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House Bill 5742 (Substitute S-1 as reported)
House Bill 5743 (Substitute H-2 as reported without amendment)
Sponsor: Representative Sandra Caul (H.B. 5742)
Representative Lorence Wenke (H.B. 5743)
House Committee: Commerce
Senate Committee: Natural Resources and Environmental Affairs

CONTENT

House Bill 5742 (S-1) would create the "V. Harry Androunie Laboratory Data Quality Assurance Act" as Part 205 of the Natural Resources and Environmental Protection Act (NREPA) to require the Department of Environmental Quality (DEQ) to implement a Laboratory Data Quality Recognition Program to identify commercial laboratories qualified to generate data for submission to the DEQ for compliance purposes under the Act.

A commercial lab's participation in the Program would be voluntary; a lab could not be restricted or prohibited from generating analytical data for submission to the DEQ under NREPA based on nonparticipation or unsuccessful participation in the Program.

When the DEQ let contracts for State-funded laboratory work, it would have to use only those commercial labs that were successful participants in the Program. Exceptions could be made if desired analytical support services were not available from a commercial laboratory that was a successful participant in the Program.

To participate in the Program, a commercial lab would have to submit an application to the DEQ; pay a fee based on the Department's actual costs of administering the Program, but not more than \$750 for an initial application or \$500 for a renewal application; grant the DEQ access to the lab and lab records for inspections during normal business hours without prior notice; and, if required by the DEQ, participate in proficiency testing conducted by the Department, the United States Environmental Protection Agency, or any other nationally recognized proficiency testing program.

The bill would create the "Laboratory Data Quality Recognition Program Fund" in the State Treasury. Program application fees would have to be deposited in the Fund. The DEQ would have to spend money from the Fund, upon appropriation, only to administer the Quality Recognition Program.

House Bill 5743 (H-2) would require the Auditor General to conduct performance audits of the DEQ's environmental laboratory; its costs compared with the costs of private laboratories; and the adequacy of Quality Recognition Program application fees. The DEQ would have to submit to the Legislature a report on the audit within one year after the bill's effective date, and every two years thereafter.

The bills are tie-barred to each other and to Senate Bill 1135. (As passed by the House, Senate Bill 1135 (H-1) would create the Laboratory Data Quality Assurance Advisory Council to monitor and evaluate the Data Quality Recognition Program.)

Proposed MCL 324.20501-324.20511 (H.B. 5742)
Proposed MCL 324.20513 (H.B. 5743)

Legislative Analyst: Julie Koval

FISCAL IMPACT

House Bill 5742 (S-1)

The bill would necessitate 1.0 FTE position, at a cost of \$85,000 (according to DEQ estimates), based on the proposed responsibilities for the Department. Revenue from the commercial laboratory fee would depend on the number of participants in the Program. There are about 60 commercial laboratories and up to \$45,000 would be generated if 100% of the laboratories participated and paid an initial application fee of \$750. On a continuing basis, revenue of up to \$30,000 could be generated from a \$500 renewal application fee. Since the quality recognition designation would be valid for two years, annual revenue could be \$15,000.

The requirement of successful participation in the program for laboratories performing testing associated with State-funded programs would affect the eight laboratories that the State currently has contracts with for services. The State would receive revenue of \$6,000 from the application fee and \$4,000 from the renewal fee from these laboratories if they wanted to continue the contracts.

House Bill 5743 (H-2)

The bill would result in additional costs for the Legislative Auditor General, depending on the number of hours required to perform the audit. The cost of performance audits ranges from \$50,000 to \$75,000.

Date Completed: 6-23-04

Fiscal Analyst: Bill Bowerman
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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.