

DEPARTMENT OF ENVIRONMENTAL QUALITY

A.R.S. § 49-101

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General Fund and Other Appropriated Funds	FY 1998 Actual	FY 1999 Estimate	FY 2000 Approved	FY 2001 Approved
FTE Positions	477.6	481.4	552.4 ^{1/}	552.4 ^{1/}
Personal Services	7,632,300	8,059,300	11,579,800	11,811,500
Employee Related Expenditures	1,534,200	1,712,700	2,443,100	2,538,400
Professional and Outside Services	72,000	151,800	1,129,800	640,400
Travel - In State	135,500	146,600	222,600	222,600
Travel - Out of State	27,600	27,300	47,200	47,200
Other Operating Expenditures	718,400	793,700	5,883,200	6,016,100
Equipment	232,800	149,000	791,800	388,700
Operating Subtotal	10,352,800	11,040,400	22,097,500	21,664,900
Waste Programs				
WQARF Priority Site Remediation (GF)	14,523,300	14,523,300	14,492,700 ^{2/3/}	14,372,700 ^{2/3/}
WQARF Priority Site Remediation (OF)	3,207,200	5,076,900	0	0
Underground Storage Tank Program	1,578,000	460,000	0	0
Hazardous Waste Program	334,800	451,000	460,000	468,200
Solid Waste Program	1,027,000	1,451,400	1,170,500	1,240,500
Waste Tire Program	0	0	186,600	192,800
Water Programs				
Aquifer Protection Permit Program	651,200	725,200	738,800	755,500
Water Quality Program	1,389,800	4,104,700	3,277,400	3,307,400
Water Infrastructure Finance Authority	3,380,000	5,720,000	2,995,100 ^{4/}	2,995,100 ^{4/}
Air Programs				
Air Permits Administration Program	3,387,400	4,795,400	4,837,800	4,874,200
Air Quality Program	1,169,000	625,000	4,768,000 ^{5/}	4,258,300
Emissions Control Program	4,825,100	4,724,100	2,843,200	3,747,100
Total	45,825,600	53,697,400	57,867,600	57,876,700
Additional Appropriations -				
Underground Storage Tanks;				
Appropriation, Ch. 173	0	0	1,050,000	1,300,000
Underground Storage Tanks, Ch. 193	0	0	500,000	0
Total Appropriations	45,825,600	53,697,400	59,417,600 ^{6/7/8/9/}	59,176,700 ^{6/7/8/9/}
Fund Summary				
General Fund	32,047,200	34,992,500	31,855,900	31,121,600
Indirect Cost Recovery Fund	0	0	10,018,200	10,093,400
Air Permits Administration Fund	3,387,400	4,795,400	4,837,800	4,874,200
Air Quality Fee Fund	0	0	4,268,000	4,258,300
Emissions Inspection Fund	4,785,800	3,649,100	2,843,200	3,747,100
Hazardous Waste Fund	334,800	451,000	460,000 ^{10/}	468,200 ^{10/}
Solid Waste Fee Fund	673,400	1,127,800	1,230,300	1,179,700
Used Oil Fund	0	0	126,800	126,800
Water Quality Fee Fund	1,389,800	3,604,700	3,277,400	3,307,400
Water Quality Assurance Revolving Fund	3,207,200	5,076,900	0	0
Underground Storage Tank Fund	0	0	500,000	0
Total Appropriations	45,825,600	53,697,400	59,417,600	59,176,700

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Agency Description — *The Department of Environmental Quality's (ADEQ) purpose is to protect human health and the environment by enforcing standards of quality for Arizona's air, water, and land. 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.*

Indirect Fund — Laws 1998, Chapter 241 converted the Indirect Cost Recovery Fund from non-appropriated to appropriated status beginning in FY 2000. The fund is used to support departmentwide operating costs, including administrative salaries, rent, automation, and other overhead expenses. Revenues to the fund are from assessments on each of the department's appropriated, non-appropriated, and Federal Funds. The approved FY 2000 amount includes an initial appropriation of \$10,018,200 and 106.5 FTE Positions. The appropriation of these monies for the first time in FY 2000 represents the large operating budget increase between FY 1999 and FY 2000. The approved FY 2001 amount continues the FY 2000 funding level.

