



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

JUL 12 2017

OFFICE OF THE  
CHIEF FINANCIAL OFFICER

**MEMORANDUM**

**SUBJECT:** House Appropriations Subcommittee – Markup of FY 2018 Interior, Environment and Related Agencies Appropriations Bill

**FROM:**   
David A. Bloom  
Acting Chief Financial Officer

**TO:** Scott Pruitt  
Administrator

Mike Flynn  
Acting Deputy Administrator

The House Appropriations Subcommittee on Interior, Environment and Related Agencies considered and reported its FY 2018 Appropriations Bill today. The bill funds the U.S. Environmental Protection Agency at approximately \$7.53 billion, which is \$528 million less than the FY 2017 Enacted Budget and \$1.875 billion above the FY 2018 President's Budget request.

During the markup, the House Subcommittee's discussion regarding the EPA's bill focused on water infrastructure and contaminated land. Amendments were not offered at this proceeding; however, we do expect them to be proposed at the Full Committee mark-up.

The attached tables summarize the House Subcommittee action by appropriation account and more detailed information regarding funding for the State and Tribal Assistance Grant account and Categorical Grants. In addition, a summary of the 10 legislative provisions that address the EPA's regulatory authority are attached as well as the Subcommittee Bill language.

**Next Steps:** The House Full Committee on Appropriations is scheduled to consider this bill Tuesday, July 18. At that time, the Committee Report with detailed funding levels will be available. I will continue to monitor Congressional action and provide updates, as needed, and would be pleased to answer any questions you may have.

Attachments (5)

cc: Acting Assistant Administrators  
Acting General Counsel

Inspector General  
Chief of Staff  
Henry Darwin  
Byron Brown  
Holly Greaves  
Associate Administrators  
Deputy Chief of Staff  
Acting Regional Administrators  
Acting Deputy Assistant Administrators  
Acting Deputy Regional Administrators  
Deputy Associate Administrators  
Associate Assistant Administrators  
Assistant Regional Administrators

## FY 2018 House Sub-Committee Markup Appropriations Summary

(Dollars in Thousands)

