

# Department of Environmental Quality

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| DESCRIPTION                              | FY 2004<br>ACTUAL  | FY 2005<br>ESTIMATE | FY 2006<br>JLBC    |
|--|--------------------|---------------------|--------------------|
| <b>OPERATING BUDGET</b>                  |                    |                     |                    |
| <i>Full Time Equivalent Positions</i>    | 495.1              | 495.1               | 495.1              |
| Personal Services                        | 10,311,800         | 11,658,100          | 10,983,100         |
| Employee Related Expenditures            | 2,723,200          | 2,925,400           | 2,496,700          |
| Professional and Outside Services        | 132,400            | 140,000             | 140,000            |
| Travel - In State                        | 161,900            | 169,100             | 169,100            |
| Travel - Out of State                    | 4,300              | 28,600              | 28,600             |
| Other Operating Expenditures             | 5,852,400          | 7,267,800           | 7,371,500          |
| Equipment                                | 337,800            | 104,600             | 104,600            |
| <b>OPERATING SUBTOTAL</b>                | <b>19,523,800</b>  | <b>22,293,600</b>   | <b>21,293,600</b>  |
| <b>SPECIAL LINE ITEMS</b>                |                    |                     |                    |
| <b>Waste Programs</b>                    |                    |                     |                    |
| WQARF Priority Site Remediation          | 10,000,000         | 10,000,000          | 11,000,000         |
| Underground Storage Tank Program         | 5,800              | 22,000              | 22,000             |
| Hazardous Waste Program                  | 344,600            | 715,000             | 721,300            |
| Solid Waste Program                      | 1,970,800          | 3,347,700           | 3,406,900          |
| Waste Tire Program                       | 38,000             | 211,300             | 219,800            |
| <b>Water Programs</b>                    |                    |                     |                    |
| Aquifer Protection Permit Program        | 739,600            | 756,100             | 756,100            |
| Water Quality Program                    | 1,983,600          | 3,786,500           | 3,770,300          |
| Water Infrastructure Finance Authority   | 2,445,100          | 2,445,100           | 2,445,100          |
| <b>Air Programs</b>                      |                    |                     |                    |
| Air Permits Administration Program       | 3,491,600          | 5,487,100           | 5,419,500          |
| Air Quality Program                      | 5,477,400          | 4,681,600           | 4,542,100          |
| Emissions Control Program-Administration | 2,354,400          | 4,018,900           | 3,967,500          |
| Emissions Control Contractor Payment     | 27,671,300         | 31,739,600          | 31,739,600         |
| Pima County Air Quality Programs         | 165,000            | 165,000             | 165,000            |
| <b>AGENCY TOTAL</b>                      | <b>76,211,000</b>  | <b>89,669,500</b>   | <b>89,468,800</b>  |
| <b>FUND SOURCES</b>                      |                    |                     |                    |
| General Fund                             | 22,858,500         | 23,142,100          | 23,142,100         |
| <u>Other Appropriated Funds</u>          |                    |                     |                    |
| Air Permits Administration Fund          | 3,491,600          | 5,487,100           | 5,419,500          |
| Air Quality - Clean Air Subaccount       | 0                  | 500,000             | 500,000            |
| Air Quality Fund                         | 5,642,400          | 4,846,600           | 4,707,100          |
| Emissions Inspection Fund                | 30,025,700         | 35,758,500          | 35,707,100         |
| Hazardous Waste Management Fund          | 344,600            | 715,000             | 721,300            |
| Indirect Cost Recovery Fund              | 9,850,000          | 11,852,700          | 11,852,700         |
| Recycling Fund                           | 1,431,900          | 2,105,200           | 2,120,000          |
| Solid Waste Fee Fund                     | 520,600            | 1,321,300           | 1,372,700          |
| Underground Storage Tank Fund            | 5,800              | 22,000              | 22,000             |
| Used Oil Fund                            | 56,300             | 132,500             | 134,000            |
| Water Quality Fee Fund                   | 1,983,600          | 3,786,500           | 3,770,300          |
| SUBTOTAL - Other Appropriated Funds      | 53,352,500         | 66,527,400          | 66,326,700         |
| <b>SUBTOTAL - Appropriated Funds</b>     | <b>76,211,000</b>  | <b>89,669,500</b>   | <b>89,468,800</b>  |
| Other Non-Appropriated Funds             | 233,481,000        | 241,386,400         | 241,911,500        |
| Federal Funds                            | 18,212,000         | 17,810,400          | 17,810,400         |
| <b>TOTAL - ALL SOURCES</b>               | <b>327,904,000</b> | <b>348,866,300</b>  | <b>349,190,700</b> |

**CHANGE IN FUNDING SUMMARY**

|                          | FY 2005 to FY 2006 JLBC |          |
|--------------------------|-------------------------|----------|
|                          | \$ Change               | % Change |
| General Fund             | 0                       | 0.0%     |
| Other Appropriated Funds | (200,700)               | (0.3%)   |
| Total Appropriated Funds | (200,700)               | (0.2%)   |
| Non Appropriated Funds   | (149,900)               | (0.1%)   |
| Total - All Sources      | (350,600)               | (0.1%)   |

**AGENCY DESCRIPTION** — The Department of Environmental Quality (ADEQ) enforces air, water, and land quality standards. The department’s Office of Air Quality issues permits to regulate industrial air pollution sources, regulates vehicle emissions, monitors and assesses the ambient air, and develops air quality improvement strategies. The Office of Waste Programs implements programs to minimize waste generation, identifies and corrects improper waste management practices, and oversees the clean up (remediation) of hazardous waste sites. The Office of Water Quality regulates drinking water and waste water systems, monitors and assesses waters of the state, and provides hydrologic analysis to support hazardous site remediation.

| PERFORMANCE MEASURES   | FY 2003 | FY 2004 | FY 2005  | FY 2006 |
|--|---------|---------|----------|---------|
|  | Actual  | Actual  | Estimate | JLBC    |
| • % of contaminated sites closed requiring no further action (cumulative) versus known sites                           | 72.6    | 74.0    | 73.0     | 77.0    |
| • Vehicles that have failed inspection and later brought into compliance (in thousands)                                | 163.0   | 160.7   | 163.0    | --      |
| • Number of nonattainment areas exceeding national ambient air quality standards (NEW)                                 | --      | 15      | --       | 5       |
| • % of statutorily set permit timelines met through Licensing Time Frames rule   | 99      | 100     | 99       | 99      |
| • Number of days per year exceeding National Ambient Air Quality Standards for Ozone, Carbon Monoxide, or Particulates | 0       | 0       | 0        | 0       |
| • % of facilities from Drinking Water Priority Log assigned to enforcement staff (NEW)                                 | --      | 48      | --       | 50      |
| • % of agency staff turnover   | 8.6     | 13.8    | 8.6      | --      |
| • Administration as a % of total cost  | 3.8     | 3.5     | 3.8      | --      |
| • Customer satisfaction rating for citizens (Scale 1-8)  | 6.6     | 7.4     | 6.6      | 7.4     |

