

Department of Environmental Quality
 Budget No. 303
 House Bill No. 1024

	FTE Positions	General Fund	Other Funds	Total
2019-21 legislative appropriations	165.50	\$12,480,922	\$46,233,574	\$58,714,496
2019-21 base budget	152.50	10,724,151	38,987,520	49,711,671
Legislative increase (decrease) to base budget	13.00	\$1,756,771	\$7,246,054	\$9,002,825

ONGOING AND ONE-TIME GENERAL FUND APPROPRIATIONS

	Ongoing General Fund Appropriation	One-Time General Fund Appropriation	Total General Fund Appropriation
2019-21 legislative appropriations	\$12,480,922	\$0	\$12,480,922
2017-19 legislative appropriations	10,724,151	0	10,724,151
2019-21 legislative increase (decrease) to 2017-19 appropriations	\$1,756,771	\$0	\$1,756,771
Percentage increase (decrease) to 2017-19 appropriations	16.4%	N/A	16.4%

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE BUDGET AND MAJOR FUNDING ITEMS
Changes to Base Budget

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for base payroll changes.		(\$175,616)	\$322,006	\$146,390
Added funding to provide employee salary increases of 2 percent on July 1, 2019, with a minimum monthly increase of \$120 and a maximum monthly increase of \$200, and 2.5 percent on July 1, 2020.		305,238	584,044	889,282
Added funding for employee health insurance premiums to reflect a revised premium estimate of \$1,426.74 per month.		234,646	470,362	705,008
Adjusted funding for cost to continue changes to the base budget.		(162,976)	957,799	794,823
Removed 3 FTE positions, including 1 FTE administrative assistant, 1 FTE office assistant, and 1 FTE legal assistant, and related funding for salaries and wages.	(3.00)	(94,123)	(271,407)	(365,530)

Added 2 FTE positions and related funding from the general fund and the petroleum tank release compensation fund for salaries and wages and operating expenses to transfer the petroleum tank release program from the Insurance Department to the Department of Environmental Quality (DEQ).	2.00	297,217	277,852	575,069
Transferred the boiler inspection program, including 4 FTE positions, from the Insurance Department to DEQ. Funding is provided from the state fire and tornado fund for base salaries and wages of \$753,365 and operating expenses of \$89,000.	4.00		842,365	842,365
Added 2 FTE positions and funding for salaries and wages in the 1 st year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs.	2.00	384,356		384,356
Added 8 FTE positions and funding in the 2 nd year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, including funding for salaries and wages of \$889,640 and operating expenses of \$359,305.	8.00	1,056,767		1,056,767
Reduced funding for operating expenses related to training water treatment system operators to provide a total of \$125,000 from the general fund.		(55,000)		(55,000)
Added funding for Microsoft Office 365 license expenses.		20,048	64,538	84,586
Increased funding for bond and capital payments to provide a total of \$216,429, of which \$93,691 is from the general fund.		1,864	1,541	3,405
Reduced funding for extraordinary repairs to provide a total of \$27,000, of which \$6,866 is from the general fund.		(55,650)	(217,700)	(273,350)
Increased funding for equipment and information technology equipment over \$5,000 to provide a total ongoing appropriation of \$1.02 million from other funds.			275,125	275,125
Increased funding for grants to accept and disburse funding from the Volkswagen trust settlement to provide a total of \$5,399,529.			2,899,529	2,899,529
Added one-time funding from the strategic investment and improvements fund for capital assets of \$1 million and operating expenses of \$40,000 for air pollution program equipment related to the establishment of federal program supremacy.			1,040,000	1,040,000
Total	13.00	\$1,756,771	\$7,246,054	\$9,002,825

FTE Changes

The Legislative Assembly approved 165.5 FTE positions for DEQ for the 2019-21 biennium, an increase of 13 FTE positions from the 2017-19 biennium. The Legislative Assembly transferred 4 FTE positions from the Insurance Department for the boiler inspection program, added 2 FTE positions to transfer the petroleum tank release program from the Insurance Department, added 2 FTE positions related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, and removed 3 FTE positions, not identified, agencywide. The Legislative Assembly added an additional 8 FTE positions in the 2nd year of the biennium related to the state assuming primacy over the quad O and quad Oa federal air pollution programs.

