

Department of Environmental Quality

	FY 2013 ACTUAL	FY 2014 ESTIMATE	FY 2015 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	322.0	322.0	322.0
Personal Services	12,181,100	15,716,500	15,716,500
Employee Related Expenditures	4,854,800	6,709,200	6,709,200
Professional and Outside Services	2,096,900	7,761,400	7,761,400
Travel - In State	239,700	472,700	472,700
Travel - Out of State	4,700	53,600	53,600
Other Operating Expenditures	11,905,700	15,381,400	15,381,400
Equipment	78,300	119,700	119,700
OPERATING SUBTOTAL	31,361,200	46,214,500	46,214,500
SPECIAL LINE ITEMS			
Emissions Control Contractor Payment	21,931,700	21,119,500	21,119,500
WQARF Priority Site Remediation	7,000,000	7,000,000	7,000,000
AGENCY TOTAL	60,292,900	74,334,000	74,334,000
FUND SOURCES			
General Fund	7,000,000	7,000,000	7,000,000
<u>Other Appropriated Funds</u>			
Air Permits Administration Fund	4,506,600	7,143,900	7,143,900
Air Quality Fund	3,400,800	5,376,400	5,376,400
Emissions Inspection Fund	26,786,400	26,592,300	26,592,300
Hazardous Waste Management Fund	1,209,000	1,742,700	1,742,700
Indirect Cost Recovery Fund	10,951,900	13,308,500	13,308,500
Recycling Fund	713,300	1,359,400	1,359,400
Solid Waste Fee Fund	705,100	1,242,700	1,242,700
Underground Storage Tank Revolving Fund	0	22,000	22,000
Used Oil Fund	6,200	0	0
Water Quality Fee Fund	5,013,600	10,546,100	10,546,100
SUBTOTAL - Other Appropriated Funds	53,292,900	67,334,000	67,334,000
SUBTOTAL - Appropriated Funds	60,292,900	74,334,000	74,334,000
Other Non-Appropriated Funds	129,625,400	221,309,700	221,309,700
Federal Funds	70,710,700	62,436,100	62,436,100
TOTAL - ALL SOURCES	260,629,000	358,079,800	358,079,800

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.

Operating Budget

The Baseline includes \$46,214,500 and 322 FTE Positions in FY 2015 for the operating budget. These amounts consist of:

	FY 2015
Air Permits Administration Fund	\$7,143,900
Air Quality Fund	5,376,400

Emissions Inspection Fund	5,472,800
Hazardous Waste Management Fund	1,742,700
Indirect Cost Recovery Fund	13,308,500
Recycling Fund	1,359,400
Solid Waste Fee Fund	1,242,700
Underground Storage Tank Revolving Fund	22,000
Water Quality Fee Fund	10,546,100

These amounts are unchanged from FY 2014.

Emissions Control Contractor Payment

The Baseline includes \$21,119,500 from the Emissions Inspection Fund in FY 2015 for the Emissions Control Contractor Payment. This amount is unchanged from FY 2014.

Monies appropriated to this line item are used 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 Emissions Inspection Fund. ADEQ then determines the amount due to the contractor, based on the number of vehicles inspected, and makes payments to the contractor on a regular basis.

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. 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. Statute does not specify a fee level, and the Director of the DEQ has the statutory authority to alter the fees.

The FY 2013 Environment Budget Reconciliation Bill (BRB) (Laws 2012, Chapter 303) required the State Agency Fee Commission to recommend reductions to Emissions Inspection fees by December 31, 2012, along with any proposed changes to the statutory use of monies from the Emissions Inspection Fund. The Fee Commission recommended that the current fee structure remain unchanged and that the Legislature set a statutory cap of 140% of Emission Inspection contract costs.

The FY 2014 budget did not implement a statutory fee cap on Emissions Inspection contract costs, as monies from the Emissions Inspection Fund have been transferred to the Arizona Department of Administration (ADOA) to fund a new ADEQ e-licensing system through the Automation Projects Fund.