| Appropriation                                    | FY 2017<br>Enacted | FY 2018<br>PresBud | FY 2018<br>House Sub<br>Markup | Delta<br>FY 18 House<br>vs FY 17 E | % Change<br>vs FY 18 PB | Delta<br>FY 18 House<br>vs FY 18 PB | % Change     |
|--|--------------------|--------------------|--------------------------------|------------------------------------|-------------------------|-------------------------------------|--------------|
| Science & Technology (S&T)                       | \$706,473          | \$450,812          | \$602,238                      | (\$104,235)                        | -15%                    | \$151,426                           | 33.6%        |
| Environmental Program & Management (EPM)         | \$2,597,999        | \$1,717,484        | \$2,363,840                    | (\$234,159)                        | -9%                     | \$646,356                           | 37.6%        |
| Inspector General (IG)                           | \$41,489           | \$37,475           | \$40,000                       | (\$1,489)                          | -4%                     | \$2,525                             | 6.7%         |
| Building and Facilities (B&F)                    | \$34,467           | \$39,553           | \$39,553                       | \$5,086                            | 15%                     | \$0                                 | 0.0%         |
| Inland Oil Spill Programs (Oil)                  | \$18,209           | \$15,717           | \$18,047                       | (\$162)                            | -1%                     | \$2,330                             | 14.8%        |
| Hazardous Substance Superfund (SF)               |                    |                    |                                |                                    |                         |                                     |              |
| - Superfund Program                              | \$1,064,495        | \$745,728          | \$1,093,100                    | \$28,605                           | 3%                      | \$347,372                           | 46.6%        |
| - Inspector General Transfer                     | \$8,778            | \$3,900            | \$7,778                        | (\$1,000)                          | -11%                    | \$3,878                             | 99.4%        |
| - Science & Technology Transfer                  | \$15,496           | \$12,435           | \$15,496                       | \$0                                | 0%                      | \$3,061                             | 24.6%        |
| <b>SF Total</b>                                  | <b>\$1,088,769</b> | <b>\$762,063</b>   | <b>\$1,116,374</b>             | <b>\$27,605</b>                    | <b>3%</b>               | <b>\$354,311</b>                    | <b>46.5%</b> |
| Leaking Underground Storage Tanks (LUST)         | \$91,941           | \$47,429           | \$91,874                       | (\$67)                             | 0%                      | \$44,445                            | 93.7%        |
| State and Tribal Assistance Grants (STAG)        |                    |                    |                                |                                    |                         |                                     |              |
| - Categorical Grants                             | \$1,066,041        | \$597,347          | \$1,066,041                    | \$0                                | 0%                      | \$468,694                           | 78.5%        |
| - State Revolving Loan Funds                     | \$2,257,120        | \$2,257,120        | \$2,007,120                    | (\$250,000)                        | -11.1%                  | (\$250,000)                         | -11.1%       |
| - All Other STAG                                 | \$204,000          | \$79,000           | \$215,000                      | \$11,000                           | 5.4%                    | \$136,000                           | 172.2%       |
| <b>STAG Total</b>                                | <b>\$3,527,161</b> | <b>\$2,933,467</b> | <b>\$3,288,161</b>             | <b>(\$239,000)</b>                 | <b>-6.8%</b>            | <b>\$354,694</b>                    | <b>12.1%</b> |
| Water Infrastructure Finance and Innovation Fund | \$10,000           | \$20,000           | \$30,000                       | \$20,000                           | 200%                    | \$10,000                            | 50.0%        |
| E-Manifest                                       | \$3,178            | \$0                | \$0                            | (\$3,178)                          | -100%                   | \$0                                 | 0.0%         |
| Cancellation/ Rescission of Funds                | (\$61,198)         | (\$369,000)        | (\$60,000)                     | \$1,198                            | -2%                     | \$309,000                           | 0.0%         |
| <b>Agency Total</b>                              | <b>\$8,058,488</b> | <b>\$5,655,000</b> | <b>\$7,530,087</b>             | <b>(\$528,401)</b>                 | <b>-6.5%</b>            | <b>\$1,875,087</b>                  | <b>23.3%</b> |

**Notes:**

FY 17 Enacted Totals do not include P.L. 114-254 (\$100M DWSRF, \$20M WIFIA)

FY 18 House Markup includes rescissions in ST of \$27M and EPM of \$36M.

FY 18 Pres. Budget requests an appropriation of \$3.67 M that will net to \$0 through offsetting collections of E-Manifest System user fees. The appropriation will cover necessary costs to implement and operate the E-Manifest system.

## FY 2018 House Subcommittee Markup STAG Infrastructure Financing

(Dollars in Thousands)