Automation Projects — The approved FY 2000 amount includes an increase of \$796,500 from the General Fund and \$767,600 and 5 FTE Positions from the Indirect Cost Recovery Fund for 3 department automation projects:

- **Licensing Time Frames:** Laws 1996, Chapter 102 requires ADEQ to meet established time frames in approving or denying applications for permits and licenses. As part of a unified agency database, the

department has developed a Licensing Time Frames module that tracks the nearly 600 license types subject to the requirements. The approved amounts, \$372,100 from the General Fund and \$398,500 from the Indirect Cost Recovery Fund, will provide necessary hardware and software upgrades. They will also provide funding for 3 FTE Positions, which will be responsible for entering new permit applications into the system and ensuring accuracy of the data. In FY 2001, the General Fund amount is eliminated, as it is for one-time expenses. Funding from the Indirect Cost Recovery Fund, however, is continued in FY 2001. It will provide for ongoing repair and maintenance costs, consulting contracts, and support the 3 FTE Positions.

- **Integrated Database:** The approved FY 2000 amount includes \$229,400 from the General Fund and \$369,100 and 2 FTE Positions from the Indirect Cost Recovery Fund for continued development of an agencywide integrated database. The funding will provide infrastructure support needed for several agency databases to function in a unified fashion. The General Fund amount is for one-time expenses and is eliminated in FY 2001. Funding from the Indirect Cost Recovery

1/ Includes 211.8 FTE Positions funded from Special Line Items in FY 2000 and FY 2001.

2/ A.R.S. § 49-282 requires an annual \$15,000,000 transfer from the Corporate Income Tax to the Water Quality Assurance Revolving Fund. Although the transfer is not included in the annual General Appropriation Act, it is shown here as a General Fund expenditure. The amounts shown represent the \$15,000,000 adjusted for other fund revenue as directed in A.R.S. § 49-282.

3/ The Department of Environmental Quality shall report quarterly 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. (General Appropriation Act footnote)

4/ The amounts appropriated for the Water Infrastructure Finance Authority in FY 2000 and FY 2001 shall be used to provide a 20% match of the FY 2000 and FY 2001 federal Safe Drinking Water and Clean Water Revolving Fund allocations to Arizona. Of the amount appropriated, any amount in excess of the required 20% match reverts to the state General Fund. Of the monies appropriated from the state General Fund to the Water Infrastructure Finance Authority in FY 2000, \$60,000 shall be used for the purpose of conducting agricultural water quality research and the development of an educational program. (General Appropriation Act footnote)

5/ Includes a \$500,000 General Fund appropriation to the Voluntary Lawn and Garden Equipment Emissions Reduction Fund, as directed by Laws 1998, Chapter 217.

6/ Before the expenditure of any monies appropriated to the Department of Environmental Quality in FY 2000 for new automation expenses, the department shall report to the Joint Legislative Budget Committee how its planned expenditures will contribute to the accomplishment of its overall information technology plan. The department shall collaborate with the Government Information Technology Agency to develop and implement the expenditure plan. (General Appropriation Act footnote)

7/ General Appropriation Act funds are appropriated as a Modified Lump Sum by Agency.

8/ 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. (General Appropriation Act footnote)

9/ This amount does not include a \$1,500,000 "trigger" appropriation made by Laws 1999, Chapter 5, 1st Special Session. Triggered appropriations in FY 2000 or FY 2001 depend on the availability of excess revenues. (For more information, refer to the "Emissions Control Program" description and the "Summary of Appropriations Triggered by Revenues" table at the front of this report.)

10/ 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. (General Appropriation Act footnote)

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Fund is continued in FY 2001 for the ongoing costs of the project.

- **Water Quality Database:** The approved FY 2000 amount includes one-time General Fund monies of \$195,000 to convert the current water quality database programming language to allow it to function in the agencywide integrated database.

In relation to the projects above, a footnote was added requiring the department to report to the Joint Legislative Budget Committee on how their planned expenditures will contribute to their overall technology plan.

Computer Replacement — The approved FY 2000 amount includes \$31,000 from the General Fund for desktop computer replacements. It also includes \$61,900 from other appropriated funds for the same purpose. These amounts are continued in FY 2001.