In response to the report, DEQ intends to decrease the primary VEI fee in Maricopa County by 38.75%. This will implement the Fee Commission recommendation to reduce the VEI fees to be no more than 140% of the costs of the contract used to implement the program. Sufficient VEI monies will remain after the fee reduction to fund the automation project. *(Please see the ADOA-Automation Projects Fund section for more information.)*

WQARF Priority Site Remediation

The Baseline includes \$7,000,000 from the General Fund in FY 2015 for the Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation. This amount is unchanged from FY 2014.

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. Funding for this program,

therefore, does not appear in the General Appropriation Act. 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.

The FY 2014 Environment BRB (Laws 2013, 1st Special Session, Chapter 4) continued to notwithstanding these statutory provisions and reduced the General Fund allocation to \$7,000,000. *Table 1* describes program activity for FY 2013 and FY 2014. The Baseline continues the deposit at the reduced level in FY 2015.

WQARF Activity		
	Actual FY 2013	Estimated FY 2014
Balance Forward	\$ 8,273,500	\$ 8,996,100
General Fund	7,000,000	7,000,000
Other Revenue	<u>4,889,800</u>	<u>4,249,400</u>
Total Funds Available	\$20,163,300	\$20,245,500
General Fund Expenditures	\$ 5,728,000	\$ 7,000,000
Other Funds Expended	5,139,200	1,285,600
Funds Transferred		
Dept. of Water Resources	<u>\$ 300,000</u>	<u>\$ 300,000</u>
Year-End Fund Balance	\$ 8,996,100	\$ 11,659,900

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.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

The Department of Environmental Quality shall report annually 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. This report shall also include a budget for the WQARF program that is developed in consultation with the WQARF Advisory Board. The FY 2015 report shall be submitted to the Joint Legislative Budget Committee by September 1, 2014. This budget shall specify the monies budgeted for each listed site during FY 2015. In addition, the department and the advisory board shall prepare and submit to the Joint Legislative Budget Committee, on or before October 1, 2014, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table shall include the stage of remediation

for each site at the end of FY 2014, whether the current stage of remediation is anticipated to be completed in FY 2015, and the anticipated stage of remediation at each listed site at the end of FY 2015, assuming FY 2015 funding levels. The department and advisory board may include other relevant information about the listed sites in the table.

Pursuant to A.R.S. § 49-282, the Department of Environmental Quality shall submit a FY 2016 budget for the Water Quality Assurance Revolving Fund before September 1, 2014, for review by the Senate and House of Representatives Appropriations Committees.

All Air Permits Administration revenues received by the Department of Environmental Quality in excess of \$7,143,900 in FY 2015 are appropriated to the department. Before the expenditure of Air Permits Administration receipts in excess of \$7,143,900 in FY 2015, the Department of Environmental Quality shall report the intended use of the monies to the Joint Legislative Budget Committee.

All Indirect Cost Recovery Fund revenues received by the Department of Environmental Quality in excess of \$13,308,500 in FY 2015 are appropriated to the department. Before the expenditure of Indirect Cost Recovery Fund receipts in excess of \$13,308,500 in FY 2015, the Department of Environmental Quality shall report the intended use of the monies to the Joint Legislative Budget Committee.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to allow the department to utilize up to \$6,531,000 from a combination of the Underground Storage Tank Fund and the Regulated Substance Fund for department administrative expenses.
- As session law, continue to decrease the General Fund appropriation to the Water Quality Assurance Revolving Fund from \$15,000,000 to \$7,000,000.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Extension of Underground Storage Tank Tax

Laws 1990, Chapter 328 established the Underground Storage Tank (UST) Tax, a 1¢ excise tax on petroleum products and hazardous substances regulated under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980. The tax was deposited in the UST Assurance Account, which financed corrective action costs of repairing leaking underground storage tanks incurred by the department, owners, operators, or political subdivisions. The basic Assurance Account limit of coverage is \$500,000 per UST release with certain exceptions. An eligible owner may receive up

to 90% of their costs. The deadline to make a claim against the Assurance Account was June 30, 2010.

