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STATE OF MICHIGAN
DEPARTMENT OF ENVIRONMENTAL QUALITY
LANSING



C. HEIDI GREETHER
DIRECTOR

VIA E-MAIL

TO: Members of the Michigan Legislature
FROM: C. Heidi Grether, Director 
DATE: October 13, 2016
SUBJECT: Report on Hazardous Waste User Charge

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 (DEQ) 2016 Hazardous Waste User Charge Report.

If you need further information, please contact Steve Sliver, Acting Chief, Office of Waste Management and Radiological Protection, at 517-284-6595; 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
Angela Ayers, Governor's Office
Josh Sefton, Senate Fiscal Agency
Austin Scott, House Fiscal Agency
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Department of Environmental Quality
2016 Hazardous Waste User Charge Report

Introduction

The Department of Environmental Quality (DEQ) submits this report to the Legislature regarding the Hazardous Waste User Charge (HWUC) system. In general, Part 111, Hazardous Waste Management, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended (NREPA), requires the DEQ to evaluate the effectiveness and adequacy of the site identification (site ID) number user charges and the HWUC fees collected relative to the overall revenue needs of the DEQ, Office of Waste Management and Radiological Protection (OWMRP), Hazardous Waste Program (HWP). The intent of this report is to evaluate the state's HWP in relation to the user charge system and commence focus on potential fee funding shortcomings after 2018.

Consistent with Congressional intent, the federal hazardous waste regulations are to be delegated to the states for implementation, and the DEQ is federally authorized to operate Michigan's HWP. This delegation comes from its authorization to administer Part 111 of the NREPA in lieu of the federal Resource Conservation and Recovery Act of 1976, as amended (RCRA). Authorization of this program is of significant benefit to Michigan's industry and businesses and protection of human health and the environment.

Hazardous Waste Program

The HWP is a preventive program that protects human health and the environment by ensuring the proper identification, handling, tracking, and transportation of hazardous waste generated in Michigan, and any treatment, storage, and disposal (TSD) of hazardous wastes performed by licensed hazardous waste facilities in Michigan. The program regulating hazardous wastes requires waste classification, issuance of a site ID number, manifest tracking from point of origin (generation), transport, and licensing of the destination facility, which accomplishes a national "cradle-to-grave" tracking program. Michigan has approximately 2,500 facilities that generate hazardous waste, which include a variety of industries and manufacturing facilities (e.g., automotive, chemical, pharmaceutical, glass, metal processing, etc.) as well as universities, hospitals, dry cleaners, furniture manufacturing, laboratories, vehicle maintenance, printing industries, construction-demolition-renovation, pesticide services, equipment repair, photo processing, wood preserving, leather manufacturing, transportation, remediation activities, etc. Currently, Michigan has 15 licensed hazardous waste TSD facilities.

The HWP also oversees the following related acts:

- Part 121, Liquid Industrial By-products, of the NREPA
- Part 167, Used Oil Recycling, of the NREPA
- Part 171, Battery Disposal, of the NREPA
- Hazardous Materials Transportation Act, 1998 PA 138

Funding

The HWP is supported by a federal grant from the U.S. Environmental Protection Agency (U.S. EPA) and with the monies in the Environmental Pollution Prevention Fund (EPP Fund) that are generated by the fees from site ID number issuance, HWUC fees, and hazardous waste disposal fees (note this fee was directed to the EPP Fund in 2014). The funding supports 43 full-time equivalents (FTEs) responsible for compliance assistance, licensing, closure/postclosure, corrective action, site ID issuance, manifest processing, program authorization, technical reviews,

inspections, reporting oversight, and enforcement. The following shows the amounts received towards the fiscal year 2016 HWP budget from the site ID fees, HWUC fees, and hazardous waste disposal fees that were deposited into the EPP Fund from these 2015 sources:

- Hazardous waste site ID \$90,132.00
- HWUC fees \$1,015,239.00*
- Hazardous waste disposal fees \$4,604,182.00

*Amount differs from that billed due to collection of overdue prior year payments in 2015

Hazardous Waste Fee Categories	Fee assignments and charges (note, these fees have not changed since 2004)
Hazardous waste site ID	\$50.00 per site ID – new generators and TSDs
HWUC fees	Small Quantity Generator - \$100/year + \$8.00 per manifest Large Quantity Generator - \$400/year + \$8.00 per manifest TSD - \$2,000/year
Hazardous waste disposal fees	<u>Waste Solidification</u> \$10.00/ton or cubic yard (or 4 cents per gallon or ½ cent per pound) <u>Hazardous Waste Landfill Disposal</u> \$10.00/ton or cubic yard (or ½ cent per pound)

