

Department of Environmental Quality

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	322.0	322.0	322.0
Personal Services	13,082,500	15,504,700	15,504,700
Employee Related Expenditures	5,448,300	6,469,200	6,469,200
Professional and Outside Services	2,681,700	8,736,300	8,736,300
Travel - In State	360,600	568,400	568,400
Travel - Out of State	17,600	75,200	75,200
Other Operating Expenditures	12,517,200	14,888,800	14,888,800
Equipment	229,400	79,700	79,700
OPERATING SUBTOTAL	34,337,300	46,322,300	46,322,300
SPECIAL LINE ITEMS			
Emissions Control Contractor Payment	21,500,200	21,119,500	21,119,500
Safe Drinking Water Program	0	1,800,000	0
WQARF Priority Site Remediation	7,000,000	7,000,000	7,000,000
AGENCY TOTAL	62,837,500	76,241,800	74,441,800
FUND SOURCES			
General Fund	7,000,000	7,000,000	7,000,000
<u>Other Appropriated Funds</u>			
Air Permits Administration Fund	5,574,100	7,145,300	7,145,300
Air Quality Fund	3,708,000	5,377,200	5,377,200
Emissions Inspection Fund	24,768,800	28,392,900	26,592,900
Hazardous Waste Management Fund	1,249,800	1,743,000	1,743,000
Indirect Cost Recovery Fund	12,182,400	13,410,100	13,410,100
Recycling Fund	1,091,000	1,359,700	1,359,700
Solid Waste Fee Fund	824,100	1,243,000	1,243,000
Underground Storage Tank Revolving Fund	0	22,000	22,000
Water Quality Fee Fund	6,439,300	10,548,600	10,548,600
SUBTOTAL - Other Appropriated Funds	55,837,500	69,241,800	67,441,800
SUBTOTAL - Appropriated Funds	62,837,500	76,241,800	74,441,800
Other Non-Appropriated Funds	38,428,500	37,822,000	37,822,000
Federal Funds	14,449,400	15,204,200	15,204,200
TOTAL - ALL SOURCES	115,715,400	129,268,000	127,468,000

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 \$46,322,300 and 322 FTE Positions in FY 2016 for the operating budget. These amounts consist of:

Air Permits Administration Fund	FY 2016 \$7,145,300
Air Quality Fund	5,377,200

Emissions Inspection Fund	5,473,400
Hazardous Waste Management Fund	1,743,000
Indirect Cost Recovery Fund	13,410,100
Recycling Fund	1,359,700
Solid Waste Fee Fund	1,243,000
Underground Storage Tank Revolving Fund	22,000
Water Quality Fee Fund	10,548,600

These amounts are unchanged from FY 2015.

Emissions Control Contractor Payment

The Baseline includes \$21,119,500 from the Emissions Inspection Fund in FY 2016 for the Emissions Control Contractor Payment. This amount is unchanged from FY 2015.

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 2015 budget did not implement the statutory fee cap.

In FY 2014 and FY 2015 these excess revenues (\$5,000,000 in FY 2014 and \$6,800,000 in FY 2015) have been transferred to the Arizona Department of Administration (ADOA) to fund a new ADEQ e-licensing system through the Automation Projects Fund. The FY 2016 Baseline does not continue this transfer to the Automation Projects Fund.

In response to the report, DEQ decreased the primary Vehicle Emissions Inspection (VEI) fee in Maricopa County by 27% on July 1, 2014. The fee for Phoenix Metropolitan area residents who have 1981 and newer cars and light duty trucks was reduced from \$27.25 to \$20.00. After the fee reduction, the VEI program is generating \$4.8 million more in fees than it costs to administer the program. (Please see the ADOA-Automation Projects Fund section for more information.)

Safe Drinking Water Program

The Baseline includes no funding from the Emissions Inspection Fund in FY 2016 for the Safe Drinking Water Program. FY 2016 adjustments would be as follows:

Remove One-Time Funding OF (1,800,000)

The Baseline includes a decrease of \$(1,800,000) from the Emissions Inspection Fund in FY 2016 for the elimination of one-time funding of the Safe Drinking Water Program.