| Type / Grant                                       | FY 2017<br>Enacted | FY 2018<br>PresBud | FY 2018<br>House Sub<br>Markup | Delta<br>FY 18 House<br>vs FY 17 E | % Change | Delta<br>FY 18 House<br>vs FY 18 PB | % Change |
|--|--------------------|--------------------|--------------------------------|------------------------------------|----------|-------------------------------------|----------|
| <b>State / Tribal Categorical Grant Assistance</b> | \$1,066,041        | \$597,347          | \$1,066,041                    | \$0                                | 0%       | \$468,694                           | 78.5%    |
| <b>Infrastructure Assistance Total</b>             | \$2,461,120        | \$2,336,120        | \$2,222,120                    | (\$239,000)                        | -10%     | (\$114,000)                         | -4.9%    |
| <b>State Revolving Funds</b>                       | \$2,257,120        | \$2,257,120        | \$2,007,120                    | (\$250,000)                        | -11%     | (\$250,000)                         | -11.1%   |
| Clean Water State Revolving Fund                   | \$1,393,887        | \$1,393,887        | \$1,143,887                    | (\$250,000)                        | -18%     | (\$250,000)                         | -17.9%   |
| Drinking Water State Revolving Fund                | \$863,233          | \$863,233          | \$863,233                      | \$0                                | 0%       | \$0                                 | 0.0%     |
| <b>Special Needs Projects</b>                      | \$34,000           | \$0                | \$10,000                       | (\$24,000)                         | -71%     | \$10,000                            | N/A      |
| Mexico Border                                      | \$10,000           | \$0                | \$0                            | (\$10,000)                         | -100%    | \$0                                 | N/A      |
| Alaska Native Villages                             | \$20,000           | \$0                | \$10,000                       | (\$10,000)                         | -50%     | \$10,000                            | N/A      |
| Gold King Mine-Water Monitoring                    | \$4,000            | \$0                | \$0                            | (\$4,000)                          | -100%    | \$0                                 | N/A      |
| <b>Diesel Emissions Reduction Grant Program</b>    | \$60,000           | \$10,000           | \$75,000                       | \$15,000                           | 25%      | \$65,000                            | 650.0%   |
| <b>Brownfields Projects</b>                        | \$80,000           | \$69,000           | \$90,000                       | \$10,000                           | 13%      | \$21,000                            | 30.4%    |
| <b>Targeted Airshed Grants</b>                     | \$30,000           | \$0                | \$40,000                       | \$10,000                           | 33%      | \$40,000                            | N/A      |
| <b>Total STAG Funding</b>                          | \$3,527,161        | \$2,933,467        | \$3,288,161                    | (\$239,000)                        | -7%      | \$354,694                           | 12.1%    |

## FY 2018 House Sub-Committee Markup STAG - Categorical Program Grants

(Dollars in Thousands)

