



**House
Legislative
Analysis
Section**

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LEAKING UNDERGROUND STORAGE TANKS

House Bill 4461 (Substitute H-3)
First Analysis (5-18-89)

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Sponsor: Rep. Mary C. Brown
Committee: Conservation, Recreation, & Environment

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THE APPARENT PROBLEM:

Public Act 478 of 1988, the Leaking Underground Storage Tank Act, was created to require the Department of Natural Resources to incorporate federal standards regarding leaking underground storage tanks and implement a regulatory program which is at least as stringent as the federal program. The regulatory act was needed in order for the state to meet federal requirements to continue to receive money from the federal Leaking Underground Storage Tank Trust Fund (LUST Trust) for the funding of petroleum leak clean-ups of sites contaminated by LUSTs. The act will sunset June 1, 1989, and legislation has been proposed to extend its life.

THE CONTENT OF THE BILL:

Under the Leaking Underground Storage Tank Act, the director is required to approve an owner's or operator's corrective action plan for responding to contaminated soils and waters within 30 days after the plan has been received, but the bill would amend the act to give the director 45 days to respond. The bill would also clarify lien provisions in the act and would repeal the act effective December 31, 1989.

MCL 299.834 et al.

BACKGROUND INFORMATION:

Senate Bill 264, passed by the Senate on May 16, 1989, would delete the sunset date of the Leaking Underground Storage Tank Act.

FISCAL IMPLICATIONS:

According to the Department of Natural Resources, the bill would allow the state to continue to be eligible to receive federal funds from the Leaking Underground Storage Tank Trust Fund (LUST Trust). The state is required to provide a ten percent match of the amount it receives from the fund and is guaranteed to receive \$2 million for the next fiscal year and the department asserts that the state can justify an additional \$1 million, which would bring projections for federal funding to a total of \$3 million for the next fiscal year. If the act was left in place, the department expects the state to receive \$3-\$5 million per year in LUST Trust money after the upcoming fiscal year and until 1992. (5-17-89)

ARGUMENTS:

For:

Leaking underground storage tanks, especially petroleum tanks, can be extremely dangerous to the environment; they can cause explosions, fires and extensive groundwater contamination. Although petroleum tanks are not given high priority on the Environmental Response Fund priority list, nor are they eligible for Superfund money, industry experts estimate that the tanks constitute approximately 90 percent of the tanks in Michigan. It is also estimated

that 20,000 of the state's underground storage tanks leak. Based on these statistics, a majority of the leaking tanks in the state contain petroleum and would not be eligible for clean-up money unless it came from the LUST Trust. Extension of the sunset date of the act will allow the state to continue to receive money from the trust.

Against:

When the act was proposed last session, general federal guidelines regulating leaking underground storage tanks were in place, but the federal government had yet to develop rules regarding certain details of the guidelines. Now, however, the rules have been adopted, and all of the provisions needed for the state to meet federal standards are in place. Therefore, there is no reason to continue to place an expiration date on the act.

SUGGESTED AMENDMENT:

The Department of Natural Resources suggests an amendment to the bill to delete the act's sunset date. (5-17-89)

POSITIONS:

The Service Station Dealers Association of Michigan supports the bill. (5-17-89)

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