As session law, the FY 2015 Environment BRB allowed the department to use up to \$1,800,000 from the Emissions Inspection Fund for the Safe Drinking Water Program. Before any monies in the line item were expended, the department was required to submit an expenditure plan to the Joint Legislative Budget Committee for its review. The expenditure plan has not been received as of November 2014.

WQARF Priority Site Remediation

The Baseline includes \$7,000,000 from the General Fund in FY 2016 for the Water Quality Assurance Revolving Fund (WQARF) Priority Site Remediation. This amount is unchanged from FY 2015.

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 2015 Environment BRB continued to notwithstanding these statutory provisions and reduces the General Fund allocation to \$7,000,000. Table 1 describes program activity for FY 2014 and FY 2015. The Baseline continues the deposit at the reduced level in FY 2016.

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.

	WQARF Activity	
	Actual FY 2014	Estimated FY 2015
Balance Forward	\$ 8,996,100	\$ 5,629,600
General Fund	7,000,000	7,000,000
Other Revenue	<u>4,534,500</u>	<u>3,862,200</u>
Total Funds Available	\$20,530,600	\$16,491,800
General Fund Expenditures	\$ 7,000,000	\$ 7,000,000
Other Funds Expended	7,493,000	7,775,000
Funds Transferred		
Dept. of Water Resources	\$ (300,000)	\$ (300,000)
Fund Sweeps	<u>(108,100)</u>	<u>0</u>
Year-End Fund Balance	\$ 5,629,600	\$ 1,416,800

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 must also include a budget for the WQARF program that is developed in consultation with the WQARF Advisory Board. The department shall submit the FY 2016 report to the Joint Legislative Budget Committee on or before September 1, 2015. This budget must specify the monies budgeted for each listed site during FY 2016. In addition, the department and the advisory board shall prepare and submit to the Joint Legislative Budget Committee, on or before October 1, 2015, a report in a table format summarizing the current progress on remediation of each listed site on the WQARF registry. The table must include the stage of remediation for each site at the end of FY 2015, indicate whether the current stage of remediation is anticipated to be completed in FY 2016 and indicate the anticipated stage of remediation at each listed site at the end of FY 2016, assuming FY 2016 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 2017 budget for the Water Quality Assurance Revolving Fund before September 1, 2015, 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 \$7,145,300 in FY 2016 are appropriated to the department. Before the expenditure of Air Permits Administration receipts in excess of \$7,145,300 in FY 2016, 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 \$13,410,100 in FY 2016 are appropriated to the department. Before the expenditure of Indirect Cost Recovery Fund receipts in excess of \$13,410,100 in FY 2016, the Department of Environmental Quality shall report the intended use of the monies to the Joint Legislative Budget Committee.

Deletion of Prior Year Footnotes

The Baseline would delete the footnote concerning the expenditure plan for the \$1.8 million Emissions Inspection

Fund appropriation for the Safe Drinking Water Program as that appropriation is not continued in FY 2016.

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 Regulated Substance Fund in FY 2016 for department administrative expenses.
- As session law, continue to decrease the General Fund appropriation to Water Quality Assurance Revolving Fund from \$15,000,000 to \$7,000,000.

Deleted Provisions

The Baseline would not continue the session law provisions that:

- Transferred Underground Storage Tank (UST) monies to the State Highway Fund (SHF) after having transferred \$60 million to the Regulated Substance Fund (RSF);
- Permitted some post-July 2006 reports to be eligible for UST corrective action coverage;
- Revised the requirement on when DEQ is required to take action on UST applications;
- Stated it is legislative intent that monies in the UST account be used to fund a new and revised corrective action plan;
- Permitted \$1.8 million of Emissions Inspection Fund monies to be spent on the Safe Drinking Water Program.

