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BILL ANALYSIS

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Senate Bill 953

Sponsor: Senator Connie Binsfeld

Committee: Natural Resources and Environmental Affairs

Date Completed: 9-20-88

SUMMARY OF SENATE BILL 953 as introduced 7-1-88:

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 be responsible for the implementation of a program to organize and install a system of used oil recycling tanks or barrels. The tanks or barrels would have to be available to the public at facilities where motorized State-owned vehicles of any kind are serviced. The program also would have to promote knowledge of the availability of the tanks or barrels in a manner most likely to result in their use.

The bill specifies that necessary funding for its implementation could come from any lawful source, including funds from private sources, appropriations, and money generated from the sale of bonds.

MCL 319.313 and 319.314

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact, depending on the extent to which used oil collection centers were established and the amount of public participation in the program.

The cost of the bill would range from a low of \$120,000 to a high of \$15,000,000, depending on the number and type of used oil collection centers installed, hauling costs, amount of oil collected, departmental administrative costs, and revenue implications. A median cost estimate is approximately \$1,030,000.

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. There are an estimated 58 State-owned garages with the primary ones being operated by the Department of Management and Budget (DMB) in Detroit, Lansing, and Negaunee. According to DMB, however, 65% of State-owned vehicles are serviced by 5,600 private repair facilities. If each facility had the least expensive option, the

cost would be \$28,290 compared to \$12,448,600 for the more expensive option. If only State-owned facilities had the complete structure and other facilities the basic option, the cost would be \$150,000.

Oil hauling costs range from zero to 30 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 from zero to \$7,500 to haul to a re-processing facility. The 7.8 million registered vehicles in Michigan use at minimum 9 million gallons per year, which would cost from zero to \$2,340,000 to haul. The bill as currently written would require the State to install public oil collection centers at roughly half of the auto repair facilities in Michigan. Therefore, a more realistic estimate would be approximately \$780,000 in hauling costs for oil from public collection centers.

Estimates of Department of Natural Resources administrative costs are not available at this time, but in FY 1987-88 the Department of Commerce set aside \$98,300 for resource recovery promotion grants. The Department states that the administrative costs have been absorbed without specific appropriation.

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

Fiscal Analyst: G. Cutler

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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.