Laws 2004, Chapter 273 repealed the UST Program and the associated 1¢ excise tax no later than December 31, 2013 and required that the program be replaced by the Regulated Substance Fund (RSF), which receives its funding from underground storage tank revenues, reimbursements, donations, monies encumbered by the department for implementing work plans and corrective action plans. The RSF would then be the funding source for underground storage tanks where the owner cannot be located.

However, Laws 2013, Chapter 244 extended the UST tax to December 31, 2015. All monies collected from the tax will first be deposited into the UST Program. The bill also included the following provisions:

1. Extends eligibility for corrective action coverage from the UST Assurance Account for releases that could not have been reasonably reported prior to July 1, 2006.
2. Allows an owner or operator of a UST to apply for preapproval of corrective action costs until December 21, 2014 and extends reimbursement for corrective action until December 31, 2015.
3. Forms a UST study committee and requires the committee to consider and make recommendations related to funding the UST program, financial responsibility, requirements, tank compatibility issues, leak protection, and tank inspections.
4. Requires a report of the committee's findings by December 31, 2013.
5. Specifies that the department is not required to take any action on an application for coverage until after the study committee reports its findings and recommendations; however, reimbursement is contingent upon available funding.
6. If the UST Assurance Account does not have sufficient monies to pay for coverage of releases reported after July 1, 2006, those releases reported before July 1, 2006 have priority for coverage.
7. After payment of claims, the department is required to transfer any monies remaining in the Assurance Account to the RSF up to a maximum of \$60,000,000.
8. Any monies deposited to the RSF in excess of \$60,000,000 will be transferred to the State Highway Fund.

During FY 2013, \$50,497,800 was transferred from the UST Assurance Fund to the RSF. In FY 2014, \$9,502,200 will be transferred from the UST Assurance Fund to the RSF. Any monies deposited to the RSF in excess of \$60,000,000 will be transferred to the State Highway Fund.

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Air Permits Administration Fund (EVA2328/A.R.S. § 49-455)		Appropriated
Source of Revenue: Permit fees and interest.		
Purpose of Fund: To develop and administer permit programs and to conduct inspections.		
Funds Expended	4,506,600	7,143,900
Year-End Fund Balance	6,457,800	5,723,200
Air Quality Fund (EVA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Monies received from a \$1.50 assessed on motor vehicle registrations, gifts, grants, and donations, and legislative appropriations.		
Purpose of Fund: 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 Departments of Weights and Measures Oxygenated Fuels and Vapor Recovery programs. <i>(See individual agencies for further description.)</i>		
Funds Expended	3,400,800	5,376,400
Funds Appropriated		
Department of Weights and Measures	1,437,800	1,463,800
Arizona Department of Transportation	37,100	74,500
Arizona Department of Administration (Bus Subsidy)	714,100	927,100
Funds Transferred		
Arizona Department of Administration (Travel Reduction)	400,000	400,000
Year-End Fund Balance	6,136,400	5,895,900
Brownfields Cleanup Revolving Loan Fund (EVA2456/A.R.S. § 49-218)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal grants, loan repayments, interest, penalties, gifts, and donations.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Clean Water Revolving Fund (EVA2254/A.R.S. § 49-1221)		Partially-Appropriated
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: 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.		
Appropriated Funds Expended	0	0
Non-Appropriated Funds Expended	64,623,600	125,245,600
Year-End Fund Balance	100,462,200	87,664,700
Donations Fund (EVA2449/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Various donations, settlements, and consent decrees.		
Purpose of Fund: To administer the intent of the donation, settlement or decree.		
Funds Expended	6,100	2,600
Year-End Fund Balance	2,000	2,000
Drinking Water Revolving Fund (EVA2307/A.R.S. § 49-1241)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal capitalization grants, loan repayments, loan servicing fees, donations, and interest.		
Purpose of Fund: 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.		
Funds Expended	33,222,100	56,231,500
Year-End Fund Balance	91,382,300	90,134,600

