



HOUSE OF REPRESENTATIVES

HB 2702

environment; budget reconciliation; 2016-2017.

Prime Sponsor: Representative Montenegro, LD 13

X Committee on Appropriations

Caucus and COW

House Engrossed

OVERVIEW

HB 2702 makes statutory and session law changes related to the environment in order to reconcile the FY 17 state budget.

PROVISIONS

Distributed Generation Systems (DG system)

1. Amends Laws 2016, Chapter 56 ([SB 1417](#)) to require applicants seeking to interconnect a DG system to the power grid to follow the utility's interconnection requirements rather than standards established by the Corporation Commission.

Department of Environmental Quality (ADEQ)

2. Instructs the State Treasurer to invest and divest monies in the Underground Storage Tank Revolving Fund (UST Fund) and credit investment earnings to the fund.
3. Continues to allow ADEQ to use a combined total of \$6,531,000 from the UST Fund for department administrative expenses.
4. Continues to suspend the annual General Fund statutory appropriation of \$15,000,000 to the Water Quality Assurance Revolving Fund (WQARF). Appropriates monies to the WQARF from the following sources:

| <u>Source</u> | <u>Amount</u> |
|---|---------------------------------|
| General Fund | \$2,823,600 (maximum amount) |
| Vehicle Emissions Inspection (VEI) Fund | \$4,250,000 |
| Air Quality Fund | \$2,875,000 |
| Total Appropriated | \$9,948,600 |

- a. Includes a statement of legislative intent that fund balances in the VEI and Air Quality funds be evaluated to determine if sufficient monies are available for continued use in FY 18 for the WQARF.
5. Continues to allow the use of up to \$1.8 million from the VEI Fund for ADEQ's safe drinking water program.
 6. Instructs the Director to decrease VEI fees in the Phoenix metropolitan area by \$3/test and exempts ADEQ from statutory rulemaking requirements until July 1, 2017 for the purpose of reducing fees.

State Parks Board (ASPB)

7. Continues to allow ASPB to spend up to \$692,100 from its portion of the Off-Highway Vehicle Recreation Fund for agency operating costs.

Navigable Stream Adjudication Commission (ANSAC)

8. Continues to allow monies appropriated to ANSAC from the Water Banking Fund to be used in FY 17 to pay for legal fees.

Department of Water Resources (ADWR)

9. Continues to allow the Water Protection Fund Commission to grant ADWR up to \$336,000 of the unobligated balance in the Water Protection Fund to pay for administrative costs.
10. Authorizes ADWR to increase fees for services in FY 17 and requires fee revenues to be deposited in the Water Resources Fund.
 - a. Includes legislative intent limiting revenue generated from fees to \$100,200.
 - b. Exempts ADWR from rulemaking for the purpose of establishing fees until July 1, 2017.

Trust Land Administration Fund (Fund)

11. Repeals statutory changes made in the FY 16 ([SB 1474](#)) budget that would have established a new Fund upon voters approving [SCR 1018](#) at the November election. This change is consistent with HCR 2051 that requests the Secretary of State transmit the resolution back to the Legislature. As a result of HCR 2051, the resolution will not be included on the November ballot.