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BILL ANALYSIS



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Senate Bill 1260 (as introduced 5-10-06)
Sponsor: Senator Michelle A. McManus
Committee: Appropriations

Date Completed: 6-7-06

CONTENT

The bill would amend Part 215 (Refined Petroleum Fund) of the Natural Resources and Environmental Protection Act to authorize expenditures from the Refined Petroleum Fund for the Refined Petroleum Product Cleanup Initial Program and the Temporary Reimbursement Program.

Currently, the statute specifying how the Refined Petroleum Fund (RPF) is to be spent states that the RPF may be used for corrective actions necessary to address releases of refined petroleum products under a cleanup program established by law following the issuance of recommendations from the Refined Petroleum Cleanup Advisory Council. The Advisory Council has issued the first of two phases of recommendations, as directed by the statute.

In accordance with the recommendations of the Advisory Council, the bill would expand the allowable uses of the RPF to include not more than \$15.0 million for a new Refined Petroleum Product Initial Program and the Department of Environmental Quality's (DEQ's) administrative costs associated with a new Temporary Reimbursement Program. In addition, \$45.0 million from the RPF could be used for implementation of the Temporary Reimbursement Program. The bill would add these uses of the RPF to existing uses of the Fund.

The bill would delay the sunset on the existence of the Refined Petroleum Cleanup Advisory Council from August 1, 2006 to December 31, 2006. Additional recommendations are anticipated from the Council regarding the Refined Petroleum Cleanup Program, appropriate limitations on administrative costs, and updates to obsolete provisions of Part 215.

The bill would create the following new definitions:

- Advisory board – the Temporary Reimbursement Program Advisory Board.
- Eligible person – an owner or operator who meets the eligibility requirements and received approval of the precertification appropriation by the DEQ.
- Precertification application – the application submitted by an owner or operator seeking the DEQ's eligibility determination for reimbursement for the costs of corrective action from the Temporary Reimbursement Program.
- Site – a location where a release has occurred or a threat of a release exists from an underground storage tank system, excluding any location where corrective action was completed which satisfies the cleanup criteria for unrestricted residential use.

The bill is tie-barred to House Bill 6047, which would require the DEQ to create the Refined Petroleum Product Initial Program to conduct corrective actions associated with releases

from petroleum underground storage tanks systems; and to establish the Temporary Reimbursement Program to promote progress toward site closure of releases through financial incentives for eligible persons to conduct corrective actions, including reimbursement of owners or operators up to \$50,000 for corrective action at eligible sites.

MCL 324.21502 et al.

FISCAL IMPACT

The bills would cost the State a total of \$60.0 million from the Refined Petroleum Fund, of which \$15.0 million would be spent for the Refined Petroleum Product Initial Program and \$45.0 million would be spent for the Temporary Reimbursement Program. These amounts were appropriated in FY 2005-06 for these purposes and have not been spent since statutory changes are necessary to authorize expenditures from the Refined Petroleum Fund for these purposes.

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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.