| Categorical Grants                     | FY 2017<br>Enacted | FY 2018<br>PresBud | FY 2018 House<br>Sub Markup | Delta<br>FY 18 House<br>vs FY 17 E | %<br>Change | Delta<br>FY 18 House<br>vs FY 18 PB | %<br>Change   |
|--|--------------------|--------------------|-----------------------------|------------------------------------|-------------|-------------------------------------|---------------|
| <b><u>Air &amp; Radiation</u></b>      |                    |                    |                             |                                    |             |                                     |               |
| State and Local Air Quality Management | \$228,219          | \$159,450          | \$228,219                   | \$0                                | 0%          | \$68,769                            | 43.1%         |
| Tribal Air Quality Management          | \$12,829           | \$8,963            | \$12,829                    | \$0                                | 0%          | \$3,866                             | 43.1%         |
| Radon                                  | \$8,051            | \$0                | \$8,051                     | \$0                                | 0%          | \$8,051                             | 0.0%          |
| <b>Total</b>                           | <b>\$249,099</b>   | <b>\$168,413</b>   | <b>\$249,099</b>            | <b>\$0</b>                         | <b>0%</b>   | <b>\$80,686</b>                     | <b>47.9%</b>  |
| <b><u>Water</u></b>                    |                    |                    |                             |                                    |             |                                     |               |
| Pollution Control (Section 106)        | \$230,806          | \$161,257          | \$230,806                   | \$0                                | 0%          | \$69,549                            | 43.1%         |
| Beaches Protection                     | \$9,549            | \$0                | \$9,549                     | \$0                                | 0%          | \$9,549                             | 0.0%          |
| Nonpoint Source (Section 319)          | \$170,915          | \$0                | \$170,915                   | \$0                                | 0%          | \$170,915                           | 0.0%          |
| Wetlands Program Development           | \$14,661           | \$10,243           | \$14,661                    | \$0                                | 0%          | \$4,418                             | 43.1%         |
| <b>Total</b>                           | <b>\$425,931</b>   | <b>\$171,500</b>   | <b>\$425,931</b>            | <b>\$0</b>                         | <b>0%</b>   | <b>\$254,431</b>                    | <b>148.4%</b> |
| <b><u>Drinking Water</u></b>           |                    |                    |                             |                                    |             |                                     |               |
| Public Water System Supervision (PWSS) | \$101,963          | \$71,238           | \$101,963                   | \$0                                | 0%          | \$30,725                            | 43.1%         |
| Underground Injection Control (UIC)    | \$10,506           | \$7,340            | \$10,506                    | \$0                                | 0%          | \$3,166                             | 43.1%         |
| <b>Total</b>                           | <b>\$112,469</b>   | <b>\$78,578</b>    | <b>\$112,469</b>            | <b>\$0</b>                         | <b>0%</b>   | <b>\$33,891</b>                     | <b>43.1%</b>  |
| <b><u>Hazardous Waste</u></b>          |                    |                    |                             |                                    |             |                                     |               |
| H.W. Financial Assistance              | \$99,693           | \$69,652           | \$99,693                    | \$0                                | 0%          | \$30,041                            | 43.1%         |
| Brownfields                            | \$47,745           | \$33,358           | \$47,745                    | \$0                                | 0%          | \$14,387                            | 43.1%         |
| Underground Storage Tanks              | \$1,498            | \$0                | \$1,498                     | \$0                                | 0%          | \$1,498                             | 0.0%          |
| <b>Total</b>                           | <b>\$148,936</b>   | <b>\$103,010</b>   | <b>\$148,936</b>            | <b>\$0</b>                         | <b>0%</b>   | <b>\$45,926</b>                     | <b>44.6%</b>  |
| <b><u>Pesticides &amp; Toxics</u></b>  |                    |                    |                             |                                    |             |                                     |               |
| Pesticides Program Implementation      | \$12,701           | \$8,874            | \$12,701                    | \$0                                | 0%          | \$3,827                             | 43.1%         |
| Lead                                   | \$14,049           | \$0                | \$14,049                    | \$0                                | 0%          | \$14,049                            | 0.0%          |
| Toxic Substances Compliance            | \$4,919            | \$3,437            | \$4,919                     | \$0                                | 0%          | \$1,482                             | 43.1%         |
| Pesticides Enforcement                 | \$18,050           | \$11,050           | \$18,050                    | \$0                                | 0%          | \$7,000                             | 63.3%         |
| <b>Total</b>                           | <b>\$49,719</b>    | <b>\$23,361</b>    | <b>\$49,719</b>             | <b>\$0</b>                         | <b>0%</b>   | <b>\$26,358</b>                     | <b>112.8%</b> |
| <b><u>Multimedia</u></b>               |                    |                    |                             |                                    |             |                                     |               |
| Environmental Information              | \$9,646            | \$6,739            | \$9,646                     | \$0                                | 0%          | \$2,907                             | 43.1%         |
| Pollution Prevention                   | \$4,765            | \$0                | \$4,765                     | \$0                                | 0%          | \$4,765                             | 0.0%          |
| Tribal General Assistance Program      | \$65,476           | \$45,746           | \$65,476                    | \$0                                | 0%          | \$19,730                            | 43.1%         |
| <b>Total</b>                           | <b>\$79,887</b>    | <b>\$52,485</b>    | <b>\$79,887</b>             | <b>\$0</b>                         | <b>0%</b>   | <b>\$27,402</b>                     | <b>52.2%</b>  |
| <b><u>Multipurpose</u></b>             |                    |                    |                             |                                    |             |                                     |               |
| Multipurpose Grants                    | \$0                | \$0                | \$0                         | \$0                                | 0%          | \$0                                 | 0.0%          |
| <b>Total</b>                           | <b>\$0</b>         | <b>\$0</b>         | <b>\$0</b>                  | <b>\$0</b>                         | <b>0%</b>   | <b>\$0</b>                          | <b>0.0%</b>   |
| <b>Categorical Grants Total</b>        | <b>\$1,066,041</b> | <b>\$597,347</b>   | <b>\$1,066,041</b>          | <b>\$0</b>                         | <b>0%</b>   | <b>\$468,694</b>                    | <b>78.5%</b>  |

