



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 225 (Substitute S-1 as reported)
Senate Bill 226 (Substitute S-1 as reported)
House Bill 4185 (Substitute H-2 as reported without amendment)
House Bill 4186 (Substitute S-1 as reported)
House Bill 4188 (Substitute S-1 as reported)
House Bill 4190 (as reported without amendment)
Sponsor: Senator Stephanie Chang (S.B. 225)
Senator Erika Geiss (S.B. 225)
Representative Denise Mentzer (H.B. 4185)
Representative Donovan McKinney (H.B. 4186)
Representative Abraham Aiyash (H.B. 4188)
Representative Curtis VanderWall (H.B. 4190)
Committee: Energy and Environment

CONTENT

Taken together, the bills would amend and enact laws to do the following:

- Require a public entity to perform a background investigation on a potential asbestos abatement contractor before entering a contract with the contractor.
- Prohibit a public entity from entering a contract with a contractor for asbestos abatement unless the contractor filed an affidavit describing any criminal convictions and violation notices of environmental regulations; if a contractor had such a criminal conviction, a public entity could not enter a contract with the contractor.
- Require a local government or a land bank authority that entered a contract with a contractor for an asbestos abatement project to include in the contract a provision allowing the withholding of any payment to that contractor if the contractor, or any of its subcontractors, had entered, or began negotiations to enter, an administrative consent order or judgment involving environmental regulation violations within the time period of the asbestos abatement project.
- Require EGLE to establish a program to carry out the requirements found in the National Emissions Standard for Asbestos, including the inspection of asbestos renovations and demolitions.
- Require the Department of the Environment, Great Lakes, and Energy (EGLE) to prepare and submit to the Legislature an annual report related to the EGLE's asbestos program.
- Add criteria under which an employer could be considered to have repeatedly violated the Michigan Occupational Safety and Health Act regarding asbestos-related violations and to allow a civil fine issued to an employer for an asbestos-related violation to be reduced by up to 95% based on specific considerations.
- Establish the Asbestos Inspection Fund in the State Treasury.
- Prescribe notification and modification fees of \$100 and \$10, respectively, to be paid by an owner or operator notifying EGLE of asbestos removal or demolition.
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Senate Bill 225 is tie-barred to House Bill 4190. Senate Bill 226 is tie-barred to House Bill 4188.

MCL 408.1004 et al. (H.B. 4185)
Proposed MCL 324.5519 & 324.5519a (H.B. 4186)
Proposed MCL 324.5519b (S.B. 226)

BRIEF RATIONALE

According to testimony, improper asbestos removal by removal and abatement contractors has a negative impact on the environment and public health; landfills are not properly monitored and demolitions are not properly inspected for asbestos pollution. Given that exposure to asbestos can cause cancer and mesothelioma, some believe that bolstered inspection requirements and increased penalties for repeated violations of asbestos removal regulations are needed to mitigate residents' exposure.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bills could increase costs for local governments; however, the amount of increased costs is not possible to determine and would depend heavily on the characteristics of each situation. All local governments would have to conduct a background investigation that, at a minimum, included reviewing EGLE's and the United States Department of Labor's websites. The costs for such a check would be minimal; however, costs would increase if an entity chose to conduct a more thorough investigation.

If a potential contractor had been issued five or more notices of violation of environmental regulations or had been subject to an administrative consent order or a consent judgment involving environmental regulations within the immediately preceding five years, the public entity would not be allowed to enter into a contract without incurring additional costs to investigate the violations and provide public notice of the findings. In this case, the public entity would incur additional costs either because of the additional requirements, or because the cost of an alternative qualified contractor was greater. Either way, the amount of additional cost would depend on the course of action chosen by the public entity.

The bills would have positive and negative fiscal impacts on EGLE and a minor negative impact on affected local governments. The costs associated with the bill would increase over the next few years as the percentage of inspections required of EGLE increase from 15% to 25% in 2027. Administrative costs for EGLE would be offset by notification fees of \$100 collected from owners and operators performing asbestos renovations or demolitions. An additional \$10 fee would be collected in the event of a change to the original notification. The Department has estimated that the fees in the bill could generate \$1.6 million in revenue. Local governments could see a minor increase in costs if they wish to renovate or demolish a facility affected by the asbestos regulations in the bill.

The bills would have no fiscal impact on the Department of Treasury. Based on the level of estimated revenue likely to be appropriated to the Fund, ongoing costs associated with the investment and management required would be less than \$100. Current appropriations would be sufficient to carry out these activities.

Date Completed: 2-22-24

Fiscal Analyst: Ryan Bergan; Bobby Canell; Jonah Houtz;
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Bill Analysis @ www.senate.michigan.gov/sfa

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.