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BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4489 (as reported with amendments)

Sponsor: Representative Francis R. Spaniola

House Committee: Transportation

Senate Committee: State Affairs, Tourism, and Transportation

Date Completed: 6-3-87

RATIONALE

The Fire Prevention Code forbids operation of a vehicle used to transport hazardous material unless it is certified by the State Fire Marshal, who must also conduct annual random inspections of such vehicles to see that they comply with the Code's safety regulations. Legislators and members of the trucking industry reached a compromise in 1985 extending the legal use of double-bottom fuel tankers on Michigan highways until November 1, 1990, on condition that they undergo safety inspections twice a year. Achieving that end would require amending the Fire Prevention Code. Further, the Fire Marshal has urged that the Code's annual fees for inspecting vehicles and storage tanks return to \$70 per vehicle and \$30 per tank instead of \$35 and \$15, as they reverted to October 1, 1985, and that several definitions be changed to reflect Federal fire safety regulations. At present, the truck inspection program is at a standstill because the current fees do not generate enough revenue to support the program. Therefore, it has been proposed that the regulations concerning vehicles and storage tanks be revised to reflect changes in safety guidelines and current costs of the inspection program.

CONTENT

The bill would amend the Fire Prevention Code to require the owner of a truck tractor pulling a semitrailer and trailer combination that transports a hazardous material to arrange for a semiannual inspection of that vehicle by the State Fire Marshal. The bill also would:

- Provide that vehicle and storage tank inspection fees would be \$70 and \$30, respectively, until October 1990.
- Define "flammable liquid", "combustible liquid", and "owner of vehicle".
- Specify that farm owners would not have to apply for approval of installation of aboveground storage tanks of 1,000 gallons or less.

Until October 1985, the annual inspection fees had been \$70 for a vehicle used to transport hazardous materials and \$30 for aboveground storage tanks. On October 1, 1985, those fees were reduced to \$35 and \$15, respectively, and the Act requires the fees to be adjusted annually to reflect a change in the Detroit consumer price index. Under the bill, until October 1, 1990, the annual fee for a vehicle transporting hazardous material would be \$70, although a \$70 semiannual fee would be imposed for a truck trailer pulling a semitrailer and trailer combination; the annual fee for a storage tank would be \$30.

The bill specifies that crude petroleum collection tanks that receive crude petroleum directly from a wellhead would be exempt from inspection fees. Such tanks that are certified by the State Fire Marshal could be maintained

without further inspection, except as the Fire Marshal considered necessary.

In addition, the bill provides that the State Fire Marshal could require that a person obtain approval from the Fire Marshal before the installation of an aboveground storage tank for flammable or combustible liquids having an individual tank storage capacity of 1,000 gallons or less. This requirement would not apply to farm location storage tanks of 1,000 gallons or less capacity used for storing motor fuel for noncommercial purposes or heating oil for consumption on the premises where stored.

MCL 29.1 et al.

SENATE COMMITTEE ACTION

The Committee adopted two amendments to the bill. One amendment removed "tanks storing flammable or combustible liquids" from the exemption from fees required for each tank storage or filling location. A second amendment changed the following language: "The fee for a truck tractor pulling a semitrailer and trailer combination that transports a hazardous material shall be \$70.00 semiannually for each vehicle", by removing the words "for each vehicle".

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. The fees are charged per hazardous material storage tank or truck/trailer transporting hazardous material. The number of such tanks or vehicles is not readily available.

ARGUMENTS**Supporting Argument**

The State Fire Marshal, legislators, and fuel haulers agree that mandatory twice-a-year inspections should help assuage doubts about the safety of double-bottom tankers, and make extending their use more palatable. The bill would ensure that the inspections do not occur randomly, by requiring owners to arrange for them with the Fire Marshal. Members of the fuel industry say that the fees proposed in the bill (which would total \$280 a year for each double-bottom rig) would not present them with an onerous burden.

Supporting Argument

Fees for inspecting vehicles and storage tanks reverted to \$30 and \$15, from \$70 and \$30, on October 1, 1985. Since then the program has operated at a minimal level, and recently all inspections were eliminated due to lack of

funding. The bill would return fees to the level they were prior to October 1, 1985, thereby making the program nearly self-sufficient.

Supporting Argument

The bill would amend definitions in the Fire Prevention Code to comply with Federal regulations.

Opposing Argument

The Legislature should eliminate fees for safety inspection. The inspection process merely makes a collection agency out of a governmental body, and costs the taxpayer the money to maintain it. The industry is very interested in safety and does an adequate job on its own to ensure proper inspection of its equipment. In addition to the self-inspection by the industry, the Federal government does a similar inspection each year.

Response: While it is true that the Federal government does inspect vehicles, it only inspects the valves and fittings, while the State performs an inspection of entire vehicle.

Opposing Argument

The fees that are proposed in the bill for inspection appear to be arbitrarily determined. If the State is going to inspect double bottom tankers, the State should charge only what the inspection costs. If it should cost \$400, \$500, or \$1,000 to inspect, we should set it at this figure. The exact costs of such inspections should be determined and placed in the language of the bill.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.