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

Underground Storage Tank Tax Extension & Program

Laws 1990, Chapter 328 established the 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 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. This provision was subsequently repealed by Laws 2014, Chapter 14.
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 an 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. This provision was subsequently amended by Laws 2014, Chapter 14 to state that the department is not required to take action until a new revised UST corrective action program is effective.
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. This provision was subsequently repealed by Laws 2014, Chapter 14.
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 \$60.0 million.
8. Any monies deposited to the RSF in excess of \$60.0 million will be transferred to the State Highway Fund. This transfer was modified by Laws 2014, Chapter 14, as described below.

During FY 2014, the RSF reached \$60.0 million in deposits. Any monies deposited in the RSF in excess of \$60.0 million are transferred to the SHF. At the end of October 2014, a total of \$22.2 million has been transferred to the SHF.

A provision in the FY 2015 Budget Procedures BRB (Laws 2014, Chapter 14) eliminated the transfer of monies to the State Highway Fund effective January 1, 2015 at which point the 1¢ excise tax revenues will be deposited in the UST Assurance Account. The 1¢ excise tax, however, expires on December 31, 2015. The bill also included the following provisions:

1. Repeals the previous Laws 2013, Chapter 244 provision which extended 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. Changes the provision from Laws 2013, Chapter 244 that the department is not required to take any action until after the committee report to when a new revised UST corrective action program is effective.
3. Extends "stop order" authority on delivery of regulated substance to an underground storage tank if owner has not submitted a statement of financial responsibility.

The FY 2015 Budget Procedures BRB, as amended by Laws 2014, Chapter 247, offered a legislative intent statement that monies in the UST account be used to fund a new and revised corrective action program and the existing UST Leak Prevention program. The intent of the Legislature within the Budget Procedures BRB is that the new program:

1. Requires DEQ to use UST monies to conduct a baseline assessment of all existing USTs to determine whether they are leaking. Laws 2014, Chapter 247 amended this provision to add that the new program must allow an owner or operator an opportunity as an alternative to the baseline to demonstrate to DEQ that state and federal financial responsibility requirements are already being met.
2. Requires the department to perform any corrective action necessary in consultation with the owner or operator and/or remove USTs at the request of the owner or operator.
3. Requires owners and operators using private insurance to meet the financial responsibility requirements to obtain a standard policy to be developed by DEQ in cooperation with the Department of Insurance and insurance carriers. Laws 2014, Chapter 247 amended this provision to add that DEQ must allow an owner or operator an opportunity, as an alternative to the standard policy, to demonstrate to DEQ that state and federal responsibility requirements are already being met.
4. Prohibit delivery to any UST that does not meet the requirements of the new program and to establish reasonable deductibles to be paid by owners and operators to defray the costs for the baseline assessments, corrective actions, and tank removals.

At the final meeting of the UST Study Committee on February 28, 2014, a motion passed that DEQ be given the authority to convene stakeholder meeting(s) to discuss the proposed program ideas and directed DEQ to spend up to \$200,000 for an actuarial study to assess the issues and costs associated with a new and revised program. DEQ has contracted with a vendor to conduct the actuarial study by the fall. The final report was released November 2014.

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 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	5,574,100	7,145,300
Year-End Fund Balance	6,664,500	5,364,200
Air Quality Fund (EVA2226/A.R.S. § 49-551)		Appropriated
Source of Revenue: Monies received from the \$1.50 fee assessed on motor vehicle registration, as well as gifts, grants, 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 program and annual appropriations for the Department of Weights and Measures Oxygenated Fuels and Vapor Recovery programs. <i>(See individual agencies for further description.)</i>		
Funds Expended	3,708,000	5,377,200
Funds Appropriated		
Department of Weights and Measures	1,424,900	1,443,200
Arizona Department of Transportation	34,700	74,500
Arizona Department of Administration (Bus Subsidy)	732,400	927,100
Funds Transferred		
Arizona Department of Administration (Travel Reduction)	400,000	400,000
Year-End Fund Balance	8,033,400	8,056,400
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
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	2,300	2,500
Year-End Fund Balance	3,400	3,400
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 2015 Environmental Budget Reconciliation Bill (Laws 2014, Chapter 13) allows \$1,800,000 of these monies to be spent on the Safe Drinking Water Program in FY 2015. The FY 2015 General Appropriation Act transfers \$6,800,000 from the Emissions Inspection Fund to the Automation Projects Fund to be used for DEQ information technology projects.		
Funds Expended	24,768,800	28,392,900
Year-End Fund Balance	20,016,500	15,178,600
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	14,449,400	15,204,200
Year-End Fund Balance	0	0