**Comments:** The percent of contaminated sites which require no additional action when compared to all sites increased slightly in FY 2004. The JLBC recommends adding a performance measure which accounts for the number of nonattainment areas that exceed national ambient air quality standards of Carbon Monoxide, Carbon Dioxide, Lead, Nitrogen Dioxide, Ozone, Particulate Matter, and Sulfur Oxides. There were 15 of these sites in FY 2004, and the department has petitioned the federal government to remove 10 areas from this list for FY 2005. The department met all required permit timelines in FY 2004. In that same year, there were no days in which the levels of ozone or carbon monoxide exceeded national ambient air quality standards. The JLBC recommends adding a performance measure which reports the percentage of water systems on the drinking water priority list assigned to enforcement staff. The drinking water priority log is a list of water systems whose test results have contaminant levels which exceed federal drinking water standards, and have been classified as significantly noncompliant. The agency adds water systems which are continuously noncompliant to its priority log to begin the process of imposing enforcement actions to bring the facilities into compliance. In FY 2004, the department was able to achieve a citizen satisfaction rating of 7.4, nearly one point larger than its FY 2003 amount.

**RECOMMENDED CHANGES FROM FY 2005**

**Operating Budget**

|                                    | FY 2006      |
|------------------------------------|--------------|
| General Fund                       | \$ 8,940,900 |
| Indirect Cost Recovery Fund        | 11,852,700   |
| Air Quality - Clean Air Subaccount | 500,000      |

The JLBC recommends \$21,293,600 for the operating budget in FY 2006. This amount consists of:

These amounts include the following adjustments:

**Funding Shift to WQARF**                      **GF**    **\$(1,000,000)**

The JLBC recommends shifting \$(1,000,000) from the General Fund from the department's operating budget to the WQARF Priority Site Remediation Special Line Item in FY 2006.

**Special Line Items**

**Waste Programs**

**WQARF Priority Site Remediation**

The JLBC recommends \$11,000,000 from the General Fund for WQARF Priority Site Remediation in FY 2006. This amount would fund the following adjustments:

**Continue Statutory Formula**

**Suspension**                                      **GF**                      **0**

For FY 2006, the JLBC recommends continuing to suspend the statutory funding formula in favor of a fixed transfer of \$10,000,000 for the WQARF program. (See *JLBC Recommended Statutory Changes for additional information.*)

**Funding Shift from Operating**

**Budget**    **GF**                      **1,000,000**

The JLBC recommends shifting \$1,000,000 from the department's General Fund operating budget to the WQARF Priority Site Remediation Special Line Item in FY 2006.

WQARF is funded in part from an annual \$15,000,000 transfer from the Corporate Income Tax (CIT), as stipulated in A.R.S. § 49-282. In addition, WQARF generates other revenue from various license and registration fees. A.R.S. § 49-282 directs the State Treasurer to adjust the \$15,000,000 CIT transfer so that, when combined with the WQARF fee generated revenue, the program receives \$18,000,000 annually. Some types of revenue, including cost recovery collections and interest, are not included in this calculation. Therefore, actual program revenues can exceed \$18,000,000 in a year depending on how much is deposited from these other sources.

The WQARF program is similar to the federal Superfund program in that it is designed to monitor and remediate contaminated groundwater at specified sites. Program expenditures include searching for responsible polluters, conducting risk assessments and remediation feasibility studies, and contracting for remediation services.

**Underground Storage Tank Program**

The JLBC recommends \$22,000 from the Underground Storage Tank Fund for the Underground Storage Tank (UST) Program in FY 2006. This amount is unchanged from FY 2005.

**Administrative Cap**                                      **OF**                      **0**

The JLBC recommends continuing to suspend the UST Revolving Fund Assurance Account administrative cap amount for FY 2006 and allow the department to utilize up to \$6,031,000. This will allow the agency to continue funding 3 FTE positions for the Leak Prevention and Compliance Program, and to provide funding for the Used Oil Program. Expenditures from the Assurance Account are not appropriated by the Legislature and therefore are not reflected in the data table above. (See *JLBC Recommended Statutory Changes for additional information.*)

Monies in the UST Program are utilized to detect and clean up hazardous leakage from USTs. The program's regulatory component is funded from annual tank registration fees. The clean-up component is funded from a 1¢ per gallon excise tax on gasoline and diesel fuel.

The excise tax is deposited into the UST Fund's State Assurance Fund (SAF). Monies in the SAF are used to partially reimburse tank owners for corrective actions due to leaking tanks and to reimburse ADEQ for actions taken by the agency. A majority of fund revenues are not appropriated by the Legislature; however, an amount of \$22,000 from the SAF in FY 2006 is recommended in order to pay the operating costs of the Underground Storage Tank Technical Appeals Panel and the Underground Storage Tank Policy Commission.

Laws 2004, Chapter 273 repeals the Underground Storage Tank (UST) Program and the associated 1¢ excise tax on or after July 1, 2011. The program will be replaced by the Regulated Substance Fund (RSF). The legislation sets June 30, 2010 as the last date to make a claim against the SAF. RSF is to receive \$60,000,000 from the Assurance Account. Any amount in excess of \$60,000,000 goes to the General Fund. If the Assurance Account total is less than \$60,000,000, the 1¢ tax will continue to be imposed until a balance of \$60,000,000 is accumulated in the RSF Fund, or until December 31, 2013, whichever comes first. At that point the UST Program and the tax will be repealed. The RSF will then be the funding source for underground storage tanks where the owner cannot be located.

**Hazardous Waste Program**

The JLBC recommends \$721,300 and 10.4 FTE Positions from the Hazardous Waste Management Fund for the Hazardous Waste Program in FY 2006. This amount would fund the following adjustments:

**Standard Changes**                                      **OF**                      **6,300**

The JLBC recommends an increase of \$6,300 from the Hazardous Waste Management Fund in FY 2006 for standard changes.

Monies in this line item are used to regulate and inspect hazardous waste treatment, storage and disposal facilities. It educates hazardous waste handlers on how to comply

with federal and state standards. It also oversees cleanup of hazardous waste sites.

