

The Legislative Fiscal Division Presents an Agency Profile of: The Department of Environmental Quality

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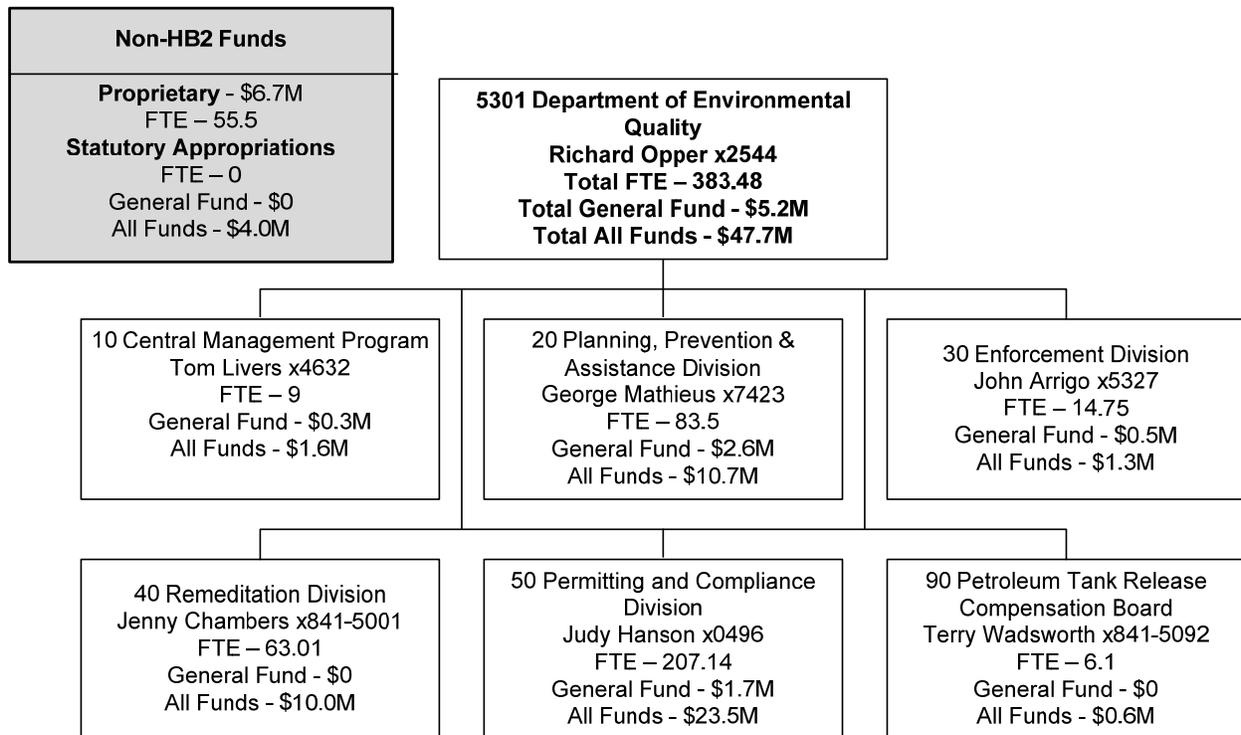
Updated December 2012

Agency Description

Definition of Terms

The department is responsible for regulating air quality, water quality, underground storage tanks, automobile wrecking facilities, hazardous waste facilities, solid waste management systems, and mining operations and for the siting and needs analyses of large-scale energy facilities. In addition, the department is the lead agency for reclamation and clean-up activities related to the federal and state superfund programs, leaking underground storage tanks, and regulation and permitting of mining conducted on private, state, and federal lands.

The department works in partnership with the federal Environmental Protection Agency (EPA). Congress gave the EPA the initial responsibility for development and implementation of environmental protection, but many federal statutes contain preference for delegation of the program to the states when the state can demonstrate capacity to carry it out. This arrangement establishes state-federal environmental goals and priorities with the funding and flexibility to achieve desired results. These joint activities become the basis of future agreements and long-term strategic planning. Given this unique relationship, the federal government dictates many of the department's activities.



