



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bills 382 and 383
Sponsor: Senator Loren Bennett
Committee: Natural Resources and Environmental Affairs

Date Completed: 3-16-95

SUMMARY OF SENATE BILLS 382 and 383 as introduced 3-14-95:

Senate Bills 382 and 383 would amend the Michigan Underground Storage Tank Financial Assurance (MUSTFA) Act and the Natural Resources and Environmental Protection Act, respectively, to do all of the following:

- Require the Department of Natural Resources (DNR) to evaluate and report to the Legislature on the solvency and fiscal soundness of the MUSTFA Fund.
- Require the DNR to recommend cost containment measures to assure the MUSTFA Fund's viability.
- Extend for one year the maximum funding amounts for certain claims against the MUSTFA Fund.

The bills contain identical language, but the MUSTFA Act is scheduled to be repealed on March 30, 1995, and the Natural Resources and Environmental Protection Act is scheduled to take effect on the same date. Senate Bill 383 also would take effect on March 30, 1995.

The bills would require the DNR annually to evaluate and report to the Legislature the impact on the solvency of the MUSTFA Fund of the December 22, 1998, submittal deadline for a claim or request for indemnification. The Legislature would have to examine the report and take action necessary to assure the solvency of the Fund.

The DNR, by May 1, 1995, also would have to complete a study of the MUSTFA Fund's fiscal soundness. The study would have to project costs and revenues over the Fund's remaining life as well as consider and outline appropriate cost containment measures to assure the Fund's long-term viability.

In addition, under each Act, the MUSTFA Fund administrator must approve expenditures for corrective action and indemnification, on behalf of an owner or operator of an underground storage tank or tank system, in certain specified amounts, if the owner or operator has met the requirements of the Act and rules promulgated under it. For underground storage tank systems that, as of October 26, 1993, had been upgraded pursuant to law, claims submitted through December 31, 1994, have a maximum amount of funding per claim of \$1 million. For claims submitted during 1995, the maximum amount is \$800,000 per claim; for claims submitted during 1996, the maximum amount is \$600,000 per claim; for claims submitted during 1997, the maximum amount is \$400,000 per claim; and for claims submitted from January 1, 1998, to December 22, 1998, the maximum amount is \$200,000 per claim. The bill would revise that schedule to allow

funding of up to \$1 million for claims submitted through December 31, 1995; up to \$800,000 for claims submitted during 1996; up to \$600,000 for claims submitted during 1997; and up to \$400,000 for claims submitted from January 1, 1998, to December 22, 1998.

MCL 299.809 & 299.810 (S.B. 382)
324.21510 & 324.21512 (S.B. 383)

Legislative Analyst: P. Affholter

FISCAL IMPACT

The bills would have an indeterminate fiscal impact.

Delaying the scheduled reduction of MUSTFA claims reimbursements by one year could pose indeterminate additional costs depending on the number of claims for \$1 million anticipated in fiscal year 1994-95.

The Department is already required to submit reports to the Legislature pursuant to Public 265 of 1994 and has contracted for a report on the MUSTFA Fund solvency, so no new State costs are anticipated.

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.