

SFA

BILL ANALYSIS

Senate Fiscal Agency

• Lansing, Michigan 48909

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Senate Bill 454 (Substitute S-2 as passed by the Senate)

Sponsor: Senator Vern Ehlers

Committee: Natural Resources and Environmental Affairs

Date Completed: 1-12-88/90

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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. To address this need for collection and recycling facilities, Public Act 430 of 1988 was enacted to require the Department of Natural Resources (DNR) to conduct a used oil recycling demonstration project by providing for a system of oil recycling tanks or barrels for public use at State-owned vehicle maintenance garages and other publicly owned facilities where used oil is generated from State-owned or State-contracted vehicles. Now that the DNR has begun to put into place the system of oil recycling collection tanks and barrels, some people believe that the State should statutorily prohibit the dumping of used oil with stiff penalties for violators.

CONTENT

The bill would amend the Used Oil Recycling Act to prohibit the disposal of used oil by dumping, discharging, or depositing it into drainage systems, sewers, or water. Disposal of oil as refuse onto public or private land also would be prohibited unless the land was designated by the State, or an agency or political subdivision of the State, as a collection facility for used oil and the oil

was placed in a receptacle or container at such a facility. The disposal prohibition would not apply when oil was used as a rust preventative coating on farm or construction equipment. In addition, disposal of used oil by incineration would be prohibited unless the incinerator or heater was operated for the purposes of providing heat or energy. (Beginning three years after the bill's effective date, however, used oil could not be disposed of in a municipal solid waste incinerator.)

Beginning July 1, 1991, a violation of the bill would be a misdemeanor punishable by 90 days' imprisonment, a maximum fine of \$1,000, or both. As an alternative, however, a court could order a defendant to participate in recycling-related labor. A violator who was a sole proprietorship, partnership, association, corporation, or any other legal entity could be punished by a maximum fine of \$2,500. The bill would not prohibit enforcement actions under other laws applicable to the disposal of used oil.

By January 1, 1991, the DNR would have to develop and submit to the Legislature a comprehensive plan that provided for: 1) a network of private, State, and local collection facilities on a statewide basis to facilitate compliance with the bill by July 1, 1991; 2) a publicity program to make the public aware of the disposal requirements, the location of collection facilities, and the penalties for

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violations of the bill; and 3) at least one proposed funding mechanism that the DNR Director considered feasible to assure the availability of a statewide network of operational collection facilities.

The DNR would have to establish criteria for designating collection facilities. In designating such facilities, the DNR would have to "seek to encourage private and local collection facilities as an integral part of the department's efforts to establish a statewide network of collection facilities".

MCL 319.312 et al.

FISCAL IMPACT

The bill would have a minimal fiscal impact on State and local government. Some additional revenue could be anticipated from fines. Current law requires that the Director establish a used oil recycling program (PA 430 of 1988-SFA estimated median cost of \$1,030,000), and this bill would set a time limit for reporting to the Legislature on the progress of that plan.

ARGUMENTS

Supporting Argument

By prohibiting the dumping of oil, the bill would have a deterrent effect on a major source of pollution. Oil dumped into sewers and drainage systems or onto the ground can have a great negative impact on the quality of Michigan's groundwater, surface water, and soil. Such practices should be prohibited with harsh penalties. In addition, by allowing a violator's sentence to include working in recycling-related labor, the bill would encourage recycling as an alternative to dumping and incinerating waste. Finally, the bill is a reasonable follow-up to the measures of Public Act 430 of 1988, which requires the DNR to establish a used oil collection system.

Opposing Argument

Although the bill would not apply to the use of used oil for providing heat (e.g., a farmer's use of a portable heater for frost control), or as a rust inhibitor on farm and construction equipment, it is unclear whether other established uses of used oil, including dust control and road construction, would be prohibited under the bill. Such uses should be

specifically exempted from the dumping prohibition.

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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.