How Services are Provided

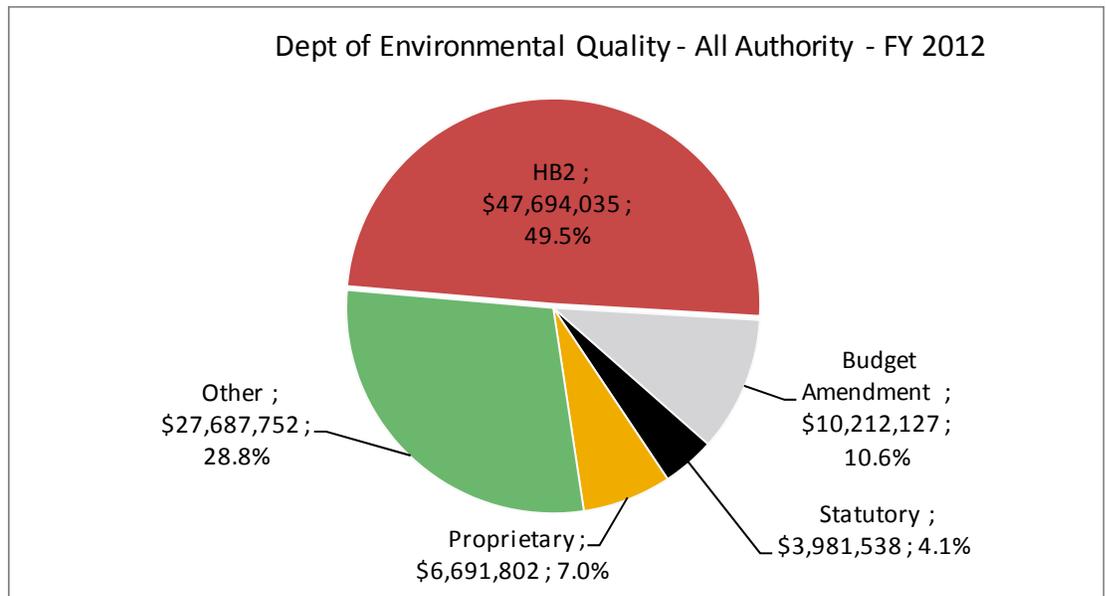
The department consists of five divisions with the following functions:

- The **Central Management Division** houses the director’s office, financial services, information technology, centralized legal services, and personnel. This division provides the management, planning, and accountability functions. Primarily proprietary dollars fund the 9.10 FTE used to complete these activities
- The **Planning Prevention and Assistance Division** develops and implements integrated air, energy, waste management, and water plans to protect Montana's environmental resources. This division utilizes 83.5 FTE to complete its duties
- The **Enforcement Division** facilitates enforcement of the laws and regulations administered by the department when efforts of the other divisions have not been successful. 14.73 FTE manage the enforcement process
- The **Remediation Division** is responsible for overseeing investigation and cleanup activities at state and federal Superfund sites; reclaiming abandoned mine lands; implementing corrective actions at sites with leaking underground storage tanks (LUSTs); and overseeing ground water remediation at sites where agricultural and industrial chemical spills have caused ground water contamination. 63.01 FTE handle remediation oversight activities
- The **Permitting and Compliance Division** reviews and assesses all environmental permit and license applications to determine the correct control measures and requirements needed to meet the laws and rules that have been enacted to protect the quality of the state's air, water, and land. This includes preparing appropriate environmental review documents, conducting all facility inspections and reviews to determine compliance with permit conditions and the laws and regulations. 207.14 FTE support this division
- The **Petroleum Tank Release Compensation Board** is responsible for administering the petroleum tank release cleanup fund. It has a staff of 6.00 FTE. It is attached to the DEQ for administrative purposes

