



**House
Legislative
Analysis
Section**

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USED OIL RECYCLING

Senate Bill 953 with House committee amendments

First Analysis (12-8-88)

RECEIVED

Sponsor: Sen. Connie Binsfield

JAN 18 1989

Senate Committee: Natural Resources and

Environmental Affairs

Mich. State Law Library

House Committee: Conservation & Environment

THE APPARENT PROBLEM:

The Department of Natural Resources (DNR) estimates that there are at least 11 million gallons of used motor oil generated by people who change their own oil each year. Because of a federal exemption for household wastes, used oil from households is not generally regulated under the state's Solid Waste Management Act or the Hazardous Waste Management Act. Disposal of used oil is characterized by landfilling and the dumping of oil into the ground, sewers, and on roads. In addition, because of the decrease in the price of crude oil, many of the service centers that previously collected used oil have stopped. Legislation has been proposed to promote the collection of used oil and heighten public awareness of used oil recycling and collection centers.

THE CONTENT OF THE BILL:

The bill would amend the Used Oil Recycling Act to transfer from the director of the Department of Commerce to the director of the DNR the responsibility to implement a plan for the promotion of recycling motor oil. The bill would also require the DNR to conduct a demonstration used oil recycling project that provided for a system of used oil recycling tanks or barrels for use by the general public. The tanks or barrels would have to be located in designated state-owned vehicle maintenance garages or other publicly owned structures that the director of the DNR determined met the following criteria:

- were locations where used oil was generated from oil changes for state-owned vehicles, or vehicles operated under contracts with the state; and
- were locations where oil recycling services were not otherwise available to the general public.

The project would also promote public awareness of the availability of recycling tanks or barrels for used oil. The bill specifies that funding necessary for its implementation could come from any lawful source, including funds from private sources, appropriations and money generated from the sale of bonds.

Under the bill, the DNR would establish a project plan for conducting the demonstration project. The plan would include the number of locations, proposed sites, methods of public notice, security procedures, and model language for cooperative agreements with other state agencies for use of their facilities in the demonstration project.

MCL 319.313 and 319.314

HOUSE COMMITTEE ACTION:

The House Conservation and Environment Committee amended the bill to exempt the DNR from establishing used oil recycling projects if the projects were subject to

regulation under the Hazardous Waste Management Act.

FISCAL IMPLICATIONS:

According to the DNR, a typical small collection center with two 560 gallon tanks would cost a minimum of \$3,000, and a public education program would cost approximately \$50,000; therefore, fiscal implications for the state would be at least \$53,000. The department estimates that the state will probably have to contract a licensed hauler to take used oil collected at project facilities to a recycling facility. The average hauler charges 10 cents per gallon of oil; the department cannot estimate the amount of oil to be collected or the hauling costs at this time. If the federal Environmental Protection Agency (EPA) designates used oil as a hazardous waste, the state may incur additional costs for liability insurance. Further, if the process for handling used oil is subject to the federal government's water monitoring provisions for the protection of groundwater, collection costs would increase. (12-7-88)

ARGUMENTS:

For:

Although representatives of the DNR think that the department can currently undertake the responsibilities outlined in the bill, the bill would clarify the department's abilities under the act. In addition, despite attempts by the federal government to promote used oil collection and recycling, there has not been much collection activity by the recycling industry or individuals to set up used oil collection centers. DNR representatives suggest that the bill will encourage used oil collection.

Both representatives of industry and the general public have expressed apprehension about the possible designation of oil as a hazardous waste by the federal government. This fear may be well-founded. A representative of the DNR testified before the House Conservation and Environment Committee that a federal court recently ruled that the Environmental Protection Agency could not use a non-environmental reason, such as the promotion of recycling, to forego designation of used oil as a hazardous waste. If used oil is designated as a hazardous waste, it would be much more expensive to collect and difficult to recycle. The bill will ensure that the state takes the lead in collection and recycling efforts. Many believe that state leadership will be extremely important in the event that used oil is designated as a hazardous waste by the EPA.

According to the DNR, the consolidation of the remaining two companies that collected used oil in Michigan has resulted in a monopoly of collection centers by the Breslube Group from Ontario, Canada. It has been suggested that

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the Breslube Group would profit from the designation of used oil as a hazardous waste. The bill will help to increase the number of collection centers, and decrease the costs associated with disposing used oil.

Against:

The DNR should not have to establish the used oil collection projects if the EPA designates used oil as a hazardous waste. The department will have to comply with the Hazardous Waste Management Act in the handling of used oil if the EPA designates used oil as a hazardous waste. Department representatives have stated that it will be extremely difficult for the department to develop the projects in a timely fashion if the department must comply with the hazardous waste act. In addition, costs will be tremendous if the DNR must meet the provisions of the hazardous waste act.

Against:

The intent of the bill, as expressed by the sponsor's office and the DNR, is to require the DNR to establish used oil collection centers. However, the bill requires the DNR to conduct a used oil "recycling project". According to the DNR, a used oil recycling center would have to be located on at least five acres of land and would require the employment of a professional petroleum chemist or engineer to oversee the refinery facility or reprocessing facility (both facilities are used oil recycling facilities). In addition, equipment costs for a reprocessing facility would be at least \$2 million, and costs for a refinery would be at least \$8 million. The bill should be amended to clarify its intent — presumably the establishment of a used oil collection center.

POSITIONS:

A representative of the DNR testified in support of the concept of used oil recycling. (12-7-88)