



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

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 6202 (Substitute H-3 as passed by the House)
Sponsor: Representative David Palsrok
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 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 implement additional provisions for 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. The bill includes the following provisions:

- An eligible person would be required to retain a consultant to perform the corrective action, and the consultant would have to choose contractors through a competitive bidding process.
- The owner or operator could hire contractors directly, after the consultant employed the competitive bidding process.
- Removal of underground storage tank systems and installation of new or upgraded equipment would not be eligible for reimbursement under the Temporary Reimbursement Program.
- In order to receive money under the Reimbursement Program, an eligible person and the consultant would be required to follow the requirements of the bill, submit reports and other information requested by the Department of Environmental Quality (DEQ), and submit complete work invoices on standardized forms.
- The DEQ would have to determine whether the work performed was eligible for reimbursement and forward an approved payment voucher to the State Treasurer within 45 days after approval of the work invoice.
- Payments would be made jointly to the eligible person and the consultant, unless the eligible person submitted an affidavit that the consultant had already been paid in full.
- An approved precertification application could be transferred to a new property owner, who would become the eligible person for purposes of the Temporary Reimbursement Program. Previous payments made for that application would be counted toward the reimbursement amount of the new owner. Notification to the DEQ would be required for the transfer of the application.
- If the DEQ denied an application, the applicant would have 14 days to request a review by the Temporary Reimbursement Program Advisory Board, which would have to review the application and submit a recommendation to the DEQ.

- The Temporary Reimbursement Program Advisory Board would be created and consist of three members appointed by the Governor, two members appointed by the Speaker of the House, and two members appointed by the Senate Majority Leader. Each member would have a term of three years.
- A meeting of the Board could be called by the chairperson or by at least three members of the Board. A majority of the members would constitute a quorum and action by the Board would be by a majority of the votes cast.
- The DEQ could submit the competitive bidding process to the Board for its review.
- A member of the Board would have to abstain from voting on any matter in which the member had a conflict of interest.
- The Temporary Reimbursement Program would cease upon payment of all approved work invoices and resolution of all appeals. Unspent funds would be available for future appropriation from the Refined Petroleum fund.

The bill is tie-barred to House Bill 6047 (which would establish the Refined Petroleum Product Cleanup Initial Program and add provisions for the Temporary Reimbursement Program) and Senate Bill 1260 (which would authorize use of the Refined Petroleum Fund for two new programs).

Proposed MCL 324.21558-324.21563

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

Fiscal Analyst: Jessica Runnels

Floor\hb6202

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.