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Emissions Inspection Fund (EVA2082/A.R.S. § 49-544)		Appropriated
Source of Revenue: Legislative appropriations, test fees, fleet certificate fees, private grants, donations, and federal grants.		
Purpose of Fund: 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 the state portion of catalytic converter program costs; and to pay for research studies of the feasibility and effectiveness of new emission control technologies. As session law, the FY 2013 Environmental Budget Reconciliation Bill (Laws 2012, Chapter 303) allows \$1,800,000 of these monies to be spent on the Safe Drinking Water Program in FY 2013. The FY 2014 General Appropriation Act transfers \$5,000,000 from the Emissions Inspection Fund to the Automation Projects Fund to be used for DEQ information technology projects.		
Funds Expended	26,786,400	26,592,300
Year-End Fund Balance	12,000,800	19,017,300
Federal Funds (EVA2000/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Federal grants related to water quality management, Underground Storage Tank (UST) enforcement provisions, air pollution control, research projects, and other programs.		
Purpose of Fund: To be used as specified by federal law.		
Funds Expended	70,710,700	62,436,100
Year-End Fund Balance	242,900	0
Federal Grants - American Recovery and Reinvestment Act (ARRA) (EVA2999/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: One-time Federal Funds allocated by the American Recovery and Reinvestment Act of 2009 (P.L. 111-5).		
Purpose of Fund: One-time Federal Funds to be used by the department for air and water quality programs, the UST Program, and the Water Infrastructure Finance Authority.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Greater Arizona Development Authority Revolving Fund (EVA2311/A.R.S. § 41-2254)		Non-Appropriated
Source of Revenue: Legislative appropriations, federal monies, gifts, grants, donations, loan repayments, administrative fees and penalties, and interest.		
Purpose of Fund: To help rural communities meet their infrastructure needs. GADA may issue bonds, guarantee debt obligations, and provide technical and financial assistance to political subdivisions, special districts, and Indian tribes. Legislative appropriations to the GADA Revolving Fund may only be used to secure bonds. The state funding only serves as collateral for the loans and is not directly loaned out. The fund was capitalized with \$20,000,000 from the General Fund between FY 1998 and FY 2000. Other revenue to the fund may be used for GADA's operating costs, as well as technical and financial assistance to communities. A.R.S. § 41-2252 requires the Water Infrastructure Finance Authority of Arizona (WIFA) to provide administrative support for this fund.		
Funds Expended	35,600	89,000
Year-End Fund Balance	13,161,700	13,293,000
Hardship Grant Fund (EVA2437/A.R.S. § 49-1267)		Non-Appropriated
Source of Revenue: Legislative appropriations and monies received from the United States government, including monies that are awarded to this state pursuant to Title II of the Clean Water Act and that are no longer obligated to the Construction Grants program.		
Purpose of Fund: Providing hardship grants to political subdivisions or Indian tribes to plan, design, acquire, construct or improve wastewater collection and treatment facilities. Providing training and technical assistance related to the operation and maintenance of wastewater systems.		
Funds Expended	0	0
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Hazardous Waste Management Fund (EVA2178/A.R.S. § 49-927)		Appropriated
Source of Revenue: Legislative appropriations, hazardous waste treatment, storage, and disposal permit fees, and hazardous waste generation and transportation fees.		
Purpose of Fund: To pay educational, permitting, planning, and enforcement costs of the Hazardous Waste Program, and 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. The fund is exempt from A.R.S. § 35-190, relating to lapsing of appropriations.		
Funds Expended	1,209,000	1,742,700
Year-End Fund Balance	1,805,400	1,871,400
IGA & ISA Fund (EVA2500/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements between state agencies and local governments.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	4,606,200	4,590,500
Year-End Fund Balance	0	0
Indirect Cost Recovery Fund (EVA7000/A.R.S. § 49-104)		Appropriated
Source of Revenue: Monies transferred from the department's appropriated and non-appropriated funds, including federal grants.		
Purpose of Fund: To pay departmentwide administrative and overhead costs.		
Funds Expended	10,951,900	13,308,500
Year-End Fund Balance	4,761,500	5,162,300
Institutional & Engineering Control Fund (EVA2563/A.R.S. § 49-159)		Non-Appropriated
Source of Revenue: 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.		
Purpose of Fund: To pay the department's cost of enforcing the use of engineering and institutional controls in environmental remediations on contaminated properties.		
Funds Expended	14,800	0
Year-End Fund Balance	51,700	101,600
Intergovernmental Agreement Fund (EVA2180/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Grants and intergovernmental agreements from various entities, including the Game and Fish Department and the Water Protection Commission.		
Purpose of Fund: To be used as specified in the grant or agreement.		
Funds Expended	0	0
Year-End Fund Balance	12,900	12,900
Monitoring Assistance Fund (EVA2308/A.R.S. § 49-360)		Non-Appropriated
Source of Revenue: Fees from public water systems that participate in the Monitoring Assistance program.		
Purpose of Fund: To assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.		
Funds Expended	533,300	778,800
Year-End Fund Balance	1,468,900	1,694,400
Recycling Fund (EVA2289/A.R.S. § 49-837)		Appropriated
Source of Revenue: Landfill disposal (tipping) fees and legislative appropriations.		
Purpose of Fund: For grants to local governments and others developing recycling markets and programs; for public information and assistance on source reduction and recycling; solid waste control programs, and for revenue collection and fund administration. Laws 2011, Chapter 220 allows DEQ to raise recycling registration fees with rulemaking authority. After September 30, 2013, statutory permission must be received to raise fees.		
Funds Expended	713,300	1,359,400
Year-End Fund Balance	1,748,600	2,149,100

