



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

BILL ANALYSIS

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

House Bill 5875 (as passed by the House)
Sponsor: Representative Liz Brater
House Committee: Conservation, Environment and Great Lakes
Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 9-17-96

CONTENT

The bill would amend Part 327 of the Natural Resources and Environmental Protection Act, which concerns Great Lakes Preservation and regulates the withdrawal of water from the Great Lakes basin, to establish a “Water Use Protection Fund”, establish \$50 annual water use reporting fees, and require the Department of Environmental Quality (DEQ) and the Department of Agriculture to assess the reliability of annual irrigation water use data.

Water Use Protection Fund

The bill would create the Water Use Protection Fund in the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the investment of the Fund, and would have to credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would have to remain in the Fund and could not lapse into the General Fund. The DEQ could spend money from the Fund, upon appropriation, only for the implementation and administration of Part 327.

By December 31, 1999, the DEQ would have to assess the Fund and report to the Legislature on the overall number of irrigation and industrial or processing facilities registered in the program, the annual amount of water use reporting fees received by the Fund, and the staff workload necessary to implement Part 327 to determine if the amount of the annual water use reporting fees could be lowered.

Water Use Reporting Fees

The Act currently requires the owner of an industrial or processing facility or an irrigation facility registered under the Act to file with the DEQ an annual report on the amount and rate of water withdrawn on an annual and monthly basis, the source or sources of the water supply, the use or uses of the water, and the amount of consumptive water use. A notification form may be submitted instead of an annual report if the annual amount of water withdrawn is within 4% of the amount last reported and the other information required in the report has not changed since the last year in which a report was filed. The bill would require, in addition, that an owner filing the annual report or notification remit an annual water use reporting fee of \$50 to the DEQ with the annual report. The DEQ would have to transmit the water use reporting fees to the State Treasurer to be credited to the Water Use Protection Fund.

Registration Statement

Currently, a registration for an industrial, processing, or irrigation facility whose withdrawal will result in a consumptive use averaging in excess of 2 million gallons per day in any consecutive 30-day period must provide a statement and supporting documentation that includes information on the operating capacity of the withdrawal system identified in the registration; the total new or increased operating capacity of the withdrawal system; the estimated average annual and monthly rates of discharge or return flow; and a list of all Federal, State, and local approvals, permits, licenses, and other authorizations required for the existing or proposed withdrawal of water from its source. The bill would delete this provision.

Annual Irrigation Water Use Data Report

Currently, the Act requires the DEQ and the Department of Agriculture, in consultation with the Cooperative Extension Service and the soil conservation districts, to develop a formula or model to determine the amount of water withdrawn for agricultural purposes. The Act also specifies that, for a period of not more than five years after December 21, 1990, a person using water for an agricultural purpose who, on average, withdraws over 100,000 gallons per day in any consecutive 30-day period for irrigation must provide the location of the irrigation water source or sources, and other information as needed by the DEQ in the calculations of the formula or model. The bill provides instead that for a period of three years, beginning January 1, 1997, a person who used water for an agricultural purpose and who, on average, withdrew over 100,000 gallons per day in any consecutive 30-day period for irrigation would have to provide to the county soil conservation districts information on the location and source of the water, the type of crop irrigated, and the acreage of each irrigated crop. The districts and the Department of Agriculture would have to use the model or formula developed to aggregate the data and provide to the DEQ by April 1 of each year county and watershed totals by water source for irrigation water use that occurred in the previous year.

At the end of the three-year period, the DEQ and the Department of Agriculture would have to assess the reliability of annual irrigation water use data and determine if reliable data could be deduced from surveys conducted every two or three years.

MCL 324.32701 et al.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

According to the Department of Environmental Quality, the bill is anticipated to generate approximately \$126,000 in fee revenue annually from a \$50 water use reporting fee.

The FY 1996-97 Department of Environmental Quality budget includes \$103,500 in water use reporting fees to fund 1.0 FTE in the Office of Groundwater Planning and Special Services. Boilerplate language in the budget bill specifies that either water use reporting fees or State General Fund/General Purpose dollars are to be used. The Department has historically funded the program with revenues intended for Great Lakes Protection Fund activities.

Fiscal Analyst: G. Cutler

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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.