Sources of Spending Authority

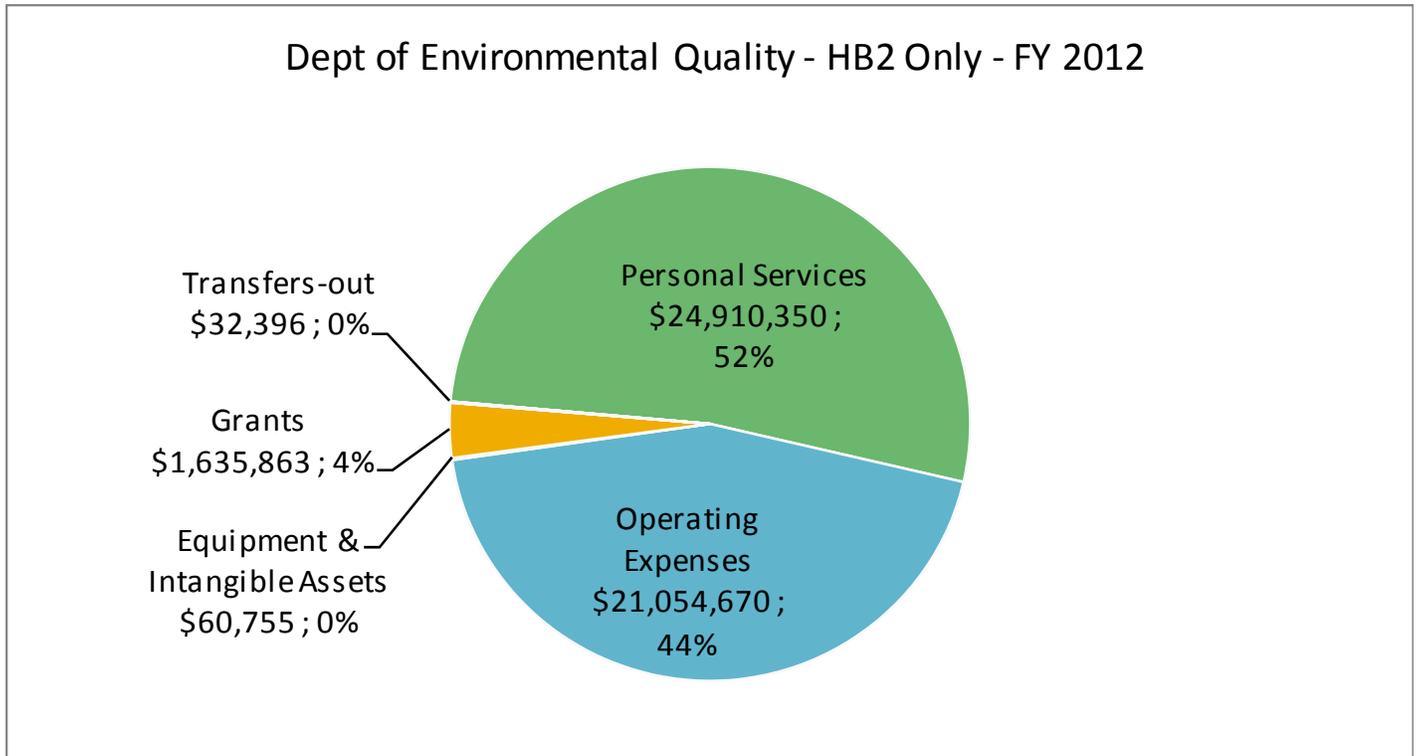
The below chart shows the sources of authority for the Department of Environmental Quality. The other authority includes bonds for remediation and clean-up costs.

Other legislative appropriations (sometimes called cat and dog bills) are included in the above categories as appropriate. For a more detailed description of accounting terminology, please refer to the definition of terms.



Expenditures

The next chart explains how the HB 2 authority is spent. This chart matches the agency chart found in the 2015 Budget Analysis.

