



SENATE BILL No. 738

October 31, 1995, Introduced by Senators BENNETT, GAST, MC MANUS, NORTH, ROGERS, CISKY, VAN REGENMORTER, SCHWARZ, GEAKE, GOUGEON, DUNASKISS, SCHUETTE, STEIL, STILLE, KOIVISTO and DINGELL and referred to the Committee on Natural Resources and Environmental Affairs.

A bill to amend sections 21506 and 21508 of Act No. 451 of the Public Acts of 1994, entitled "Natural resources and environmental protection act," being sections 324.21506 and 324.21508 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 21506 and 21508 of Act No. 451 of the
2 Public Acts of 1994, being sections 324.21506 and 324.21508 of
3 the Michigan Compiled Laws, are amended to read as follows:

4 Sec. 21506. (1) The Michigan underground storage tank
5 financial assurance fund is created.

6 (2) The state treasurer shall direct the investment of the
7 fund. Interest and earnings from fund investments shall be
8 credited to the fund.

1 (3) Money in the fund at the close of the fiscal year shall
2 remain in the fund and shall not lapse to the general fund.

3 (4) ~~Money~~ EXCEPT AS PROVIDED IN SUBSECTION (5), MONEY in
4 the fund shall be expended only as follows and in the following
5 order of priority:

6 (a) To pay off bonds or notes pursuant to this part plus any
7 amount necessary to maintain a fully funded debt reserve or other
8 reserve intended to secure the principal and interest on the
9 bonds or notes as may be required by resolution indenture or
10 other agreement of the authority.

11 (b) For the reasonable administrative cost of implementing
12 this part by the department, the department of treasury, the
13 department of attorney general, and the authority as annually
14 appropriated by the legislature. Administrative costs include
15 the actual and necessary expenses incurred by the board and its
16 members in carrying out the duties imposed by this part. Total
17 administrative costs expended under this subdivision shall not
18 exceed 7% of the fund's projected revenues in any year. Costs
19 incurred by the authority for the issuance of bonds or notes
20 which may also be payable from the proceeds of the bonds or notes
21 shall not be considered administrative costs in making such a
22 determination.

23 (c) For payment of rewards under section 21549.

24 (d) For the interest subsidy program established in
25 section 21522. The money expended under this subdivision shall
26 not exceed 10% of the fund's projected revenues in any year.
27 However, 10% of the revenue of the fund during the first year of

1 the fund's operation shall be expended on the interest subsidy
2 program. If this money is not expended during the first year,
3 this money shall be carried over for expenditure in the succeed-
4 ing years of the fund's operation. Additional fund revenue shall
5 not be set aside for the interest subsidy program until all of
6 the first year revenue is expended.

7 (e) For corrective action and indemnification including
8 ~~both~~ ALL of the following:

9 (i) Payments for ~~approved~~ work invoices SUBMITTED PRIOR TO
10 5 P.M. JUNE 29, 1995 AND APPROVED BY THE DEPARTMENT pursuant to
11 this part.

12 (ii) Payments for ~~approved~~ requests for indemnificatio
13 SUBMITTED PRIOR TO 5 P.M. JUNE 29, 1995 AND APPROVED BY THE
14 DEPARTMENT pursuant to this part.

15 (iii) PAYMENTS FOR WORK INVOICES OR REQUESTS FOR INDEMNIFI-
16 CATION THAT WERE DENIED BUT FOR WHICH AN APPEAL WAS FILED PRIOR
17 TO 5 P.M. ON JUNE 29, 1995, AND WHICH DENIAL WAS SUBSEQUENTLY
18 REVERSED ON APPEAL.

19 (5) UPON PAYMENT IN FULL OF ALL OBLIGATIONS LISTED IN SUB-
20 SECTION (4), THE STATE TREASURER SHALL FILE WITH THE SECRETARY OF
21 STATE A NOTICE OF FINAL PAYMENT OF ALL OBLIGATIONS LAWFULLY PAY-
22 ABLE FROM THE FUND.

23 (6) ~~(5)~~ The board shall make recommendations to the appro-
24 priations committees in the senate and house of representatives
25 on the distribution and amount of administrative costs under sub-
26 section (4)(b). The board shall provide a copy of these
27 recommendations to each affected department.