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Regulated Substance Fund (EVA2545/A.R.S. § 49-1015.01)		Non-Appropriated
Source of Revenue: Legislative appropriations, UST revenues, reimbursements, donations, monies encumbered by the Director for implementing work plans and corrective action plans. Laws 2013, 1 st Regular Session, Chapter 244 extended the UST tax to December 31, 2015. The tax will be deposited in the UST Assurance Account and transferred to the Regulated Substance Fund (RSF). Any monies deposited into the RSF in excess of \$60,000,000 will be transferred to the State Highway Fund. The law extends eligibility for corrective action coverage from the UST Assurance Account for releases that could not have been reasonably reported prior to July 1, 2006. Any application for preapproval made pursuant to the law shall be filed with DEQ by December 31, 2015, and any application made or expense incurred after that date is not eligible for coverage from the UST Assurance Account.		
Purpose of Fund: To pay the costs of administering and taking corrective actions of regulated substances, if the department cannot locate an owner or operator of an UST within 90 days, or within a shorter period as determined to be necessary to protect human health or the environment. As session law, the FY 2014 Environmental BRB (Laws 2013, 1 st Special Session, Chapter 4) permits the Department of Environmental Quality to transfer a combined total of \$6,531,000 from the UST Revolving Fund and the RSF for administrative costs of the department. <i>(Please see the UST Revolving Fund for additional information.)</i>		
Funds Expended	8,752,900	10,187,900
Year-End Fund Balance	41,910,600	41,257,300
Small Water Systems Fund (EVA2225/A.R.S. § 49-355)		Non-Appropriated
Source of Revenue: Legislative appropriations and interest.		
Purpose of Fund: To provide information and assistance to small water systems for improving compliance with drinking water system standards, and to provide emergency grants to small water systems for infrastructure repair.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Solid Waste Fee Fund (EVA3110/A.R.S. § 49-881)		Appropriated
Source of Revenue: Fees, donations, and legislative appropriations.		
Purpose of Fund: To pay solid waste program costs, including waste tire removal expenses, special waste facility staff education, special waste management compliance monitoring, and used oil handling education and enforcement. Laws 2011, Chapter 220 allows DEQ to raise solid waste fees through September 2013 with rulemaking authority. After September 30, 2013, statutory permission must be received to raise fees.		
Funds Expended	705,100	1,242,700
Year-End Fund Balance	726,300	532,300
Specific Site Judgment Fund (EVA3006/A.R.S. § 49-104)		Non-Appropriated
Source of Revenue: Fines, forfeitures, and penalties paid by parties responsible for site contamination.		
Purpose of Fund: For administration of court settlements, judgments, or consent decrees.		
Funds Expended	62,000	337,500
Year-End Fund Balance	736,200	399,200