One-Time Funding

In Section 2 of House Bill No. 1024, the Legislative Assembly identified \$1.04 million of one-time funding from the strategic investment and improvements fund for capital assets of \$1 million and operating expenses of \$40,000 for air pollution program equipment related to the establishment of federal program supremacy. These amounts are not to be considered part of DEQ's 2021-23 biennium base budget, and DEQ is to report to the Appropriations Committees during the 2021 legislative session on the use of this funding.

Department of Environmental Quality Certification

Pursuant to Senate Bill No. 2327 (2017), on April 12, 2019, the Section Chief of the Environmental Health Section of the State Department of Health certified to the Director of the Legislative Council that the Environmental Health Section of the State Department of Health had completed the actions necessary to transfer authority for the administration and enforcement of environmental programs to the newly created Department of Environmental Quality. The section chief certified that all necessary federal approvals had been obtained and all necessary agreements with the federal government had been amended to ensure that the state would meet primacy requirements upon the transfer of authority from the State Department of Health to DEQ. The notice provided certification is effective as of April 29, 2019, and therefore the provisions of Sections 2 through 74 of Senate Bill No. 2327 become effective on April 29, 2019. In addition to establishing primacy over current federal programs, DEQ plans to petition the federal Environmental Protection Agency to establish federal program supremacy over the quad O and quad Oa federal air pollution programs during the 2019-21 biennium.

Other Sections in House Bill No. 1024

Environment and rangeland protection fund - Section 3 authorizes DEQ to spend \$250,000 from the environment and rangeland protection fund for the ground water testing programs. Of this amount, \$50,000 is for a grant to the North Dakota Stockmen's Association for the environmental services program.

State fire and tornado fund - Section 4 identifies \$882,249 of estimated income from the state fire and tornado fund for the boiler inspection program.

Petroleum release compensation fund - Section 5 authorizes DEQ to spend \$297,217 from the petroleum release compensation fund for 50 percent of the expenses related to the petroleum tank release program.

Strategic investment and improvements fund - Section 6 authorizes DEQ to spend \$1.04 million from the strategic investment and improvements fund for one-time funding of air pollution program equipment related to the establishment of federal program supremacy.

Federal program supremacy - Section 7 provides \$1,056,767 from the general fund and authority for 8 FTE positions, related to the state assuming primacy over the quad O and quad Oa federal air pollution programs, are effective July 1, 2020.

Petroleum release remediation program transfer - Sections 8 through 28 provide the statutory amendments to North Dakota Century Code Chapter 23.1-12 to transfer the administration of the petroleum tank release compensation fund tank integrity testing from the Insurance Commissioner to DEQ and provide DEQ establish registration fees by rule. Section 17 establishes fee amounts until DEQ establishes registration fees by rule.

Boiler inspection program transfer - Section 29 creates Chapter 23.1-16 to transfer the boiler inspection program from the Insurance Commissioner to DEQ. Section 30 amends Section 23.1-16-13, created in Section 29 of the bill, to provide, effective July 1, 2020, fees related to the boiler inspection program are deposited in the DEQ operating fund instead of the state fire and tornado fund. Section 31 repeals the boiler inspection program in Chapter 26.1-22.1 because it is created in Chapter 23.1-16. Section 32 provides legislative intent requiring DEQ to review the boiler inspection program during the 2019-20 interim, develop a plan for program fees to meet program expenses, and report to the Legislative Management regarding the plan before June 30, 2020. Section 33 provides Section 30, related to the deposit of boiler inspection fees in the DEQ operating fund, is effective July 1, 2020.

Contingent expiration date - Section 34 provides a contingent expiration date for Section 17, which provides for petroleum tank fees to be assessed until DEQ adopts rules regarding fees.

Related Legislation

Senate Bill No. 2107 - Requires DEQ to establish and administer a certification program for environmental laboratories.

Senate Bill No. 2108 - Relates to coal combustion residuals.

Senate Bill No. 2109 - Relates to the duties and responsibilities of DEQ.