**FY 2018 House Appropriations Subcommittee**

**Legislative Provisions**

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| GREENHOUSE GAS<br>METHANE RESTRICTIONS   | SEC. 417. Notwithstanding any other provision of law, none of the funds made available in this Act or any other Act may be used to promulgate or implement any regulation requiring the issuance of permits under title V of the Clean Air Act (42 U.S.C. 7661 et seq.) for carbon dioxide, nitrous oxide, water vapor, or methane emissions resulting from biological processes associated with livestock production.   |
| GREENHOUSE GAS<br>REPORTING RESTRICTIONS | SEC. 418. Notwithstanding any other provision of law, none of the funds made available in this or any other Act may be used to implement any provision in a rule, if that provision requires mandatory reporting of greenhouse gas emissions from manure management systems.   |
| LEAD AMMUNITION AND<br>TACKLE            | Sec 420. None of the funds made available by this or any other Act may be used to regulate the lead content of ammunition, ammunition components, or fishing tackle under the Toxic Substance Control Act (15 U.S.C. 2601 et. seq.) or any other law.  |
| USE OF AMERICAN IRON<br>AND STEEL        | <p>SEC. 426. (a)(1) None of the funds made available by a State water pollution control revolving fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12) shall be used for a project for the construction, alteration, maintenance, or repair of a public water system or treatment works unless all of the iron and steel products used in the project are produced in the United States.</p> <p>(2) In this section, the term “iron and steel” products means the following products made primarily of iron or steel: lined or unlined pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe clamps and restraints, valves, structural steel, reinforced precast concrete, and construction materials.</p> <p>(3) In this section, for any steel products used in the project, compliance with 41 U.S.C. 8302(a)(1) shall be deemed to constitute compliance with this section.</p> <p>(b) Subsection (a) shall not apply in any case or category of cases in which the Administrator of the Environmental Protection Agency (in this section referred to as the “Administrator”) finds that—</p> <p>(1) applying subsection (a) would be inconsistent with the public interest;</p> <p>(2) iron and steel products are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality; or</p> |

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|   | <p>(3) inclusion of iron and steel products produced in the United States will increase the cost of the overall project by more than 25 percent.</p> <p>(c) If the Administrator receives a request for a waiver under this section, the Administrator shall make available to the public on an informal basis a copy of the request and information available to the Administrator concerning the request, and shall allow for informal public input on the request for at least 15 days prior to making a finding based on the request. The Administrator shall make the request and accompanying information available by electronic means, including on the official public Internet Web site of the Environmental Protection Agency.</p> <p>(d) This section shall be applied in a manner consistent with United States obligations under international agreements.</p> <p>(e) The Administrator may retain up to 0.25 percent of the funds appropriated in this Act for the Clean and Drinking Water State Revolving Funds for carrying out the provisions described in subsection (a)(1) for management and oversight of the requirements of this section.</p> <p>(f)(1) For any steel products used in a project subject to the requirements of 33 U.S.C. 1388 with respect to water pollution control revolving funds, compliance with 41 U.S.C. 8302(a)(1) shall be deemed to constitute compliance with such requirements.</p> <p>(2) For any steel products used in a project subject to the requirements of 33 U.S.C. 3914 with respect to Water Infrastructure Finance and Innovation Act assistance, compliance with 41 U.S.C. 8302(a)(1) shall be deemed to constitute compliance with such requirements.</p> |
| <p>POLICIES RELATING TO BIOMASS ENERGY</p> <p>FY 18 Proposed as permanent</p> | <p>SEC. 428. For Fiscal year 2018 and each fiscal year thereafter, to support the key role that forests in the United States can play in addressing the energy needs of the United States, the Secretary of Energy, the Secretary of Agriculture, and the Administrator of the Environmental Protection Agency shall, consistent with their missions, jointly—</p> <p>(1) ensure that Federal policy relating to forest bioenergy—</p> <p>(A) is consistent across all Federal departments and agencies; and</p> <p>(B) recognizes the full benefits of the use of forest biomass for energy, conservation, and responsible forest management; and</p>  |

