



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 738 (Substitute S-2 as reported)
Sponsor: Senator Loren Bennett
Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act generally to place a June 29, 1995, deadline on corrective action work invoices and requests for indemnification that may be funded through the Michigan Underground Storage Tank Financial Assurance (MUSTFA) Fund. The bill specifies that, consistent with the March 31, 1995, determination by the State Treasurer that revenue will not be sufficient to pay expected expenditures and the April 3, 1995, notice of the Fund administrator, funding would no longer be available under the MUSTFA provisions of the Act for new claims, work invoices, and requests for indemnification received after 5 p.m. on June 29, 1995. Further, the bill provides that work invoices and requests for indemnification received prior to 5 p.m. on June 29, 1995, could be paid to the extent money was available in the Fund.

The bill is tie-barred to House Bill 5349, which would amend the Act to change the date that the MUSTFA Fund provisions will be repealed from January 1, 2005, to the date the State Treasurer filed with the Secretary of State a notice of final payment of all obligations lawfully payable from the Fund; and change the deadline for the submittal of work invoices and requests for indemnification from December 22, 1998, to 5 p.m. on June 29, 1995.

MCL 324.21506 et al.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

Senate Bill 738 (S-2) and House Bill 5349 would result an indeterminate increase in costs and revenues to the State dependent on the amount and terms of revenue bonds issued to cover MUSTFA invoices through June 29, 1995.

According to the Department of Environmental Quality, as of June 29, 1995, there were approximately \$252 million in invoices and reserves for challenged claims. Under present law, \$184 million in revenue is available between now and the year 2005 (after subtracting \$206 million in bond repayment, an estimated \$84 million in interest payments, and \$36 million in administrative costs). This means there are approximately \$68 million in claims for which there will be insufficient revenue.

The Department estimates that the 7/8 cent per gallon fee regulatory fee would need to be extended for at least seven years beyond 2005 (in House Bill 5349), to generate \$357 million in revenue to cover principal and interest payments on a \$252 million bond. (This amount includes consideration of the \$184 million in potential revenue as part of bond calculations.)

Date Completed: 11-14-95

Fiscal Analyst: G. Cutler

floor\738

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.