**Solid Waste Program**

The JLBC recommends \$3,406,900 and 22.4 FTE Positions for the Solid Waste Program in FY 2006. This amount consists of:

|                      |           |
|----------------------|-----------|
| Recycling Fund       | 2,120,000 |
| Solid Waste Fee Fund | 1,152,900 |
| Used Oil Fund        | 134,000   |

These amounts include the following adjustments:

**Standard Changes OF 59,200**

The JLBC recommends an increase of \$59,200 in FY 2006 for standard changes. This amount consists of:

|                      |        |
|----------------------|--------|
| Recycling Fund       | 14,800 |
| Solid Waste Fee Fund | 42,900 |
| Used Oil Fund        | 1,500  |

This program is responsible for issuing permits to landfills and other solid waste facilities, conducting facility inspections, initiating remediation actions related to compliance issues, and recycling grants and public information.

**Waste Tire Program**

The JLBC recommends \$219,800 and 2.8 FTE Positions from the Solid Waste Fee Fund for the Waste Tire Program in FY 2006. This amount would fund the following adjustments:

**Standard Changes OF 8,500**

The JLBC recommends an increase of \$8,500 from the Solid Waste Fee Fund in FY 2006 for standard changes.

This program oversees county programs that dispose of and/or recycle waste tires.

**Water Programs**

**Aquifer Protection Permit Program**

The JLBC recommends \$756,100 and 14.7 FTE Positions from the General Fund for the Aquifer Protection Permit Program in FY 2006. This amount is unchanged from FY 2005.

This program issues aquifer protection permits to facilities whose activities, including waste discharges, pose a threat to groundwater. The program also reviews facility plans for waste discharge.

**Water Quality Program**

The JLBC recommends \$3,770,300 and 29.6 FTE Positions from the Water Quality Fee Fund for the Water Quality Program in FY 2006. This amount would fund the following adjustments:

**Standard Changes OF (16,200)**

The JLBC recommends a decrease of \$(16,200) from the Water Quality Fee Fund in FY 2006 for standard changes.

This program ensures water quality by monitoring and regulating drinking and wastewater sources.

**Water Infrastructure Finance Authority (WIFA)**

The JLBC recommends \$2,445,100 from the General Fund for the Water Infrastructure Finance Authority in FY 2006. This amount is unchanged from FY 2005.

WIFA administers the Clean Water Revolving and the Safe Drinking Water Revolving Funds, which are used to make loans to wastewater treatment and drinking water facilities in need of infrastructure improvements. Under the Federal Clean Water Act, Arizona receives a Federal Fund allocation to be used for loans each year. The act requires that states match the federal allocation at 20%.

**Air Programs**

**Air Permits Administration Program**

The JLBC recommends \$5,419,500 and 61.4 FTE Positions from the Air Permits Administration Fund for the Air Permits Administration Program in FY 2006. This amount would fund the following adjustments:

**Standard Changes OF (67,600)**

The JLBC recommends a decrease of \$(67,600) from the Air Permits Administration Fund in FY 2006 for standard changes.

This program regulates and inspects stationary air pollution sources, including enforcement actions necessary to comply with federal clean air regulations

**Air Quality Program**

The JLBC recommends \$4,542,100 and 26.8 FTE Positions from the Air Quality Fund for the Air Quality Program in FY 2006. This amount would fund the following adjustments:

**Standard Changes OF (4,500)**

The JLBC recommends a decrease of \$(4,500) from the Air Quality Fund in FY 2006 for standard changes.

**Air Quality Study OF (135,000)**

The JLBC recommends a decrease of \$(135,000) from the Air Quality Fund in FY 2006 due to a one-time FY 2005 expenditure for a study to determine the air quality impacts of shortening the winter season use of CARB 3 gasoline, including vapor pressure and oxygenate requirements. CARB 3 gasoline is cleaner burning and causes less air pollution than standard gasoline.

Expenditures are for air quality research and programs to bring non-attainment areas into attainment with federal clean air standards. Revenues to the fund are from the \$1.50 air quality fee collected at the time of vehicle

registration. The FY 2005 amount includes \$135,000 from Laws 2004, Chapter 293 for a one-time air quality study.

**Emissions Control Program**

The Emissions Control Program is operated by an independent contractor in Maricopa and Pima Counties, with the purpose of identifying and repairing polluting motor vehicles. Vehicle owners in Maricopa County are subject to either an Inspection and Maintenance (IM-147) or On-Board Diagnostic inspection if the vehicle was manufactured in 1981 or after, or a loaded idle inspection if the vehicle was manufactured prior to 1981. Pima County vehicle owners are subject only to the idle inspection. The program is funded through test fees that are charged to motorists at the time of inspection.

The contractor collects the test fee and remits the entire portion for deposit in the Vehicle Emission Inspection (VEI) Fund. Monies are then appropriated from the VEI Fund to either pay for ADEQ’s program administration costs or to pay the independent contractor’s operational expenses.

Table 1 displays the components of the Emission Control Program recommended appropriation from the Emissions Inspection Fund for FY 2006.

| <b>Table 1</b>                  |                       |
|---------------------------------|-----------------------|
| <b>Emission Control Program</b> |                       |
|                                 | <b><u>FY 2006</u></b> |
| Program Administration          | \$ 3,967,500          |
| Contractor Payment              | <u>31,739,600</u>     |
| <b>Total</b>                    | <b>\$35,707,100</b>   |

**Emissions Control Program - Administration**

The JLBC recommends \$3,967,500 and 39 FTE Positions from the VEI Fund for the Emissions Control Program in FY 2006. This amount would fund the following adjustments:

**Standard Changes OF (51,400)**

The JLBC recommends a decrease of \$(51,400) from the Air Quality Fund in FY 2006 for standard changes.

This line item includes activities such as providing program information and assistance to the public, reviewing the eligibility of those seeking vehicle repair grants or test waivers, and overseeing the inspection contract. These activities are funded from the administrative portion of the inspection fee, which is set by ADEQ.

**Emissions Control Contractor Payment**

The JLBC recommends \$31,739,600 from the VEI Fund for the Emissions Control Contractor Payment in FY 2006. This amount is unchanged from FY 2005.

Monies appropriated to this line item are to pay the Emissions Control Program contractor. Under the contract, the contractor remits the entire amount of the fee

to ADEQ for deposit in the VEI Fund. ADEQ will then determine the amount due to the contractor, based on the number of vehicles inspected and make payments to the contractor on a regular basis.

**Pima County Air Quality Programs**

The JLBC recommends \$165,000 from the Air Quality Fund for the Pima County Air Quality Programs in FY 2006. This amount is unchanged from FY 2005.

Monies in this line item are for use by Pima County to establish air quality public notification and outreach programs, to minimize exposure to particulate matter concentrations, and for abatement and minimization of controllable sources of particulate matter through best available control measures.

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**JLBC RECOMMENDED FORMAT — Operating Lump Sum with Special Line Items by Agency**

**JLBC RECOMMENDED FOOTNOTES**

*Standard Footnotes*

The Department of Environmental Quality shall report annually to the Legislature in writing on the progress of WQARF activities, including emergency response, priority site remediation, cost recovery activity, revenue and expenditure activity and other WQARF-funded program activity. The department shall submit the report to the members of the Joint Legislative Budget Committee and to the Director of the Joint Legislative Budget Committee Staff by September 1, 2005.

