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BILL ANALYSIS



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House Bill 6047 (Substitute H-2 as passed by the House)
Sponsor: Representative Chris Kolb
House Committee: Natural Resources, Great Lakes, Land Use, and Environment

CONTENT

The bill would amend Part 215 (Refined Petroleum Fund) the Natural Resources and Environmental Protection Act to implement 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 require the Department of Environmental Quality (DEQ) to establish a Temporary Reimbursement Program to promote progress toward site closure of releases by providing financial incentives for eligible persons to conduct corrective actions for those releases. Provisions of the bill include the following:

- The DEQ would have to administer the program and process precertification applications. The first round of applications would have to begin within 120 days after the bill's effective date.
- If sufficient funding were available for a second round of applications, that application period would have to begin within 270 days after the bill's effective date.
- To be eligible for reimbursement, a person would have to demonstrate that the person was the owner or operator that had an approved claim under the former Michigan Underground Storage Tank Financial Assurance (MUSTFA) program, that the release for which the claim was obtained had not been closed, that the site was classified as a Class 1 or Class 2 site, and that the applicant was currently in compliance with registration and fee requirements of underground storage tank regulations.
- Applications for the first round would be considered on a first-come, first-served basis.
- Eligible persons would have 540 days after approval of the application to perform corrective action. Only corrective action costs incurred during this time period could be considered for reimbursement.
- Eligible persons could receive reimbursement of 80% of the amount of the work completed, with a maximum of \$50,000 for each approved precertification application.
- The application process, eligibility requirements, and administration for a second round of precertification applications would be the same as for the first round.
- Applications for the second round would be considered on a first-come, first-served basis, except that priority would be given to persons that did not receive approval in the first round.
- Any funds remaining after the first and second round of applications would be distributed on a prorated basis among all the applicants.

The bill also would require the DEQ to establish a Refined Petroleum Product Cleanup Initial Program to conduct corrective actions associated with releases from petroleum underground storage tank systems. A listing of sites was included in Public Act 154 of 2005 with the DEQ FY 2005-06 appropriations act.

The bill is tie-barred to Senate Bill 1260 (which would authorize use of the Refined Petroleum Fund for these two new programs) and House Bill 6202 (which would add additional provisions for the Temporary Reimbursement Program).

Proposed MCL 324.21553-21557

FISCAL IMPACT

The bills would cost the State a total of \$60.0 million, of which \$15.0 million would be spent for the Refined Petroleum Product Cleanup Initial Program and administrative costs incurred by the DEQ for the Temporary Reimbursement 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.

Date Completed: 6-27-06

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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.