



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 386 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Loren Bennett
Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act to revise procedures for the reporting and cleanup of releases from underground storage tanks by requiring the Department of Natural Resources (DNR) to establish cleanup criteria for corrective action activities using procedures outlined in the American Society for Testing and Materials document, "Guide for Risk-Based Corrective Action Applied at Petroleum Release Sites" (RBCA); deleting the definition of "clean up standards", which provides for the degree of cleanup as required under administrative rules and, instead, establishing cleanup criteria for a regulated substance that posed a carcinogenic risk to humans, and specifying that the risk would have to be the 95% upper bound on the calculated risk of one additional cancer above the cancer rate per 100,000 individuals using exposures assumptions established by the Department and RBCA; requiring correction action plans, site closure reports, and final assessment reports; requiring the implementation of institutional controls, as defined by RBCA; repealing and recodifying penalties for failure to meet reporting requirements; permitting the DNR to establish a classification system for sites; prohibiting a person from knowingly delivering a regulated substance to an underground storage tank system located at a facility not in compliance with the Act; establishing misdemeanor penalties for persons who knowingly delivered regulated substances to facilities or who removed or tampered with placards placed at a noncomplying facility prohibiting the delivery of a regulated substance; and permitting the DNR to issue an administrative order requiring an owner to take action to abate the danger of a release or threatened release at a facility, and establishing penalties for not complying with an administrative order.

MCL 324.21302 et al.

Legislative Analyst: L. Burghardt

FISCAL IMPACT

The bill would have an indeterminate fiscal impact, depending on the number and type of sites affected by proposed changes in cleanup standards. The cost savings to the State would be in reduced Michigan Underground Storage Tank Financial Assurance (MUSTFA) Act claims reimbursements, which would be dependent on the MUSTFA Fund solvency at the time the claims were filed, the cleanup cost per site, and the actions taken to date.

The Department of Natural Resources has estimated that the change in standards to 1 additional cancer per 100,000 individuals (compared with the current 1 per 1,000,000), and the utilization of "Risk-Based Corrective Action" (RBCA) could stop further cleanup actions at as many as 30% of the listed active sites, saving up to \$150 million on current sites and another \$150 million on future sites. For example, assuming an average \$95,000 claim per site, with half the costs already incurred on the sites to date, this bill could save \$100 million in MUSTFA reimbursement payments.

Pursuant to a contract with the DNR, Public Sector Consultants has completed a report that includes more detailed cost figures on savings due to changes in standards, as well as the overall solvency of the MUSTFA Fund. At this writing, the Department has not released the report.

The bill would maintain revenues to the State from reporting penalties. The bill would establish a new misdemeanor with penalties that could generate additional enforcement costs and revenues for the State.

Date Completed: 3-22-95

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.