Administrative Adjustment — The FY 2000 approved amount includes the reduction of (1.5) FTE Positions and \$(4,500) from the General Fund as an administrative adjustment.

Waste Programs

WQARF Priority Site Remediation (GF) — The Water Quality Assurance Revolving Fund (WQARF) program is similar to the federal Superfund program in that it is designed to monitor, contain, 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 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.

Although the CIT transfer is not included in the General Appropriation Act, the estimated amount of the adjusted transfer is shown as a General Fund expenditure. When combined with the estimated \$3,507,300 WQARF fee revenue, the adjusted CIT transfer in FY 2000 will be \$14,492,700, bringing the total revenue to \$18,000,000. In FY 2001, the WQARF fee revenue is estimated to increase by \$120,000. As a result, the FY 2001 adjusted CIT transfer will be reduced by \$(120,000), leaving it at \$14,372,700.

WQARF Priority Site Remediation (OF) — Laws 1997, Chapter 87 restructured the funding scheme of the WQARF program. Under the new scheme, fee generated revenue is to be non-appropriated. In FY 1999, the appropriation authority of these revenues was \$5,076,900. As a non-appropriated fund, WQARF no longer needs appropriation authority to expend these revenues. Thus, the approved FY 2000 amount includes the elimination of \$(5,076,900) and the WQARF Priority Site Remediation (OF) Special Line Item.

Underground Storage Tank Program — The Underground Storage Tank (UST) Program is designed 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. In FY 1998 and FY 1999 the Legislature provided General Fund appropriations to the UST Fund in legislation separate from the General Appropriation Act. This was done again this year, as Laws 1999, Chapter 173 was enacted with General Fund appropriations totaling \$1,050,000 in FY 2000 and \$1,300,000 in FY 2001. (*See Additional Appropriations.*)

Hazardous Waste Program — This program regulates and inspects hazardous waste treatment, storage and disposal facilities. It educates hazardous waste handlers on how to comply with federal and state standards. It also oversees clean up of hazardous waste sites. The approved FY 2000 amount includes \$460,000 from the Hazardous Waste Fund for the program. This funding level is continued with technical adjustments in FY 2001.

Solid Waste Program — This program is responsible for issuing permits to landfills and other solid waste facilities, conducting facility inspections, and initiating remediation actions related to compliance issues. The program is funded from the Solid Waste Fee Fund and the Used Oil Fund. The approved FY 2000 amount includes an \$82,900 increase from the Solid Waste Fee Fund for the creation of a centralized solid waste database. The new database will consolidate all site information into a central repository. Of this amount, \$(68,800) is eliminated in FY 2001 due to one-time expenses associated with the database.

In addition, the Legislature appropriated \$126,800 to both the Solid Waste Fee Fund and the Used Oil Fund for support of program operations in both FY 1998 and FY 1999. Due to sufficient fund balances, the approved FY 2000 amount eliminates both of these appropriations totaling \$(253,600). In FY 2001, the \$126,800 General

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Fund appropriation is restored to the Used Oil Fund. It is not restored to the Solid Waste Fee Fund, however, as the fund balance and revenue will continue to meet expenses.

Waste Tire Program — The approved FY 2000 amount includes \$186,600 from the Solid Waste Fee Fund for a new Waste Tire Program Special Line Item. Through this program, ADEQ oversees county programs that dispose of and/or recycle waste tires. The FY 2001 amount continues this level of funding.

Water Programs

Aquifer Protection Permit Program — ADEQ 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. The approved FY 2000 amount includes \$738,800 for this purpose. This amount is continued in FY 2001.

Water Quality Program — This program ensures water quality by monitoring and regulating drinking and wastewater sources. The program is funded from the Water Quality Fee Fund. The approved FY 2000 amount includes a reduction of \$(327,300) due to insufficient revenues to support the program. ADEQ is meeting with stakeholders and interested parties to study methods to bring revenues and expenditures in line. The FY 2001 amount continues the reduced funding level. Future increases will be considered by the Legislature as revenues grow.