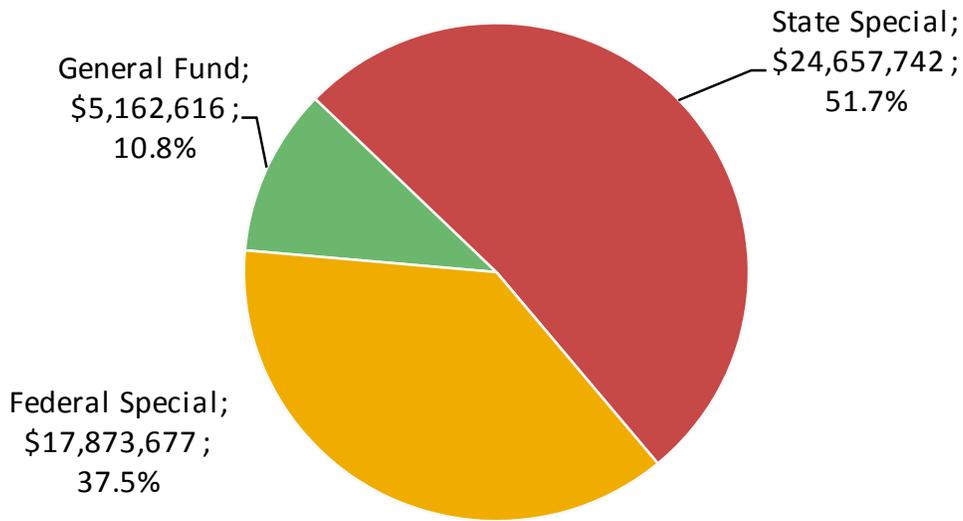


Funding

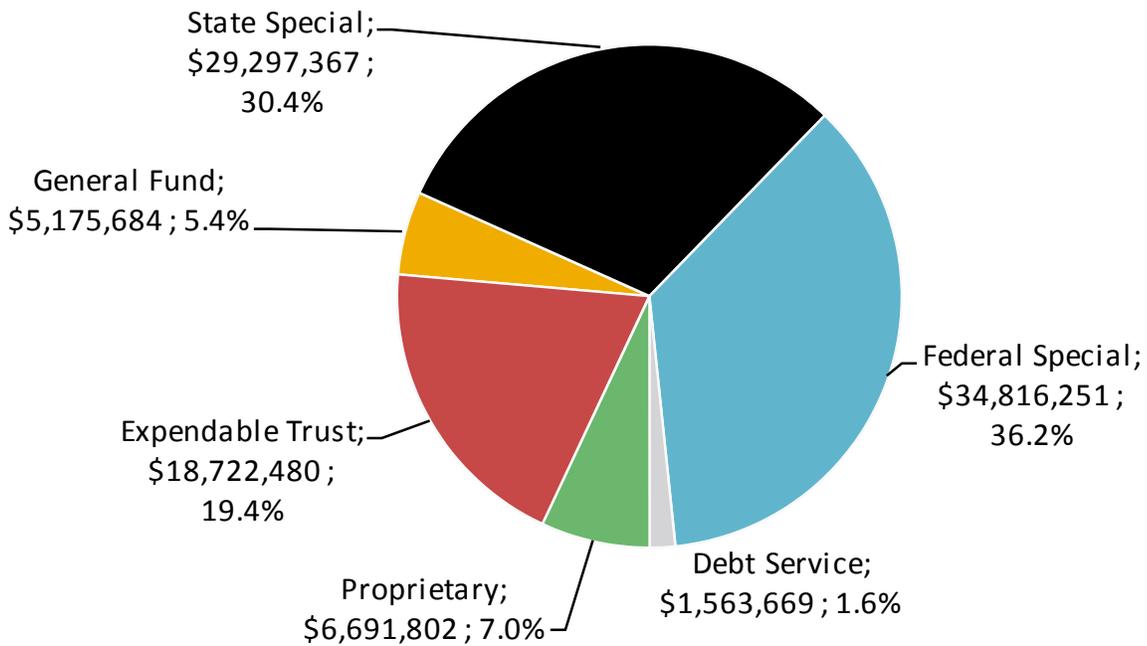
The charts on the next page show the agency's HB 2 funding authority by fund type and all sources or its total funding authority. A large portion of funding for the department is received from the Resource Indemnity Trust (RIT); it includes funding from the Hazardous Waste- CERCLA account, Environmental Quality Protection Fund (EQPF), Orphan Share account, and the Natural Resource Operations account.

Funding

Dept of Environmental Quality - HB2 Only Funding - FY 2012



Dept of Environmental Quality - Total Funding - FY 2012



How the 2013 Legislature Can Effect Change

In order to change expenditure levels and/or agency activity, the legislature must address one or more of the following basic elements that drive costs:

Licensing

The department provides processes to license a number of environmentally related occupations. To influence expenditure levels or agency activities in this area:

- Determine occupations that need to be licensed for the protection of the environment
- Establish guidelines for licensing a particular occupation or category of occupations
- Set fees for licensing activities
- Direct licensing fees to support a specific activity or program
- Determine re-application intervals for licenses

Permitting

The department provides processes to release permits for such activities as building waste management facilities, emitting pollutants into air and water, and strip mining activities. Change can be achieved through:

- Determining the types of environmental activities that require permitting to protect the environment
- Establishing general guidelines for the permitting process
- Defining the length of time for a valid permit
- Evaluating fees for permitting activities
- Directing fees to support specific activities or programs

Monitoring

As a regulatory agency, the department is constantly monitoring activities that could affect the environment as well as air and water quality. To affect this activity, consider the following:

