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BILL ANALYSIS



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Senate Bill 26 (as introduced 1-18-23)
Sponsor: Senator Stephanie Chang
Committee: Energy and Environment

Date Completed: 4-19-23

CONTENT

The bill would add a section to Part 55 (Air Pollution Control) of the Natural Resources and Environmental Protection Act (NREPA) to do the following:

- **Create the Air Quality Enforcement and Mitigation (AQEM) Fund within the State Treasury.**
- **Prescribe the purposes and limitations for the Department of Environment, Great Lakes, and Energy's (EGLE) usage of AQEM funds.**
- **Define "environmental protection community" and require EGLE to develop a process for identifying environmental protection communities.**
- **Require EGLE to establish an Air Quality Community Impact Grant Program, including program rules and potential grant recipients.**
- **Require EGLE to develop program rules in consultation with an advisory committee made up of specific members as prescribed by the bill.**

The bill would take effect 90 days after its enactment.

Among other things, Part 55 of NREPA establishes rules relating to air pollution and to the issuance of permits for a new, modified, or existing emissions source, process, or process equipment. Part 55 also prescribes fines for fee-subject facilities, such as an electric provider regulated by the Michigan Public Service Commission, among others, that violate Part 55's permitted tonnage of fee-subject emissions. (Fee-subject emissions include pollutants such as nitrous oxide and ozone which are regulated under the Federal Clean Air Act.)

The bill would add a section to Part 55 creating the AQEM Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer also would direct the investment of the Fund and would have to credit to the Fund interest and earnings from its investments. Money in the Fund at the close of the fiscal year would remain in the Fund and not lapse to the General Fund. All civil and administrative fines collected under Part 55 would have to be deposited into the AQEM Fund.

The bill would require EGLE to spend money from the Fund, upon appropriation, only for specific purposes. The Department would have to spend 30% of the money for staffing and other EGLE functions that would benefit environmental protection communities and be related to one or more of the following:

- Mitigation of air pollution, such as by buffering with vegetation, optional residential buyouts, air filters in homes and schools, and diesel engine retrofit or replacement programs.
- Increased air monitoring.

- Improved compliance by persons with a history of NREPA violations or permits issued or rules promulgated under the Act including, training for environmental regulators or prosecuting attorneys.

The other 70% of the money would have to be spent for grants for one or more of the following purposes in the communities where Part 55 violations occurred or nearby communities, particularly environmental protection communities:

- Mitigation of air pollution, as described above.
- Increased air monitoring.
- Health impact assessments.
- Education and training programs for community residents and local environmental regulators to increase effectiveness of enforcement programs for rules promulgated or orders issued under Part 55 and in deterring violations of the Act.

The bill would define "environmental protection community" as a geographic area that EGLE, using tools such as the U.S. Environmental Protection Agency's EJSCREEN, has identified as a community facing a disproportionate environmental burden, based on indicators such as sensitive populations, socioeconomic factors, exposures, and environmental effects. The Department, in collaboration with environmental interest groups, would have to develop a process to identify environmental protection communities and use community engagement to obtain information and feedback. The Department also would have to identify environmental protection communities within 150 days after census block data from a decennial census became publicly available.

To fund these education and training programs, the bill would require EGLE to establish an Air Quality Community Impact Grant Program. The Program would have to provide grants to nonprofit entities, local health departments, local environmental departments, and school districts. The Department would have to develop and communicate rules describing how grants would be allocated, grant application procedures, the criteria for awarding grants, and administrative and fiscal requirements governing the receipt and expenditure of grants.

The Department would have to develop these rules in consultation with an advisory committee that included at least one of each of the following:

- A public health expert.
- A representative of an environmental justice organization.
- A representative of the Department of Health and Human Services (DHHS).
- A representative of a local health department or local environmental department.
- Two residents of environmental protection communities.

The Department would have to post on its website and otherwise make publicly available an annual report on the purposes for which grants were awarded, including the communities affected.

Proposed MCL 324.5534

PREVIOUS LEGISLATION

(Please note: The information in this summary provides a cursory overview of previous legislation and its progress. It does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

The bill is a reintroduction of Senate Bill 54 of the 2021-2022 Legislative Session.

Legislative Analyst: Tyler P. VanHuyse

FISCAL IMPACT

This bill would have a positive revenue impact on the State through the collection of civil and administrative fines. This bill would have no fiscal impact on EGLE. Any costs, administrative or otherwise, will be offset with 30% of the revenue deposited into the Fund.

This bill would have a significant positive fiscal impact on local units of government that receive grant funding from the remaining 70% of the Fund revenue.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.