1 Sec. 21508. (1) An environmental protection regulatory fee
2 is imposed on all refined petroleum products sold for resale in
3 this state or consumption in this state. The regulatory fee
4 shall be used pursuant to section 21506(4) for the cleanup and
5 prevention of environmental contamination resulting from releases
6 of refined petroleum products from underground storage tank sys-
7 tems and to pay off bonds or notes pursuant to this part. The
8 regulatory fee shall be charged for capacity utilization of
9 underground storage tanks measured on a per gallon basis. The
10 regulatory fee shall be charged against all refined petroleum
11 products sold for resale in this state or consumption in this
12 state so as to not exclude any products that may be stored in an
13 underground tank at any point after the petroleum is refined.
14 The regulatory fee shall be 7/8 cent per gallon for each gallon
15 of refined petroleum sold for resale in this state or consumption
16 in this state, with the per gallon charge being a direct measure
17 of capacity utilization of an underground storage tank system.

18 (2) The department of treasury shall precollect regulatory
19 fees from persons who refine petroleum in this state for resale
20 in this state or consumption in this state and persons who import
21 refined petroleum into this state for resale in this state or
22 consumption in this state. The department of treasury shall col-
23 lect regulatory fees that can be collected at the same time as
24 the sales tax under section 6a of the general sales tax act, Act
25 No. 167 of the Public Acts of 1933, being section 205.56a of the
26 Michigan Compiled Laws, at that time. The remainder of the

1 regulatory fees shall be collected in the manner determined by
2 the state treasurer.

3 (3) A public utility with more than 500,000 customers in
4 this state is exempt from any fee or assessment imposed under
5 this part if that fee or assessment is imposed on petroleum used
6 by that public utility for the generation of steam or
7 electricity.

8 (4) All regulatory fees collected pursuant to this part
9 shall be deposited into the emergency response fund created in
10 section 21507 until the emergency response fund reaches
11 \$1,000,000.00. When the emergency response fund is at
12 \$1,000,000.00, all regulatory fees shall be deposited into the
13 fund.

14 ~~(5) Each quarter, the administrator shall determine if fund~~
15 ~~revenues will be sufficient to pay expected expenditures from the~~
16 ~~fund. If expected expenditures are anticipated to exceed fund~~
17 ~~revenues, the state treasurer shall notify the advisory board~~
18 ~~and, with the advice of the board, shall advise the legislature~~
19 ~~of the estimated increase in the regulatory fee that would be~~
20 ~~necessary to pay expected expenditures or recommend other revi-~~
21 ~~sions to this part that would improve the security of the fund.~~
22 ~~If anticipated expenditures are significantly below anticipated~~
23 ~~revenues, the state treasurer shall notify the advisory board~~
24 ~~and, with the advice of the board, shall recommend to the legis-~~
25 ~~lature a reduction of the regulatory fee.~~ THE LEGISLATURE
26 DECLARES THAT THE OBLIGATION OF THE FUND TO PAY FOR WORK INVOICES

1 AND REQUESTS FOR INDEMNIFICATION CEASED TO EXIST AT 5 P.M. JUNE
2 29, 1995.

3 ~~-(6) If the state treasurer determines that fund revenues~~
4 ~~will not be sufficient to pay expected expenditures from the~~
5 ~~fund, the state treasurer shall notify the administrator, and 90~~
6 ~~days after this notification has been given the administrator~~
7 ~~shall not accept any new work invoices or requests for~~
8 ~~indemnification. Upon receiving this notification from the state~~
9 ~~treasurer, the administrator shall notify by certified mail the~~
10 ~~owners and operators of petroleum underground storage tank sys-~~
11 ~~tems registered under part 211 that funding under this part will~~
12 ~~no longer be available for new claims after the 90 day period has~~
13 ~~expired. However, work invoices and requests for indemnification~~
14 ~~that were submitted to the administrator prior to or during this~~
15 ~~90 day period may be paid to the extent money is available in the~~
16 ~~fund as provided in this part.~~

17 (6) ~~-(7)~~ The department of treasury may audit, enforce,
18 collect, and assess the fee imposed by this part in the same
19 manner and subject to the same requirements as revenues collected
20 pursuant to Act No. 122 of the Public Acts of 1941, being
21 sections 205.1 to 205.31 of the Michigan Compiled Laws.

22 Section 2. This amendatory act shall not take effect unless
23 House Bill No. 5349
24 of the 88th Legislature is enacted into law.