Pursuant to A.R.S. § 49-282, the Department of Environmental Quality shall submit a FY 2007 budget for the Water Quality Assurance Revolving Fund before September 1, 2005, for review by the House of Representatives and Senate Appropriations Committees.

The amounts appropriated for the Water Infrastructure Finance Authority in FY 2006 shall be used to provide a 20% match of the FY 2006 federal Safe Drinking Water and Clean Water Revolving Fund allocations to this state. Of the amount appropriated, any amount in excess of the required 20% match reverts to the state General Fund.

The appropriation from the Permit Administration Fund is an estimate representing all monies distributed to this fund, including balance forward, revenue and transfers during FY 2006. These monies are appropriated to the Arizona Department of Environmental Quality for the purposes established in A.R.S. § 49-455. The appropriation shall be adjusted as necessary to reflect actual final receipts credited to the Permit Administration Fund.

The monies appropriated in the Pima County Air Quality Programs Special Line Item are for use by Pima County to avoid being declared in non-attainment of particulate

matter standards by establishing public notification and outreach programs, minimizing exposure to particulate matter concentrations and to abatement and minimization of controllable sources of particulate matter through Best Available Control Measures. Of the monies in the Pima County Air Quality Programs Special Line Item in FY 2006, \$50,000 shall be used for carbon monoxide monitoring as required by the Pima County Limited Maintenance Plan with the Federal Environmental Protection Agency.

Up to \$1,250,000 of the state General Fund appropriation may be used temporarily to maintain existing environmental programs for which an application for Federal Funds has been submitted

When expenditures from the Hazardous Waste or Environmental Health Reserves are authorized, the Director of the Department of Environmental Quality shall report the nature of the emergency and the authorized expenditure amount to the President of the Senate, the Speaker of the House of Representatives, the Chairmen of the Senate and House Appropriations Committees and the Director of the Joint Legislative Budget Committee.

## JLBC RECOMMENDED STATUTORY CHANGES

The JLBC recommends reducing the statutory transfer of corporate income tax revenue into the Water Quality Assurance Revolving Fund from \$15,000,000 to \$10,000,000. *(See the WQARF Priority Site Remediation SLI above for additional information.)*

The JLBC recommends suspending the administrative cap for the Underground Storage Tank program and setting a limit of \$6,031,000. This would allow the department to continue to fund administrative costs associated with the Leak Prevention and Compliance Program, and the Used Oil Program. *(See the Underground Storage Tank SLI above for additional information.)*

| SUMMARY OF FUNDS  | FY 2004<br>Actual | FY 2005<br>Estimate |
|---|-------------------|---------------------|
| <b>Air Permits Administration</b> (EVA2328/A.R.S. § 49-455)   |                   | <b>Appropriated</b> |
| <b>Source of Revenue:</b> Permit fees and interest.   |                   |                     |
| <b>Purpose of Fund:</b> To pay the reasonable direct and indirect costs required to develop and administer federal permit program requirements to pay the costs of administering permits or permit revisions, and to pay inspection costs.  |                   |                     |
| <b>Funds Expended</b>   | 3,491,600         | 5,487,100           |
| <b>Year-End Fund Balance</b>  | 3,100,500         | 2,360,900           |
| <b>Air Quality</b> (EVA2226/A.R.S. § 49-551)  |                   | <b>Appropriated</b> |
| <b>Source of Revenue:</b> Monies received from a \$1.50 fee assessed on motor vehicle registrations and gifts, grants and donations, and legislative appropriations. Beginning July 1, 2003 the fund also receives a fee that owners of vehicles 5 years old or newer may pay in-lieu of the vehicle emission inspections (A.R.S. § 49-543). <i>(See Air Quality – Clean Air Subaccount below.)</i>   |                   |                     |
| <b>Purpose of Fund:</b> To pay the costs of air quality research, experiments, education, and programs conducted by or for the department. Also to provide an annual \$400,000 transfer to the Department of Administration for state employee travel reduction programs and annual appropriations for the Department of Weights and Measures Oxygenated Fuels and Vapor Recovery programs. <i>(See individual agencies for further description.)</i> |                   |                     |
| <b>Funds Expended</b>   | 5,642,000         | 4,846,600           |
| <b>Funds Appropriated</b>   |                   |                     |
| Department of Weights and Measures  | 1,280,100         | 1,280,100           |
| Department of Transportation  | 58,600            | 58,600              |
| Department of Administration (Bus Subsidy)  | 974,100           | 974,100             |
| <b>Funds Transferred</b>  |                   |                     |
| Department of Administration<br>(Travel Reduction)  | 400,000           | 400,000             |
| <b>Year-End Fund Balance</b>  | 4,225,800         | 5,213,400           |