Water Infrastructure Finance Authority (WIFA) — The approved FY 2000 amount includes a General Fund reduction of \$(2,724,900) to the Water Infrastructure Finance Authority (WIFA) to reflect lower federal matching requirements. 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%. In FY 2000, the anticipated federal allocation is \$14,975,400, which requires a state match of \$2,995,100. This match amount represents a decrease of \$(2,724,900) from the FY 1999 level.

In FY 2001, the approved amount continues the FY 2000 funding level, as the federal allocation should remain constant. In addition, because the FY 2000 and FY 2001 federal allocations are estimates based on prior year allocations, a new General Appropriation Act footnote was added requiring any amount of the WIFA appropriation in

excess of 20% of the actual federal allocation revert to the General Fund.

Air Programs

Air Permits Administration Program — This program regulates and inspects stationary air pollution sources, including enforcement actions necessary to comply with federal clean air regulations. The Air Permits Administration Fund, which derives its revenues from permits and fees, support program activities. The FY 2000 amount includes an increase of \$24,200 and a 0.5 FTE Position for the accumulation of an ambient air database. The FTE Position will convert historical air data into one centralized database. The approved amount also includes an increase of \$27,800 and an additional 0.5 FTE Position to represent the state in the Western Regional Air Partnership (WRAP). The WRAP is made up of 9 states and provides policy and technical recommendations for State Implementation Plans (SIPs) required by the federal Clean Air Act. The FTE Position represents the state's portion of a cost share with the federal government. Both increases are continued in FY 2001.

Air Quality Program — Laws 1997, Chapter 210 converted the status of the Air Quality Fee Fund from appropriated to non-appropriated beginning in FY 2000. Revenues to the fund, which supports the new Air Quality Program Special Line Item, are from the \$1.50 air quality fee collected at the time of vehicle registration. Expenditures are for air quality research and programs to bring non-attainment areas into attainment with federal clean air standards. The FY 2000 approved amount includes \$4,268,000 and 26.8 FTE Positions from the Air Quality Fee Fund and an additional \$500,000 from the General Fund. The General Fund monies were appropriated in Laws 1998, Chapter 217 to provide vouchers to owners who retire their high emitting lawn mowers and garden equipment. The FY 2001 approved amount eliminates the \$(500,000) from the General Fund but continues the funding level from the Air Quality Fee Fund.

Emissions Control Program — The Emissions Control Program operates in Maricopa and Pima Counties. Vehicle owners in Maricopa County are subject to either an IM 240 inspection if the vehicle was manufactured in 1981 or after, or a loaded idle inspection if manufactured prior to 1981. Pima County residents are subject only to the idle inspection. Residents of both counties must have their vehicles inspected at centralized stations that are operated privately under contract with ADEQ. Legislation passed in a December 1998 legislative special session capped inspection fees paid by motorists at \$25 for IM 240 tests and \$12.50 for all other tests.

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Emissions Control expenditures consist of program administration and contract implementation. Only the program administration expenditures are appropriated by the Legislature.

Program Administration

Program Administration includes activities such as providing program information and assistance to the public, reviewing the eligibility of those seeking vehicle repair grants or test waivers, overseeing the inspection contract, and managing the remote sensing (smog dog) contract. The approved FY 2000 amount for these activities is \$2,843,200 from the Vehicle Emissions Inspection (VEI) Fund.

The approved amount represents a reduction of approximately \$(1,100,000) from FY 1999, as a result of legislation passed in a December 1998 legislative special session. Laws 1998, Chapter 1, 6th Special Session directed ADEQ to reduce administrative costs by approximately 33%. In a February 1999 report to the Legislature, ADEQ outlined the department's plan to eliminate (13) FTE Positions in response to the legislation. The reduction in force, which went into effect April 1, 1999, was accomplished by closing 1 of the 4 waiver lane facilities, eliminating the repair industry training portion of the program, using automated telephone attendants, reducing contract oversight and audits, and discontinuing the Smoking Vehicle Hotline.