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 Estimate
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 and the UST program.		
Funds Expended	0	0
Year-End Fund Balance	5,100	0
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
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	1,249,800	1,743,000
Year-End Fund Balance	1,563,900	1,092,900
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	6,272,200	3,046,200
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	12,182,400	13,410,100
Year-End Fund Balance	5,485,900	5,793,700
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	20,100	51,400
Year-End Fund Balance	66,300	121,300
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

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 Estimate
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	612,900	735,200
Year-End Fund Balance	1,375,200	1,693,600
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; and for revenue collection and fund administration. For the Solid Waste Control Program activities. Laws 2011, Chapter 220 allows DEQ to raise recycling registration fees through September 2013 with rulemaking authority. After September 30, 2013, statutory permission must be received to raise fees.		
Funds Expended	1,091,000	1,359,700
Year-End Fund Balance	2,547,200	2,948,200
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. The tax is 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 are transferred to the State Highway Fund (SHF) through January 1, 2015. During FY 2014, the RSF reached \$60,000,000 in deposits. At the end of October 2014, \$22,193,873 has been transferred to the SHF. Any deposits after January 1, 2015 will remain in the UST Assurance Account (the 1¢ per gallon tax will expire on December 31, 2015). Laws 2014, Chapter 14 stated that it is legislative intent that monies in the UST Account be used to fund a new and revised corrective action program.		
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 2015 BRB (Laws 2013, Chapter 13) permits DEQ 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	9,228,200	10,098,300
Year-End Fund Balance	42,391,500	32,448,400
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	824,100	1,243,000
Year-End Fund Balance	765,500	395,100
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	51,800	339,900
Year-End Fund Balance	686,200	348,000

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 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. The tax is 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 are transferred to the State Highway Fund (SHF) through January 1, 2015. During FY 2014, the RSF reached \$60,000,000 in deposits. At the end of October 2014, \$22,193,873 has been transferred to the SHF. Any deposits after January 1, 2015 will remain in the UST Assurance Account (the 1¢ per gallon tax will expire on December 31, 2015). Laws 2014, Chapter 14 stated that it is legislative intent that monies in the UST Account be used to fund a new and revised corrective action program.		
Purpose of Fund: To provide coverage for permanent closures and/or corrective actions on underground storage tanks. As session law, the FY 2015 BRB (Laws 2013, Chapter 13) permits DEQ to transfer a combined total of \$6,531,000 from the UST Revolving Fund and the RSF for administrative costs of the department.		
Balance Forward	1,770,100	2,191,100
Revenue	29,513,000	29,864,100
Transfer to Regulated Substance Fund	(9,502,200)	0
Transfer to State Highway Fund	(12,419,700)	(14,756,500)
Funds Available	9,361,200	17,298,700
Appropriated Funds Expended	0	22,000
Non-Appropriated Funds Expended	7,166,900	6,998,400
Legislative Fund Transfers	3,200	0
Year-End Fund Balance	2,191,100	10,278,300
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	281,300	475,100
Year-End Fund Balance	470,600	394,000
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	1,000,000
Year-End Fund Balance	2,315,600	2,215,600

SUMMARY OF FUNDS	FY 2014 Actual	FY 2015 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 has been suspended to \$7,000,000 between FY 2011 and FY 2015.		
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	14,792,800	15,075,000
Year-End Fund Balance	5,629,600	1,416,800
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	6,439,300	10,548,600
Year-End Fund Balance	4,682,000	518,800