| SUMMARY OF FUNDS   | FY 2004<br>Actual | FY 2005<br>Estimate           |
|--|-------------------|-------------------------------|
| <b>Air Quality - Clean Air Subaccount (EVA9599/A.R.S. § 49-551)</b>  |                   | <b>Partially-Appropriated</b> |
| <b>Source of Revenue:</b> A fee that owners of vehicles 5 years or older pay in-lieu of the vehicle emissions inspections, expected to total \$14.7 million in FY 2005. The FY 2004 Public Finance Omnibus Reconciliation Bill (ORB) deposited the first \$11.7 million of in-lieu fees to the General Fund for FY 2005. |                   |                               |
| <b>Purpose of Fund:</b> 5% of fee revenues may be used for administrative costs, with the balance distributed for the following programs:  |                   |                               |
| 1. 5% for the Voluntary Lawn and Garden Equipment Emissions Reduction Program;   |                   |                               |
| 2. 15% for the Voluntary Vehicle Repair and Retrofit Program;  |                   |                               |
| 3. 30% for the Diesel Vehicle Low Emissions Incentive Grant Program;   |                   |                               |
| 4. 10% for the voluntary accelerate purchase of Tier 2 and Tier 3 non-road equipment;  |                   |                               |
| 5. 15% for grants to counties with populations fewer than 400,000 for travel reduction programs;   |                   |                               |
| 6. 25% for other air quality programs and measures.  |                   |                               |
| <b>Revenue</b>   | 14,773,000        | 14,700,000                    |
| <b>Transfer from Arizona Clean Air Fund Balance</b>  | 0                 | 3,500,000                     |
| <b>Non-Appropriated Funds Expended</b>   | 14,200,000        | 408,300                       |
| <b>Appropriated Funds Expended</b>   | 0                 | 500,000                       |
| <b>Transfer to General Fund</b>  | 0                 | 14,700,000                    |
| <b>Year-End Fund Balance</b>   | 573,000           | 3,164,700                     |
| <b>Brownfields Cleanup Revolving Loan (EVA2456/A.R.S. § 49-218)</b>  |                   | <b>Non-Appropriated</b>       |
| <b>Source of Revenue:</b> Legislative appropriations, federal grants, loan repayments, interest, penalties, gifts and donations.   |                   |                               |
| <b>Purpose of Fund:</b> To provide loans to eligible parties to perform non time-crucial removal of hazardous waste contamination on sites accepted into the State Voluntary Remediation Program.  |                   |                               |
| <b>Funds Expended</b>  | 0                 | 0                             |
| <b>Year-End Fund Balance</b>   | 0                 | 0                             |
| <b>Arizona Clean Air Fund Balance (EVA2240/A.R.S. § 49-104)</b>  |                   | <b>Non-Appropriated</b>       |
| <b>Source of Revenue:</b> A transfer in FY 2004 from the Arizona Clean Air Fund.   |                   |                               |
| <b>Purpose of Fund:</b> This fund was established to separate the Clean Air in lieu fee account from the remaining balance of the Arizona Clean Air Fund.  |                   |                               |
| <b>Funds Expended</b>  | 0                 | 507,600                       |
| <b>Funds Transferred</b>   |                   |                               |
| Air Quality – Clean Air Subaccount   | 0                 | 3,500,000                     |
| Department of Administration (Bus Subsidy)   | 0                 | 180,000                       |
| <b>Year-End Fund Balance</b>   | 6,550,200         | 2,362,600                     |
| <b>Arizona Clean Air (EVA1238/A.R.S. § 41-411)</b>   |                   | <b>Non-Appropriated</b>       |
| <b>Source of Revenue:</b> The Arizona Clean Air Fund (ACAF) had 5 revenue sources prior to its elimination. Their descriptions are as follows:   |                   |                               |
| 1) State agency appropriations for purchasing or converting alternative fuel vehicles that have not been spent by the end of each fiscal year. To date, this source has not generated any revenue for the fund.  |                   |                               |
| 2) Monies from the ADEQ Vehicle Repair Grant program that have not been spent at the end of each fiscal year.  |                   |                               |
| 3) A fee that owners of vehicles 5 years old or newer may pay in lieu of the vehicle emission inspections (A.R.S. § 49-543). This revenue source shifted to the Air Quality Fund beginning July 1, 2003.   |                   |                               |
| 4) A minimum of 29% of revenues from computerized bingo or Pick-3 games and a minimum of 21.5% of revenues from instant bingo games after obligations are met to the Heritage Fund.  |                   |                               |
| 5) Gifts, grants, donations and interest.  |                   |                               |
| <b>Purpose of Fund:</b> To provide grants for alternative fuel vehicles and diesel vehicle conversion grants. Beginning July 1, 2003, the revenue source and activities of this fund shifts to the Air Quality Fund ( <i>See Arizona Clean Air Fund Balance for more information.</i> ).                                 |                   |                               |
| <b>Revenues:</b>   |                   |                               |
| Balance Forward  | 6,478,500         | 149,900                       |
| Operating Transfers In   | 0                 | 0                             |
| In-lieu Fees   | 236,200           | 0                             |
| Interest   | 82,700            | 0                             |
| <b>Total Revenues</b>  | 6,797,400         | 149,900                       |

| SUMMARY OF FUNDS   | FY 2004<br>Actual | FY 2005<br>Estimate |
|--|-------------------|---------------------|
| <b>Arizona Clean Air (Continued)</b>   |                   |                     |
| <b>Funds Expended:</b>   |                   |                     |
| <u>Required Transfers</u>  |                   |                     |
| Voluntary Vehicle Repair & Retrofit Program  | 0                 | 0                   |
| WQARF  | 0                 | 0                   |
| <u>Prior Year Diesel Grants</u>  | 0                 | 0                   |
| <u>Brown Cloud Study</u>   | 0                 | 0                   |
| <u>Discretionary Spending</u>  | 0                 | 0                   |
| <b>Funds Expended</b>  | 97,300            | 149,900             |
| <b>Transfer to Arizona Clean Air Fund Balance</b>  | 6,550,200         | 0                   |
| <b>Year-End Fund Balance</b>   | 149,900           | 0                   |
| <b>Clean Water Revolving (EVA2254/A.R.S. § 49-1221) <span style="float: right;">Non-Appropriated</span></b>  |                   |                     |
| <b>Source of Revenue:</b> Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.  |                   |                     |
| <b>Purpose of Fund:</b> To make loans for capital improvements at wastewater treatment facilities of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to wastewater treatment plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund.  |                   |                     |
| <b>Funds Expended from the General Fund</b>  | 893,200           | 893,200             |
| <b>Other Funds Expended</b>  | 125,694,200       | 147,108,800         |
| <b>Year-End Fund Balance</b>   | 203,807,300       | 171,645,800         |
| <b>Donations (EVA2449/A.R.S. § 49-104) <span style="float: right;">Non-Appropriated</span></b>   |                   |                     |
| <b>Source of Revenue:</b> Various donations, settlements, and consent decrees.   |                   |                     |
| <b>Purpose of Fund:</b> To administer the intent of the donation, settlement or decree.  |                   |                     |
| <b>Funds Expended</b>  | 8,000             | 5,000               |
| <b>Year-End Fund Balance</b>   | 2,300             | 2,800               |
| <b>Drinking Water Revolving (EVA2307/A.R.S. § 49-1241) <span style="float: right;">Non-Appropriated</span></b>   |                   |                     |
| <b>Source of Revenue:</b> Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.  |                   |                     |
| <b>Purpose of Fund:</b> To make loans to drinking water facilities, including forgivable principal, of political subdivisions and Indian tribes. The fund is also used for debt refinancing, bond insurance related to drinking water plants, and for fund administration. The Water Infrastructure Finance Authority administers the fund.  |                   |                     |
| <b>Funds Expended from the General Fund</b>  | 1,551,900         | 1,551,900           |
| <b>Other Funds Expended</b>  | 39,943,300        | 43,053,900          |
| <b>Year-End Fund Balance</b>   | 139,977,600       | 122,495,700         |
| <b>Emissions Inspection (EVA2082/A.R.S. § 49-544) <span style="float: right;">Appropriated</span></b>  |                   |                     |
| <b>Source of Revenue:</b> Legislative appropriations, test fees, fleet certificate fees, private grants, donations, and federal grants.  |                   |                     |
| <b>Purpose of Fund:</b> To pay for enforcement of fleet inspections, exemptions, and certificates of waiver programs; to pay Emissions Inspection program contract and administrative charges, including station auditing, contractor training and certification, and motorist assistance; to pay for state portion of catalytic converter program costs, and to pay for research studies of the feasibility and effectiveness of new emission control technologies. |                   |                     |
| <b>Funds Expended</b>  | 30,025,700        | 35,758,500          |
| <b>Year-End Fund Balance</b>   | 741,400           | 724,900             |
| <b>Federal (EVA2000/A.R.S. § 49-104) <span style="float: right;">Non-Appropriated</span></b>   |                   |                     |
| <b>Source of Revenue:</b> Federal grants related to water quality management, underground storage tank enforcement provisions, air pollution control, a variety of research projects, and other programs.  |                   |                     |
| <b>Purpose of Fund:</b> To be used as specified by federal law.  |                   |                     |
| <b>Funds Expended</b>  | 18,212,000        | 17,810,400          |
| <b>Year-End Fund Balance</b>   | 0                 | 0                   |

