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BILL ANALYSIS

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Senate Bill 953 (as enrolled)**PUBLIC ACT 430 of 1988****Sponsor: Senator Connie Binsfeld****Senate Committee: Natural Resources and Environmental Affairs****House Committee: Conservation and Environment****Date Completed: 1-3-89****RATIONALE**

Despite the recent increase in the number of vehicle oil change services available to the public, many automobile owners still change their own oil. It has been estimated that as much as 11 million gallons of used oil may be dumped each year by these people. Reportedly, few automobile service stations will accept used oil changed at home for disposal and/or recycling. Some people feel that the State should provide for access to oil recycling facilities so that people who choose to change their oil themselves can properly dispose of the used oil without harming the environment.

CONTENT

The bill would amend the Used Oil Recycling Act to transfer from the Director of the Department of Commerce to the Director of the Department of Natural Resources (DNR) the responsibility to implement a plan for the promotion of recycling motor oil.

The Director of the DNR also would have to conduct a used oil recycling demonstration project. The demonstration project would have to provide for a system of oil recycling tanks or barrels for public use and promote public awareness of the availability of the used oil tanks or barrels. The tanks or barrels would have to be located in designated State-owned vehicle maintenance garages or other publicly-owned facilities where used oil was generated from State-owned or State-contracted vehicles, and where oil recycling services were not publicly available.

The Director of the DNR would have to establish a project plan for the implementation of the demonstration project. The plan would have to include the number of locations, proposed sites, methods of public notice, security procedures, and model language for cooperative agreements for use of other State agencies' facilities. Funding to implement the bill could come from "any lawful source", including private sources, appropriations, and funds from the sale of general obligation bonds.

MCL 319.313 and 319.314

FISCAL IMPACT

The bill would cost the State approximately \$1.5 million. The actual cost would depend on the number and type of used oil collection centers installed, hauling costs, amount of oil collected, departmental administrative costs, and potential revenue.

The cost to install a used oil collection center ranges from \$5 for one closed head 55-gallon drum, to \$2,200 for a

1,100-gallon above-ground tank with related protective structures, or \$3,000 for two 560-gallon tanks with secondary containment system as suggested by the Department of Natural Resources. There are an estimated 58 State-owned garages with the primary ones operated by the Department of Management and Budget in Detroit, Lansing, and Negaunee. If all State-owned facilities installed the DNR-suggested structure, the potential cost is estimated at \$174,000.

Oil hauling costs range from zero to 35 cents per gallon, depending on the amount of travel required for the hauler and the amount of oil received. Approximately 11,000 State vehicles use an estimated 25,000 gallons of motor oil per year, which would cost \$2,500 to haul to a reprocessing facility using an average cost of 10 cents per gallon. Based on a 1987 study contracted by the DNR, it has been estimated that 11 million gallons of used motor oil may be improperly disposed of by Michigan drivers. In total, this would cost between zero and \$3,850,000 to haul, with a median cost estimate of \$1,100,000.

The DNR estimates that administrative costs for the program would include 1 FTE and \$150,000. In FY 1987-88 the Department of Commerce set aside \$98,300 for resource recovery promotion grants, and administrative costs were absorbed without specific appropriation.

At present, no revenue would be anticipated from the used oil since the market price is zero. Last year, the price ranged from 35 to 62 cents per gallon.

ARGUMENTS**Supporting Argument**

By providing for public access to used oil recycling facilities, and public awareness of the availability of such facilities, the bill would promote environmentally sound practices by oil changers. In addition, by allowing the Director of the DNR to designate the State-owned facilities at which oil collection tanks or barrel had to be located, and specifying that those collection sites would have to be located where oil recycling services otherwise were not available, the bill would ensure that the project was more cost-effective than requiring collection tanks at all State-owned vehicle maintenance facilities, and that the demonstration project did not compete with existing private collection facilities.

Opposing Argument

The bill is unnecessary and would be costly. The State doesn't need to create a "project plan" and a "demonstration project" to provide access to collection facilities, because DNR facilities currently will accept used

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oil for recycling. Also, if the aim of the bill is to provide greater access to and public awareness of collection facilities, it should simply require private service stations to accept used oil and private oil changers to give used oil to service stations. If that were the case, the State would not have to spend taxpayers' money on installation of collection tanks and barrels and implementation of the proposed demonstration project. Some people claim that the bill simply represents a first step toward regulation of private vehicle service stations, anyway.

Response: The bill would in no way impose regulations on private service station operators and it is not appropriate to do so. Requiring private operators to install collection tanks or barrels, rather than providing public access to collection facilities, might be less expensive to the State, but would be a greater expense to service station operators and their customers. In addition, although some State-owned vehicle maintenance facilities may already accept used oil, there are some areas of the State in which no easy access to oil collection sites is available. The bill would allow the Director to require installation of oil collection facilities in those areas.

Legislative Analyst: P. Affholter

Fiscal Analyst: G. Cutler

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.