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|                             | <p>(2) establish clear and simple policies for the use of forest biomass as an energy solution, including policies that—</p> <p>(A) reflect the carbon-neutrality of forest bioenergy and recognize biomass as a renewable energy source, provided the use of forest biomass for energy production does not cause conversion of forests to non-forest use.</p> <p>(B) encourage private investment throughout the forest biomass supply chain, including in—</p> <p>(i) working forests;</p> <p>(ii) harvesting operations;</p> <p>(iii) forest improvement operations;</p> <p>(iv) forest bioenergy production;</p> <p>(v) wood products manufacturing; or</p> <p>(vi) paper manufacturing;</p> <p>(C) encourage forest management to improve forest health; and</p> <p>(D) recognize State initiatives to produce and use forest biomass.</p>   |
| CLARIFICATION OF EXEMPTIONS | <p>SEC. 430. None of the funds made available in this Act may be used to require a permit for the discharge of dredged or fill material under the Federal Water Pollution Control Act (33 U.S.C. 1251, et seq.) for the activities identified in subparagraphs (A) and (C) of section 404(f)(1) of the Act (33 U.S.C. 1344(f)(1)(A), (C)).</p>  |
| WATERS OF THE UNITED STATES | <p>SEC. 431. (a) AUTHORIZATION.—The Administrator of the Environmental Protection Agency and the Secretary of the Army may withdraw the Waters of the United States rule without regard to any provision of statute or regulation that establishes a requirement for such withdrawal.</p> <p>(b) EFFECT OF WITHDRAWAL.—Except as otherwise provided by any Act or rule that takes effect after the date of enactment of this Act, if the Administrator of the Environmental Protection Agency and the Secretary of the Army withdraw the Waters of the United States rule under subsection (a), the Administrator and Secretary shall implement the provisions of law under which such rule was issued in accordance with the regulations and</p> <p>(c) DEFINITIONS.—In this section the term “Waters of the United States rule” means the final rule issued by the Administrator of the Environmental Protection Agency and the Secretary of the Army entitled “Clean Water</p> |



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|                        | Rule: Definition of ‘Waters of the United States’ on June 29, 2015 (80 Fed. Reg. 37053).  |
| OZONE                  | <p>SEC. 432. To implement the national ambient air quality standards for ozone published in the Federal Register on October 26, 2015 (80 Fed. Reg. 65292):</p> <p>(1) the Governor of each State shall designate areas of the State as attainment, nonattainment, or unclassifiable with respect to the standards not later than October 26, 2024;</p> <p>(2) the Administrator of the Environmental Protection Agency shall promulgate final designations for all areas in all States with respect to the standards not later than October 26, 2025;</p> <p>(3) each State shall submit the plan required by section 110(a)(1) of the Clean Air Act (42 U.S.C. 7410(a)(1)) for the standards not later than October 26, 2026;</p> <p>(4) the standards shall not apply to the review and disposition of a preconstruction permit application required under part C or D of title I of the Clean Air Act (42 U.S.C. 7470 et seq.) if the Administrator or the State, local or tribal permitting authority, as applicable, has determined the application to be complete prior to the date of promulgation of final designations, or has published a public notice of a preliminary determination or draft permit before the date that is 60 days after the date of promulgation of final designations; and</p> <p>(5) the provisions of subsections (1) through (4) above shall apply notwithstanding the deadlines set forth in Section 107(d) of the Clean Air Act (42 U.S.C. 7407(d)) and Section 110(a)(1) of the Clean Air Act (42 U.S.C. 7410(a)(1)).</p> |
| FINANCIAL ASSURANCE    | <p>SEC. 433. None of the funds made available by this or any other Act may be used to finalize, implement, administer, or enforce the proposed rule entitled ‘‘Financial Responsibility Requirements Under CERCLA § 108(b) for Classes of Facilities in the Hardrock Mining Industry’’ published by the Environmental Protection Agency in the Federal Register on January 11, 2017 (82 Fed. Reg. 3388 et seq.).</p>  |
| AGRICULTURAL NUTRIENTS | <p>SEC. 434. None of the funds made available by this Act may be used by the Administrator of the Environmental Protection Agency to issue any regulation under the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.) that applies</p>  |

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|  | to an animal feeding operation, including a concentrated animal feeding operation and a large concentrated animal feeding operation, as such terms are defined in section 122.23 of title 40, Code of Federal Regulations. |
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