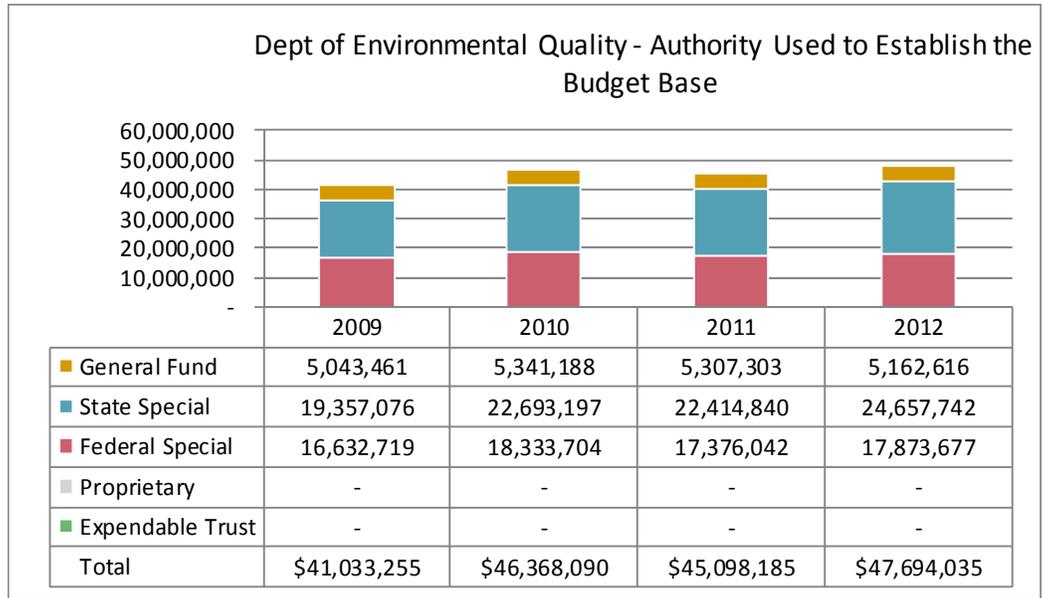
- Determine how much air and water quality monitoring is sufficient
- Define compliance monitoring intervals for reclamation and cleanup activities
- Establish priorities for monitoring activities
- Define the scope of monitoring activities

Major Cost Drivers

Elements	2010	2012	Significance
Number of reclamation bonds held	351	455	Number of mining sites with reclamation bonds, potential workload
Value of reclamation bonds held (in millions)	\$695.70	\$712.30	Value of bonded reclamation work in Montana
Acres of mining land reclaimed (does not include hard-rock mines)	29624	33896	Workload
Number of federally designated Superfund sites	14	15	Workload, federal revenue
Number of water quality permits released	2800	2929	Workload, revenue
Number of air quality permits released	670	297	Workload, revenue
Number of complaints received	804	938	Workload
Number of complaints resulting in enforcement action	7	7	Workload, revenue from fines, severity of complaints
Total number of new and ongoing enforcement actions	551	452	Workload, revenue from fines, severity of complaints

Funding/Expenditure History

The table shows the historical changes in the department’s base budget authority. The general fund and federal funding base for the department has stayed relatively stable, with no major fluctuations in the last four years. The department’s special revenue base expenditures have increased \$5.3 million over the last four years due to increases from the Environmental Quality Protection Fund due to successful cost recovery efforts, which produces more clean-ups, and from the Hard Rock Mining Reclamation Fund for the Zortman/Landusky site expenditures.



Major Legislative Changes in the Last Ten Years

2009 Session HB 645 provided \$23.9 million in funding for the state energy building program, development of wastewater and drinking water infrastructure, cleanup of leaking underground storage tanks, diesel emission reductions and support for permit functions associated with infrastructure development.

2007 Session HB 116 revised the distribution of resource indemnity trust interest and resource indemnity groundwater assessments, clarifies use of resource indemnity related funds, and prioritizes expenditures to on-the-ground projects. This legislation impact the department through increases in revenues to the orphan share and the environmental quality protection fund.

2005 Session HB 60 established standards for the cleanup of indoor property contaminated by a clandestine methamphetamine lab and the requirements for certifying persons to conduct the remediation of such properties.

For further information, you may wish to contact the agency at:

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