| SUMMARY OF FUNDS   | FY 2004<br>Actual | FY 2005<br>Estimate     |
|--|-------------------|-------------------------|
| <b>Greenfields Program (EVA2309/A.R.S. § 49-157)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Legislative appropriations and program fees. Initial General Fund appropriations of \$100,000 in FY 1998 and \$70,000 in FY 1999 made at the beginning of the pilot program were intended as start-up monies and will be paid back as fees are collected.  |                   |                         |
| <b>Purpose of Fund:</b> To remediate parcels of land that have soil contamination and return them to productive use. ADEQ will review and approve remediation plans submitted by certified remediation specialists.  |                   |                         |
| <b>Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>   | 165,700           | 165,700                 |
| <b>Hazardous Waste Management (EVA2178/A.R.S. § 49-927)</b>  |                   | <b>Appropriated</b>     |
| <b>Source of Revenue:</b> Legislative appropriations, hazardous waste treatment, storage, and disposal permit fees, and hazardous waste generation and transportation fees.  |                   |                         |
| <b>Purpose of Fund:</b> To pay educational, permitting, planning, and enforcement costs of the Hazardous Waste Program; to provide administration and state matching funds for federal source reduction grants. A portion of the fund is transmitted to the Emergency Response Fund for staffing and equipping local emergency management agencies. Pursuant to statute, monies appropriated from this fund are non-lapsing. |                   |                         |
| <b>Funds Expended</b>  | 344,600           | 715,000                 |
| <b>Year-End Fund Balance</b>   | 550,900           | 200,800                 |
| <b>IGA &amp; ISA (EVA2500/A.R.S. § 49-104)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Grants and intergovernmental agreements between state agencies and local governments.  |                   |                         |
| <b>Purpose of Fund:</b> To be used as specified in the grant or agreement.   |                   |                         |
| <b>Funds Expended</b>  | 857,300           | 1,067,700               |
| <b>Year-End Fund Balance</b>   | 19,000            | 0                       |
| <b>Indirect Cost Recovery (EVA7000/A.R.S. § 49-104)</b>  |                   | <b>Appropriated</b>     |
| <b>Source of Revenue:</b> Monies transferred from the department's appropriated and non-appropriated funds, including federal grants.  |                   |                         |
| <b>Purpose of Fund:</b> To pay departmentwide administrative and overhead costs. Administrative expenditures include supporting the Director's office, the Deputy Director's office, and other agencywide administrative functions. Overhead expenditures include rent, Risk Management, telephone contracts, copy service, data center charges, etc.  |                   |                         |
| <b>Funds Expended</b>  | 9,850,000         | 11,852,700              |
| <b>Year-End Fund Balance</b>   | 4,308,800         | 3,269,600               |
| <b>Institutional and Engineering Control (EVA4240/A.R.S. § 49-159)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Application fees for department's assessment and verification of restricted, non-residential, use of contaminated land, recovered costs for repair of engineering and institutional controls, grants, donations, and legislative appropriations.   |                   |                         |
| <b>Purpose of Fund:</b> To pay the department's cost of enforcing the use of engineering and institutional controls in environmental remediations on contaminated properties.  |                   |                         |
| <b>Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>   | 0                 | 0                       |
| <b>Intergovernmental Agreements (EVA2180/A.R.S. § 49-104)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Grants and intergovernmental agreements from various public entities, including the Game and Fish Department and the Water Protection Commission.  |                   |                         |
| <b>Purpose of Fund:</b> To be used as specified in the grant or agreement.   |                   |                         |
| <b>Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>   | 25,400            | 25,400                  |

| SUMMARY OF FUNDS   | FY 2004<br>Actual | FY 2005<br>Estimate     |
|--|-------------------|-------------------------|
| <b>Monitoring Assistance (EVA2308/A.R.S. § 49-360)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Fees from public water systems that participate in the Monitoring Assistance program.  |                   |                         |
| <b>Purpose of Fund:</b> To assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.  |                   |                         |
| <b>Funds Expended</b>  | 931,900           | 809,800                 |
| <b>Year-End Fund Balance</b>   | 856,700           | 876,700                 |
| <b>Recycling (EVA2289/A.R.S. § 49-837)</b>   |                   | <b>Appropriated</b>     |
| <b>Source of Revenue:</b> Landfill disposal (tipping) fees and legislative appropriations.   |                   |                         |
| <b>Purpose of Fund:</b> For grants to local governments and others for developing recycling markets and programs; for public information and assistance on source reduction and recycling; and for revenue collection and fund administration. |                   |                         |
| <b>Funds Expended</b>  | 1,431,900         | 2,105,200               |
| <b>Year-End Fund Balance</b>   | 2,526,500         | 2,471,300               |
| <b>Small Water Systems (EVA2225/A.R.S. § 49-355)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Penalties for violations related to potable water systems and interest.  |                   |                         |
| <b>Purpose of Fund:</b> To provide information and assistance to small water systems for improving compliance with drinking water system standards.  |                   |                         |
| <b>Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>   | 2,900             | 2,900                   |
| <b>Solid Waste Fee (EVA3110/A.R.S. § 49-881)</b>   |                   | <b>Appropriated</b>     |
| <b>Source of Revenue:</b> Fees, donations, and legislative appropriations.   |                   |                         |
| <b>Purpose of Fund:</b> To pay solid waste program costs, including tire fire cleanup expenses, special waste facility staff education, special waste management compliance monitoring, and used oil handling education and enforcement.       |                   |                         |
| <b>Funds Expended</b>  | 520,600           | 1,321,300               |
| <b>Year-End Fund Balance</b>   | 629,200           | 507,900                 |
| <b>Technical Appeals Program (EVA3411/A.R.S. § 49-116)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Legislative appropriations and dispute resolution fees.  |                   |                         |
| <b>Purpose of Fund:</b> To pay the costs of implementing and administering a technical appeals process for specified WQARF site registry and work plan review decisions.   |                   |                         |
| <b>Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>   | 37,240            | 37,240                  |
| <b>Used Oil (EVA3500/A.R.S. § 49-818)</b>  |                   | <b>Appropriated</b>     |
| <b>Source of Revenue:</b> Legislative appropriations and penalties for misuse of used oil.   |                   |                         |
| <b>Purpose of Fund:</b> For costs associated with the collection and analysis of used oil fuel samples.  |                   |                         |
| <b>Funds Expended</b>  | 56,300            | 132,500                 |
| <b>Year-End Fund Balance</b>   | 84,400            | 87,200                  |
| <b>NOTE: The Underground Storage Tank (UST) Fund is displayed first as a fund summary, then by individual account.</b>   |                   |                         |
| <b>Underground Storage Tank (UST Summary) (EVA2271/A.R.S. § 49-1015(A))</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> See each account for specific revenue sources.   |                   |                         |
| <b>Purpose of Fund:</b> See each account for specific account purpose.   |                   |                         |
| <b>Balance Forward</b>   | 52,713,700        | 45,439,600              |
| <b>Revenue</b>   | 30,186,200        | 29,909,100              |
| <b>Funds Available</b>   | 82,899,900        | 75,348,700              |
| <b>Non-Appropriated Funds Expended</b>   | 37,454,500        | 38,975,600              |
| <b>Appropriated Funds Expended</b>   | 5,800             | 22,000                  |
| <b>Year-End Fund Balance</b>   | 45,439,600        | 36,351,100              |

