



7521 Westshire Dr., Suite 200
Lansing, MI 48917
(517) 622-3530
Fax: (517) 622-3420
Web Site: www.mpamacs.org

House Natural Resources Committee
SB 791
December 2, 2014

Testimony of Mark Griffin
Michigan Petroleum Association
Michigan Association of Convenience Stores

Thank you Madam Chairman and members of the Committee. I am Mark Griffin, President of the Michigan Petroleum Association and the Michigan Association of Convenience Stores. With me today is Cliff Knaggs, counsel to MPA/MACS. MPA/MACS represents petroleum wholesalers, retailers, oil change installers and various vendors and suppliers to our industry. Of the approximately 4,800 retail gas stations in the State, our members own, operate or supply approximately 80% of those locations. The same can be said of the 18,000 plus underground storage tanks registered in Michigan.

In 1988, Michigan created the Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA) to assist owners and operators of petroleum underground storage tanks (USTs) with meeting the U.S. Environmental Protection Agency's (EPA) financial assurance requirements. MUSTFA was funded by a 7/8 cent per gallon environmental regulatory fee (the fee) on all refined petroleum sold or imported into the State.

In 1995, the MUSTFA program was repealed, however collection of the fee continued. In 2004, authority to continue to collect the fee was extended. MUSTFA was renamed the Refined Petroleum Fund (RPF) and a Temporary Reimbursement Program (TRP) was created to provide temporary assistance to owners and operators to conduct corrective action at locations which were being funded by the MUSTFA program at the time the MUSTFA program was repealed. Of the \$45 million appropriated for the TRP, approximately \$29 million was paid to reimburse owners and operators for corrective action costs at 554 sites.

The fee has generated approximately \$50 million annually since its inception in 1989. However, since 2005, over \$850 million has been appropriated for uses outside of the original intent of the program.

In 2012, significant reforms to the Part 213 program were adopted. As part of this reform package, an underground storage tank system cleanup advisory board (Advisory Board) was created to make recommendations to the Department of Environmental Quality (DEQ) and the

Legislature on the development of a cleanup program, funded from the RPF, to assist owners and operators in financing corrective action required under Part 213.

The Advisory Board issued their report on schedule in March of 2013 as required. They strongly recommended that all of the annual RPF revenue be restored to fund the State's UST programs to: (1) Provide financial responsibility for owners and operators to address future releases; (2) Fund a reimbursement program to provide assistance to qualified owners and operators undertaking corrective action to address known historical releases; and (3) Conduct corrective action to mitigate imminent and substantial threats to public health or the environment at LUST sites where no liable or viable owner or operator is identified or able to undertake corrective actions (otherwise known as "orphan sites").

The Advisory Board concluded that establishing a financial responsibility program with RPF revenue is the preferred way in which to meet the goal of a predictable and reliable method of protecting public health and the environment from UST releases. Given the significant reduction and improvement in the UST population, the recent reforms which have reduced corrective action costs, and the 25 years of "lessons learned" experience, such a program is viable within current RPF revenue levels.

Senate Bill 791 is the culmination of multiple hours of input and work from a wide range of interested parties. I thank Dan Wyant and the staff of DEQ for their assistance in this effort, our fellow members from the Advisory Board, Senator Green and Members of the Senate and now you.

SB 791 will give those companies who have been paying this environmental regulatory fee for so long, the ability to finally realize the dream that they will see some assistance when they are faced with the cleanup of an underground storage tank site. After all, this was the original promise made to us when we started paying the fee in the late 1980's.

Cliff will now give a brief overview of the technical aspects of the bill and then we will gladly answer any questions you might have.