allow for increased efficiency in support services and reduced program allocations.

The number of district supervisors has been downsized from nine to four, with most of the remaining positions supervising more than one district office.

The HWP has also shifted to a pay for services approach for criminal enforcement support. The actual cost for this support is charged directly to the HWP. In the past, the program paid for positions whether they worked on projects supporting the program or not.

## **Considerations for Alternative User Fee System**

The HWP believes the current Michigan HWUC system has some strong points. It is a fair system for the identified handlers, and it does provide quality information that can be used by the regulated community, the agency, and the public.

The DEQ envisions a future HWUC system that captures charges from out-of-state users, is simple, reduces administrative costs, collects timely charges, and is parallel to the waste reduction and recycling goals of the HWP.

#### Electronic Manifest System

In the next several years the implementation of the federal electronic manifest system may necessitate an alternate user charge system. The HWP has been informed that once the federal electronic manifest system is put online, the state will be preempted from collecting manifest processing user charges.

#### Federal Funds

Although the HWP is expecting a slight increase in federal grant support in FY 2014, the federal grant money received from the U.S. EPA has been reduced over the years. This cut puts more pressure on the EPP Fund to maintain the HWP.

#### **Conclusion**

The HWP continues to increasingly rely on support from other funding sources in addition to the user charges collected to support the program. The rollup of funds in the EPP Fund and GF/GP support in the FY 2014 budget has helped stabilize the HWP.

The electronic manifest issue is anticipated to impact the ability of the HWP to collect hazardous waste manifest user charges. The implementation of the electronic manifest system is not expected to occur before the next report is due to the Legislature in 2016.