| SUMMARY OF FUNDS  | FY 2004<br>Actual | FY 2005<br>Estimate     |
|---|-------------------|-------------------------|
| <b>UST - Area A Assurance Account (EVA2271/A.R.S. § 49-1051)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Area A (Maricopa County) excise tax revenues, cost recovery, and interest. The excise tax is a 1¢/gallon tax on regulated substances, such as gasoline.   |                   |                         |
| <b>Purpose of Fund:</b> To provide partial coverage of corrective actions to underground storage tanks and to reimburse ADEQ if the state is required to take corrective action in Area A.  |                   |                         |
| <b>Balance Forward</b>  | 20,417,200        | 12,702,800              |
| <b>Revenue</b>  | 13,896,400        | 14,155,800              |
| <b>Funds Available</b>  | 34,313,600        | 26,858,600              |
| <b>Non-Appropriated Funds Expended</b>  | 21,610,800        | 20,503,100              |
| <b>Year-End Fund Balance</b>  | 12,702,800        | 6,355,500               |
| <b>UST - Cleanup Municipalities (EVA2271/A.R.S. § 49-1051)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> A one-time transfer of \$5,000,000 of vehicle license tax revenues in FY 2001, as provided by Laws 2000, Chapter 354.   |                   |                         |
| <b>Purpose of Fund:</b> To partially reimburse school districts, counties, cities, towns, hospitals, and certain small businesses for costs of cleaning up leaking tanks.   |                   |                         |
| <b>Balance Forward</b>  | 2,498,800         | 2,544,900               |
| <b>Revenue</b>  | 46,100            | 50,000                  |
| <b>Funds Available</b>  | 2,544,900         | 2,594,900               |
| <b>Non-Appropriated Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>  | 2,544,900         | 2,594,900               |
| <b>UST - Grant Account (EVA2271/A.R.S. § 49-1071)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Ten percent of a 1¢/gallon excise tax on regulated substances, one-time tank fees levied in 1990, and interest. Amounts received from the excise tax are statutorily capped at \$5,600,000; the account reached this cap in August 1994, and since then the only fund revenue has been interest.  |                   |                         |
| <b>Purpose of Fund:</b> To provide grants, up to \$100,000, to UST owners/operators for the purposes of meeting tank performance standards, removing tanks for closure or replacement, or paying the portion of corrective action costs that are less than the deductible amount under the Assurance Fund. The Grant Account was divided into the Area A and Non-Maricopa County Accounts by Laws 1993, Chapter 1, 6 <sup>th</sup> Special Session. The table below depicts the entire Grant Account. |                   |                         |
| <b>Balance Forward</b>  | 467,600           | 474,600                 |
| <b>Revenue</b>  | 7,000             | 7,500                   |
| <b>Funds Available</b>  | 474,600           | 482,100                 |
| <b>Non-Appropriated Funds Expended</b>  | 0                 | 0                       |
| <b>Year-End Fund Balance</b>  | 474,600           | 482,100                 |
| <b>UST - Municipal Tank Closure and Corrective Action (EVA2271/A.R.S. § 49-1073)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Program Account</b>  |                   |                         |
| <b>Source of Revenue:</b> Legislative appropriations, gifts, grants, donations. Laws 2001, Chapter 341 transferred all monies remaining in the UST Grant Account to this account on December 31, 2001. The estimated amount transferred was \$2,300,000.  |                   |                         |
| <b>Purpose of Fund:</b> To perform permanent closures and corrective actions on underground storage tanks in cities and towns requesting assistance. Cities and towns must have less than 15,000 people to be eligible for the program.   |                   |                         |
| <b>Balance Forward</b>  | 1,831,100         | 1,714,200               |
| <b>Revenue</b>  | 34,900            | 37,500                  |
| <b>Funds Available</b>  | 1,866,000         | 1,751,700               |
| <b>Non-Appropriated Funds Expended</b>  | 151,800           | 0                       |
| <b>Year-End Fund Balance</b>  | 1,714,200         | 1,751,700               |

