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Community Pollution Prevention Fund

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The Fund

Initiated Law 1 of 1976, i.e., the beverage container deposit law, established the Community Pollution Prevention Fund within the State Treasury. The Fund currently receives money annually under a statutory formula that requires the State Treasurer to disburse into it 10% of the revenue received by the Cleanup and Redevelopment Trust Fund from underredeemers (80% is disbursed to the Cleanup and Redevelopment Fund and the balance remains in the Trust Fund).¹

The Department of Environment, Great Lakes, and Energy (EGLE) is required to spend Fund money, upon appropriation, for grants to prevent pollution, with an emphasis on the prevention of groundwater contamination and resulting risks to public health, ecological risks, and public and private cleanup costs. The Department must enter into an agreement with grant recipients (i.e., county governments, local health departments, municipalities, and regional planning agencies). The activities to be performed by grant recipients and program objectives and deliverables must be specified in a contract. Grant recipients must provide a financial match of not less than 25% nor more than 50%. Not more than \$100,000 may be granted in any fiscal year to a single recipient.

Eligible pollution prevention activities include all of the following:

- Drinking water wellhead protection, including the delineation of wellhead protection areas and implementation of wellhead protection plans under the Safe Drinking Water Act.
- The review of pollution incident prevention plans prepared by, and the inspection of, facilities whose storage or handling of hazardous materials may pose a risk to groundwater.
- The identification and plugging of abandoned wells other than oil and gas wells.
- Programs to educate the public and businesses that use or handle hazardous materials on pollution prevention methods, technologies, and processes, with an emphasis on the direct reduction of toxic material releases or disposal at the source.

The law also requires EGLE to prepare an annual report summarizing the grants made from Fund dollars, contractual commitments made and achieved, and a preliminary evaluation of the effectiveness of the Fund and its activities by September 30 of each year.

Fiscal Year (FY) 2022-23 Grants

According to the Department's FY 2022-23 report, EGLE issued one grant from the Fund in FY 2022-23 to the West Michigan Sustainable Business Forum for \$100,000 to develop a statewide Food Waste Reduction Roadmap. The grant originally was awarded in FY 2021-22, but not fully executed until FY 2022-23. The project was approved for a grant extension, and it will close in December 2023.

The project is intended to identify best practices in food waste reduction that are occurring in Michigan currently. These include best practices for various industries including farmers, food manufacturers, the

¹ An underredeemer is a distributor or manufacturer whose sum of the total value of bottle deposits collected from participating customers on beverage containers sold in Michigan in a specified period and the refunds received from the Department of Treasury in the specified period exceeds the total value of refunds made to participating customers on beverage containers redeemed in Michigan in that specified period.

food service industry, and grocery retailers. The project also will identify barriers to adopting and implementing identified strategies to reduce food waste. The Roadmap is underway and is expected to be completed by the end of December 2023. When released, it will include recommendations for State and local policy makers to address barriers to adopting and implementing food waste reduction strategies in the farming, food manufacturing, food service industry, and grocery retail sectors.

Fund History

Table 1 shows a history of the Fund over the last decade. This history indicates the beginning balance for each fiscal year. Revenue for the Fund increased steadily before a significant increase in FY 2020-21. During that same period, expenditures decreased 86%. The Department is statutorily required to appropriate and spend only from the interest and earnings of the Fund. With the Fund balance exceeding \$20.5 million by the end of FY 2021-22, and greater interest returns expected, there is potential for more sizable grant expenditures in the coming years. In years with minimal interest returns for the Fund, the Department adopted a practice of batching grants to streamline the administrative processes involved in issuing grants from the Fund.

Table 1

Community Pollution Prevention Fund History			
Fiscal Year	Fund Balance	Revenue	Expenditures
2012-13	\$2,685,400	\$1,603,800	\$(1,835,500)
2013-14	2,453,700	1,607,800	(1,160,300)
2014-15	2,901,169	1,656,041	(304,367)
2015-16	3,252,843	1,919,604	(1,366,040)
2016-17	4,042,458	2,271,261	(1,204,125)
2017-18	5,262,199	2,626,300	(1,134,200)
2018-19	6,754,303	3,403,013	(1,009,100)
2019-20	9,148,216	3,334,197	(1,200)
2020-21	12,481,212	8,201,739	(2,800)
2021-22	20,577,076	7,795,778	(125,117)
2022-23*	28,247,737	7,850,000	(250,000)

The FY 2023-24 budget included authorization to appropriate \$250,000 from the Fund for the purpose of issuing grants. This matches the FY 2022-23 appropriation. Table 2 below reflects the history of grant applications and approvals of the three most recent fiscal years.

Table 2

Grant History				
Fiscal Year	Applications	Application Amount	Grants Approved	Approved Amount
2020-21	11	\$ 227,271	9	\$186,168
2021-22	1	100,000	1	100,000
2022-23*	1	100,000	1	100,000

*In FY 2022-23 the only application received was an approved grant extension from FY 2021-22.