It should be noted that the HWUC fees have steadily decreased over time due to less generation of hazardous wastes via waste minimization efforts, recycling, the universal waste category, conditionally exempt small quantity generator status, waste delisting approvals, etc. The following billing records show this trend:

Year	Count	Billed
2015	3,005	\$835,092.00
2013	3,264	\$876,216.00
2011	3,398	\$841,852.00
2009	4,152	\$946,328.00
2007	4,599	\$1,089,724.00
2005	4,770	\$1,181,572.00
2003	5,876	\$1,214,682.00

Program Enhancements and Efficiencies

The DEQ has implemented program efficiencies to improve services and control costs. These efforts are summarized below:

Implemented Office of Regulatory Reinvention (ORR) Environmental Regulations Recommendations

The HWP has addressed the ORR Environmental Regulations Recommendations including the adoption and implementation of new federal amendments; an expanded electronic Biennial Report system; streamlining manifest processing; reevaluating and in some cases eliminating state-only hazardous waste listings; and convening a stakeholder workgroup to evaluate these proposed and final amendments. These amendments have resulted in program efficiencies to industry, environmental protection, and the state by providing electronic submittals for the national

Biennial Report, less hazardous waste generated, and direct adoption of federal requirements (under RCRA Subtitle C, the state can only be equal to or more stringent than the federal requirements).

Part 121, Liquid Industrial By-products, was amended by 2015 PA 224, which changed the title and references from Liquid Industrial Waste to Liquid Industrial By-products (LIB), eliminated the requirement to use a uniform hazardous waste manifest as the shipping document by allowing alternate tracking options (e.g., other shipping documents, billing process, etc.), and eliminated mandatory site ID number issuance (i.e., it is optional). It is estimated that these LIB statutory changes will decrease the site ID revenue by \$30,000-\$50,000 per year. These changes have reduced manifest sorting, processing, and storage; some site ID number issuance; and reporting requirements to LIBs, which had been equal to hazardous waste standards (although several facilities are still opting to get a unique state/federal tracking number).

Update Part 111 Rules

The Part 111 Rules address federal revisions that are required for the DEQ to maintain its authorization, as well as federal revisions that authorized states have the option of incorporating for consistency purposes. The proposed revisions will relate to the following federal subject areas: solvent-contaminated wipes, carbon dioxide streams in geologic sequestration activities, electronic manifest (e-manifest) system, cathode ray tubes export provisions, definition of solid waste, vacatur of the comparable fuels and gasification rules, and disposal of coal combustion residuals from electric utilities. 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, environmental protection standards, updates to information associated with items adopted by reference in the rules, and typographical corrections. This rules package will represent the 11th amendment to the base program rules and is planned to be finalized and adopted in 2017.

Utilize Senior Environmental Employee Program (SEEP)

Michigan utilizes the federally-funded SEEP for cost-effective contract positions to assist with manifest processing, data entry, quality control screening, Biennial Report processing, and site ID number issuance/processing, and as an assistant inspector. The HWP relies upon the SEEP contractors to accomplish the data management requirements of the HWUC process, processing manifests, and assisting with the Biennial Report.

Improved Public Participation

The HWP has expanded its public participation process to include the Environmental Justice (EJ) review protocols (e.g., utilizing EJ Screening Tools, language translation services, etc.). For most projects, public hearings/meetings are recorded and posted on the DEQ Web site via YouTube so they can be accessed by anyone at any time during the public comment period (versus being available only the night of the hearing/meeting). Licensing and contact information is also routinely posted on city or township Web sites, which is in addition to what the Part 111 Rules require.

Upcoming Need for Alternative User Fee System

While the current fee structure is a fair system for the identified handlers, and it does provide quality information that can be used by the regulated community, the DEQ, and the public, an alternate user charge system or a new funding model may be needed for the following reasons:

- The HWP has been informed that once the federal e-manifest system is put online, the state may be preempted from collecting manifest processing user charges, eliminating

approximately \$200,000 of revenue for the program. The U.S. EPA has also indicated the implementation is anticipated in the next few years (possibly by spring 2018).

- In 2017 the U.S. EPA will begin a phased reduction in the federal grant by over \$1 million.
- A significant decline in the quantity of hazardous waste solidified and landfilled in the state will reduce disposal fee revenue by over \$1.5 million annually.

Summary

While the HWP continues to look for efficiencies and funding currently exists to support the program, other funding options must be pursued due to reductions in the federal grant and disposal fees, and the impact of the federal e-manifest on the ability of the HWP to collect HWUC fees. The DEQ intends to coordinate with stakeholders and the Legislature to explore potential funding models for the future.