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Underground Storage Tank Revolving (UST Summary) (EVA2271/A.R.S. § 49-1015A)		Partially-Appropriated
Source of Revenue: Revenue is drawn from a 1¢ per gallon tax on regulated substances, such as gasoline, and annual tank fees. Laws 2013, 1st Regular Session, Chapter 244 extended the UST tax to December 31, 2015. The tax will be deposited in the UST Assurance Account, and transferred to the Regulated Substance Fund (RSF). Any monies deposited into the RSF in excess of \$60,000,000 will be transferred to the State Highway Fund. The law extends eligibility for corrective action coverage from the UST Assurance Account for releases that could not have been reasonably reported prior to July 1, 2006. Any application for preapproval made pursuant to the law shall be filed with DEQ by December 31, 2015, and any application made or expense incurred after December 31, 2015 is not eligible for coverage from the UST Assurance Account.		
Purpose of Fund: To provide coverage for permanent closures and/or corrective actions on underground storage tanks.		
Balance Forward	28,586,600	1,770,100
Revenue	30,074,700	16,694,400
Transfer to Regulated Substance Fund	(50,497,800)	(9,502,200)
Funds Available	8,163,500	8,962,300
Appropriated Funds Expended	0	22,000
Non-Appropriated Funds Expended	6,393,400	7,154,900
Legislative Fund Transfers	0	3,200
Year-End Fund Balance	1,770,100	1,782,200
Used Oil Fund (EVA3500/A.R.S. § 49-818)		Appropriated
Source of Revenue: Legislative appropriations and penalties for misuse of used oil.		
Purpose of Fund: For costs associated with the collection and analysis of used oil fuel samples.		
Funds Expended	6,200	0
Year-End Fund Balance	0	0
Voluntary Lawn and Garden Equipment Emissions Reduction Fund (EVA2306/A.R.S. § 49-474)		Non-Appropriated
Source of Revenue: An annual \$10,000 appropriation from the State Assurance Fund to cover operating costs. This fund no longer receives an appropriation from the State Assurance Fund.		
Purpose of Fund: 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.		
Funds Expended	0	0
Year-End Fund Balance	1,700	1,700
Voluntary Remediation Fund (EVA2564/A.R.S. § 49-187)		Non-Appropriated
Source of Revenue: Legislative appropriations, program fees, cost reimbursements, gifts, grants, and donations.		
Purpose of Fund: To pay the department's oversight costs of voluntary clean-ups of contaminated properties, including application, monitoring, and enforcement activities.		
Funds Expended	208,300	356,800
Year-End Fund Balance	436,900	330,500
Voluntary Vehicle Repair & Retrofit Program Fund (EVA2365/A.R.S. § 49-474.03)		Non-Appropriated
Source of Revenue: Legislative appropriations, a \$10 fee on diesel vehicle registrations, gifts, grants and donations.		
Purpose of Fund: To provide monies for local programs intended to repair or retrofit vehicles that fail emissions tests.		
Funds Expended	0	0
Year-End Fund Balance	1,352,100	2,252,100

SUMMARY OF FUNDS	FY 2013 Actual	FY 2014 Estimate
Water Quality Assurance Revolving Fund (EVA2221/A.R.S. § 49-282)		Non-Appropriated
Source of Revenue: 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 to \$7,000,000 between FY 2011 and FY 2014.		
Purpose of Fund: 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. Although this fund is not appropriated, A.R.S. § 49-282 requires the Appropriations Committees to review the annual budget for WQARF.		
Funds Expended	11,167,100	16,334,600
Year-End Fund Balance	8,996,100	3,802,800
Water Quality Fee Fund (EVA4100/A.R.S. § 49-210)		Appropriated
Source of Revenue: Legislative appropriations and fees received from several water quality protection programs.		
Purpose of Fund: To pay the costs of aquifer protection permit registration, dry well registration, technical review, inspections, and issuance of aquifer protection permits.		
Funds Expended	5,013,600	10,546,100
Year-End Fund Balance*	3,408,700	(212,200)

* As reported by the agency. Actual ending balance will not be negative.