Funding for the approved \$2,843,200 will come from the following 3 sources:

- Program Revenue — Of the \$25 IM 240 test fee, ADEQ currently retains \$2.36 for deposit in the VEI Fund. Also deposited in the fund are fees for test waivers, out-of-state exemptions, and fleet inspection certifications. In FY 2000, the revenue from these sources is expected to be approximately \$2,100,000.
- Laws 1999, Chapter 3, 1st Special Session — This bill made several transfers from the Arizona Clean Air Fund (ACAF) to ADEQ and the VEI Fund for various program expenses. Among them, is a transfer of \$374,600 in FY 2000 from the ACAF to the VEI Fund for administration of the Emissions Control Program.
- Laws 1999, Chapter 5, 1st Special Session — This bill made several appropriations to ADEQ and the VEI Fund for program expenses, including \$385,500 from the General Fund to the VEI Fund for program administration. This appropriation, however, is contingent on the amount of General Fund revenues available in FY 2000. Prior to September 1, 1999, the JLBC and the Governor's Office of Strategic Planning and Budgeting (OSPB) will calculate total revenues

and determine if sufficient monies are available to trigger the appropriation. *(For more information on this and other triggered appropriations see the "Summary of Appropriations Triggered by Revenues" table at the front of this report.)*

The appropriated amount for program administration in FY 2001 is \$3,747,100. The Legislature made no provisions to generate sufficient revenue to fund this appropriation, however, pending the outcome of a Legislative Study Committee on the Emissions Control Program. Laws 1998, Chapter 1, 6th Special Session created the committee to review several aspects of the program, including the cost benefit relationship of the program, fostering a competitive market for inspections, and program funding requirements. It is anticipated that the FY 2001 appropriation will be adjusted in the 2000 regular legislative session, based on the findings of the study committee.

Contract Implementation

Laws 1999, Chapters 3 and 5, 1st Special Session also made appropriations to ADEQ to satisfy requirements of the emissions control contract. The bills appropriated a total of \$245,000 to ADEQ to meet IM 240 "buy-down" requirements and an additional \$1,949,200 for IM 240 test enhancements. The following explains each requirement:

- "Buy-Down" Requirements — Legislation from the December 1998 Special Session stipulated that motorists would pay no more than \$25 for each IM 240 inspection. Because the actual IM 240 inspection cost is greater than \$25, the state subsidizes, or "buys-down" the difference. In FY 1999 and most of FY 2000, the buy-down requirement will be funded from the overage balance. The overage balance consists of monies credited to the state as a result of inspecting more vehicles than were originally projected at the outset of the IM 240 contract. At the beginning of Calendar Year 1999, the balance was approximately \$5,600,000. It is estimated that this amount will fund all buy-down requirements until the last quarter of FY 2000. The estimated buy-down requirement for the last quarter of FY 2000 is \$245,000.

The \$245,000 necessary to meet the buy-down requirement was appropriated to ADEQ in Laws 1999, Chapters 3 and 5, 1st Special Session. Chapter 3 transferred \$120,500 from the Arizona Clean Air Fund to ADEQ for FY 2000 buy-down requirements. Chapter 5 appropriated the remaining \$124,500 from the General Fund. Again, the Chapter 5 monies are contingent on the amount of General Fund revenues available in FY 2000. Prior to September 1, 1999, JLBC and OSPB will calculate total revenues and determine if sufficient monies are available to trigger this appropriation.

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Table 1:

FY 2000 Emissions Control Program

	<u>Program Administration</u>	<u>Buy-down Payments</u>	<u>Enhanced Tests</u>	<u>Total</u>
Required Expenditures	\$2,843,200	\$3,988,200	\$1,949,200	\$8,780,600
Fund Sources				
Program Revenue	2,083,100	0	0	2,083,100
General Fund (Laws 99, Ch. 3, 1 st S.S.)	374,600	120,500	959,200	1,454,300
Clean Air Fund (Laws 99, Ch. 5, 1 st S.S.)	385,500	124,500	990,000	1,500,000
Overage Balance	<u>0</u>	<u>3,743,200</u>	<u>0</u>	<u>3,743,200</u>
Totals	\$2,843,200	\$3,988,200	\$1,949,200	\$8,780,600

• **Test Enhancements** —The Federal Clean Air Act requires Arizona to have a State Implementation Plan (SIP) that outlines how air quality standards will be met. One aspect of the SIP is enhancing the IM 240 test, making pass/fail standards more stringent. Known as “final cut points,” the new standards require longer test periods to ensure that vehicles are inspected at similar operating temperatures. Implementing these and other enhancements will cost \$1,949,200 in FY 2000. This amount will be expended on the additional contract labor necessary to complete the longer test, as well as needed equipment and software.