| SUMMARY OF FUNDS  | FY 2004<br>Actual | FY 2005<br>Estimate     |
|---|-------------------|-------------------------|
| <b>UST - Non-Maricopa County Assurance Account (EVA2271/A.R.S. § 49-1051)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Non-Maricopa County excise tax revenues, cost recovery, and interest. The excise tax is a 1¢/gallon tax on regulated substances, such as gasoline.  |                   |                         |
| <b>Purpose of Fund:</b> To provide partial coverage of corrective actions to underground storage tanks and to reimburse ADEQ if the state is required to take corrective action in areas other than Area A.   |                   |                         |
| <b>Balance Forward</b>  | 25,726,700        | 26,547,200              |
| <b>Revenue</b>  | 15,430,400        | 14,871,300              |
| <b>Funds Available</b>  | 41,157,100        | 41,418,500              |
| <b>Non-Appropriated Funds Expended</b>  | 14,609,900        | 17,346,400              |
| <b>Year-End Fund Balance</b>  | 26,547,200        | 24,072,100              |
| <br>  |                   |                         |
| <b>UST - Regulatory Account (EVA2271/A.R.S. § 49-1051)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Annual tank fees (\$100/tank) and interest.   |                   |                         |
| <b>Purpose of Fund:</b> To carry out the state regulatory program, state-initiated corrective actions, and cost recovery activities.  |                   |                         |
| <b>Balance Forward</b>  | 1,707,400         | 1,375,900               |
| <b>Revenue</b>  | 749,400           | 765,000                 |
| <b>Funds Available</b>  | 2,456,800         | 2,140,900               |
| <b>Non-Appropriated Funds Expended</b>  | 1,080,900         | 1,117,100               |
| <b>Year-End Fund Balance</b>  | 1,375,900         | 1,023,800               |
| <br>  |                   |                         |
| <b>UST - Policy Commission (EVA2271/A.R.S. § 49-1092)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Fund receives \$12,000 from the State Assurance Fund to cover operating costs   |                   |                         |
| <b>Purpose of Fund:</b> To assist the UST Policy Commission review and provide recommendations to improve the UST Program.  |                   |                         |
| <b>Balance Forward</b>  | 37,600            | 42,700                  |
| <b>Revenue</b>  | 12,000            | 12,000                  |
| <b>Funds Available</b>  | 49,600            | 54,700                  |
| <b>Non-Appropriated Funds Expended</b>  | 1,100             | 9,000                   |
| <b>Appropriated Funds Expended</b>  | 5,800             | 18,000                  |
| <b>Year-End Fund Balance</b>  | 42,700            | 27,700                  |
| <br>  |                   |                         |
| <b>UST - Technical Appeals (EVA2271/A.R.S. § 49-1093)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Fund receives an annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.  |                   |                         |
| <b>Purpose of Fund:</b> To assist the UST Technical Appeals panel.  |                   |                         |
| <b>Balance Forward</b>  | 27,300            | 37,300                  |
| <b>Revenue</b>  | 10,000            | 10,000                  |
| <b>Funds Available</b>  | 37,300            | 47,300                  |
| <b>Non-Appropriated Funds Expended</b>  | 0                 | 0                       |
| <b>Appropriated Funds Expended</b>  | 0                 | 4,000                   |
| <b>Year-End Fund Balance</b>  | 37,300            | 43,300                  |
| <br>  |                   |                         |
| <b>Voluntary Lawn and Garden Equipment Emissions Reduction (EVA2306/A.R.S. § 49-474)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Fund receives an annual \$10,000 appropriation from the State Assurance Fund to cover operating costs.  |                   |                         |
| <b>Purpose of Fund:</b> To provide vouchers for the retirement of residential and commercial lawn mowers. Residential owners receive a \$100 voucher to be used toward the purchase of an electric mower. Commercial owners receive a \$200 voucher to be used toward the purchase of a mower that generates lower emissions. |                   |                         |
| <b>Funds Expended</b>   | 0                 | 0                       |
| <b>Year-End Fund Balance</b>  | 1,700             | 1,700                   |

| SUMMARY OF FUNDS  | FY 2004<br>Actual | FY 2005<br>Estimate     |
|---|-------------------|-------------------------|
| <b>Voluntary Remediation (EVA2564/A.R.S. § 49-187)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Legislative appropriations, program fees, cost reimbursements, gifts, grants, and donations. In addition, in FY 2001-FY 2004 the fund receives a transfer of \$350,000 from the Water Quality Assurance Revolving Fund.   |                   |                         |
| <b>Purpose of Fund:</b> To pay the department's oversight costs of voluntary clean-ups of contaminated properties, including application, monitoring, and enforcement activities.   |                   |                         |
| <b>Funds Expended</b>   | 245,500           | 294,300                 |
| <b>Year-End Fund Balance</b>  | 839,900           | 885,600                 |
| <b>Voluntary Vehicle Repair and Retrofit (EVA2365/A.R.S. § 49-474.03)</b>   |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Legislative appropriations, a \$10 fee on diesel vehicle registrations, gifts, grants and donations.  |                   |                         |
| <b>Purpose of Fund:</b> To provide monies for local programs intended to repair or retrofit vehicles that fail emissions tests.   |                   |                         |
| <b>Funds Expended from the Arizona Clean Air Fund</b>   | 0                 | 0                       |
| <b>Other Funds Expended</b>   | 854,600           | 1,045,900               |
| <b>Year-End Fund Balance</b>  | 1,507,300         | 1,264,600               |
| <b>Water Quality Assurance Revolving (WQARF) (EVA2221/A.R.S. § 49-282)</b>  |                   | <b>Non-Appropriated</b> |
| <b>Source of Revenue:</b> Fees and taxes related to municipal water use, pesticides, fertilizers, hazardous waste, and groundwater withdrawal. As required by A.R.S § 49-282, \$15,000,000 is to be transferred to WQARF from the Corporate Income Tax. The \$15,000,000 is adjusted at the close of the fiscal year so that when combined with other revenues the fund receives \$18,000,000 annually. This statutory transfer was suspended for both FY 2004 and FY 2005 in favor of a transfer amount of \$10,000,000.   |                   |                         |
| <b>Purpose of Fund:</b> For the operation of the WQARF Priority Site Remediation Program. Expenditures include administration, legal support, identification of responsible polluters, community involvement, and contract costs for the clean-up of sites for which no responsible party can be found. There is a transfer of up to \$800,000 to the Department of Water Resources for well inspection and data management and a transfer of up to \$350,000 to the Voluntary Remediation Fund. Although this fund is not appropriated, A.R.S. § 49-282 requires the Appropriations Committees to review the FY 2006 budget for WQARF. |                   |                         |
| <b>Balance Forward</b>  | 9,937,200         | 4,059,200               |
| General Fund/Transfers In   | 10,000,000        | 10,000,000              |
| Other Revenue   | <u>7,991,400</u>  | <u>4,853,300</u>        |
| <b>Total Funds Available</b>  | 27,928,600        | 18,912,500              |
| <b>Funds Expended from the General Fund</b>   | 10,000,000        | 10,000,000              |
| <b>Other Funds Expended</b>   | 13,194,400        | 7,959,600               |
| <b>Funds Transferred</b>  |                   |                         |
| Department of Water Resources   | 500,000           | 500,000                 |
| Voluntary Remediation Fund  | 100,000           | 100,000                 |
| DHS Risk Assessment   | 75,000            | 75,000                  |
| <b>Year-End Fund Balance</b>  | 4,059,200         | 277,900                 |
| <b>Water Quality Fee (EVA4100/A.R.S. § 49-210)</b>  |                   | <b>Appropriated</b>     |
| <b>Source of Revenue:</b> Legislative appropriations and fees received from several water quality protection programs.  |                   |                         |
| <b>Purpose of Fund:</b> To pay the costs of aquifer protection permit registration, dry well registration, technical review, inspections, and issuance of aquifer protection permits.   |                   |                         |
| <b>Funds Expended</b>   | 1,983,600         | 3,786,500               |
| <b>Year-End Fund Balance</b>  | 241,000           | 172,700                 |

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