Test enhancement costs are appropriated to ADEQ in Laws 1999, Chapters 3 and 5, 1st Special Session. Chapter 3 transferred \$959,200 from the Arizona Clean Air Fund to ADEQ for test enhancements. Chapter 5 appropriated the remaining \$990,000 from the General Fund, contingent on there being enough General Fund revenue available to trigger the appropriation.

Table 1 above summarizes the FY 2000 Emissions Control Program expenditures and funding sources.

Additional Changes

The 1999 Legislature made additional changes that will affect the future of the Emissions Control Program. The most significant change was made in Laws 1999, Chapter 5, 1st Special Session, which removed the \$25 statutory fee cap beginning July 1, 2000. This will require vehicle owners to pay the “full costs of the vehicle emissions inspection . . . including administration, implementation, and enforcement.” In FY 2000, the full cost of the inspection and administration is approximately \$29.00. The fee that is ultimately charged in FY 2001, when the fee cap is lifted, will depend largely on the outcome of the legislative study committee.

The Legislature also took action to extend the sunset date of the program. Laws 1999, Chapter 298 extends the program until January 1, 2009. Prior to this bill, the program was sunset with the expiration of the current inspection contract on December 31, 2001. Initiation of a

new contract is in the beginning stages. Laws 1999, Chapter 298 also adds the provision that ADEQ report to JLBC quarterly on the development of the request for proposal (RFP) and contract negotiations. It also stipulates that all contract terms will be reviewed by JLBC prior to the RFP being advertised.

Additional Appropriations: Underground Storage Tanks; Appropriation (Chapter 173) — This bill appropriates \$500,000 in FY 2000 and \$1,300,000 in FY 2001 to the Underground Storage Tank Fund’s State Assurance Account. Both appropriations are from the General Fund and will be used to partially reimburse tank owners for the costs of cleaning up leaking tanks. The bill also appropriated \$550,000 in FY 2000 from the General Fund to UST’s Regulatory Account. This account funds the department’s enforcement of UST standards.

The bill as originally passed also included a General Fund appropriation of \$1,300,000 to the UST State Assurance Account in each of FY 2002 through FY 2009. In FY 2010 the General Fund appropriation was \$800,000. These FY 2002 through FY 2010 appropriations, however, were subsequently line item vetoed by the Governor.

Underground Storage Tanks (Chapter 193) — This bill includes a one-time FY 2000 appropriation of \$500,000 from the Underground Storage Tank Fund’s State Assurance Account for a technical study of UST releases into groundwater. The UST Policy Commission will coordinate the study. The bill also stipulated that monies from state appropriations to the UST Fund are not to be used for administrative costs of the UST Program.

Excess Balance Transfer: Supplemental Appropriations; Transfers; State Agencies (Chapter 3, 1st Special Session) — This act transferred \$1,454,300 from the Arizona Clean Air Fund to ADEQ and the VEI Fund for program administration and contract implementation. The bill stipulates that the transfer is to occur on April 30, 2000. (See the Emissions Control discussion above for more information.)

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Additional Legislation: Tax Relief and Fiscal Control (Chapter 5, 1st Special Session) — This act appropriated \$1,500,000 from the General Fund to the VEI Fund for program administration and contract requirements. This appropriation, however, is contingent on the amount of General Fund revenues available in FY 2000 and FY 2001. Prior to September 1, 1999 and September 1, 2000, JLBC and OSPB will calculate total revenues and determine if sufficient monies are available to trigger the appropriation. (*See the Emissions Control discussion above for more information.*)

ADEQ Recycling (Chapter 286) — Among other changes to ADEQ's solid waste statutes, this bill subjects all landfill disposal fees to legislative appropriation beginning FY 2001. These fees are the primary revenue source of the Recycling Fund. The fund is used to make grants to cities and counties for recycling programs and public education campaigns. The JLBC Staff will recommend a FY 2001 appropriation level for the fund in the 2000 legislative session.