



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 6074 (Substitute S-5 as reported)
Sponsor: Representative Marc Shulman
House Committee: Appropriations
Senate Committee: Appropriations

CONTENT

The bill would amend Part 215 (Underground Storage Tank Financial Assurance) of the Natural Resources and Environmental Protection Act to create a new sunset of December 31, 2010, on the collection of 7/8-cent per gallon regulatory fee on refined petroleum products, and revise the uses of the revenue; create the "Refined Petroleum Fund"; and create the Refined Petroleum Cleanup Advisory Council. The bill also would retitle Part 215 "Refined Petroleum Fund".

MCL 324.21314a et al.

FISCAL IMPACT

The 7/8-cent per gallon regulatory fee generates approximately \$60 million annually. The bill would continue collection of the fee through December 31, 2010. The estimated balance of the MUSTFA Fund at the end of FY 2003-04 is \$200 million with \$104 million in bond debt principal outstanding. Including principal and interest, a total of \$124 million would be required to retire the bonds if they were paid off in full in 2006. An estimated \$75 million would be transferred to the Refined Petroleum Fund under the bill. The Council would determine the expenditure of \$45 million, since \$30 million is appropriated in FY 2003-04 for debt service on Clean Michigan Initiative bonds.

The FY 2004-05 budget for the Department of Environmental Quality includes an appropriation of \$11,921,000 from the Refined Petroleum Fund. This appropriation is spread over many programs. The FY 2004-05 budget for the Department of Agriculture includes \$3.0 million from the Refined Petroleum Fund to support the consumer protection program, which includes the motor fuel quality program and the weights and measures program. The FY 2004-05 budget for the Department of Treasury includes \$23,914,500 from the Refined Petroleum Fund to pay for debt service costs for the Clean Michigan Initiative and Environmental Protection general obligation bonds. The expanded purposes of the Fund, as proposed in the bill, would allow these expenditures. The appropriations from the Refined Petroleum Fund were part of the Target Agreement on the statewide FY 2004-05 budget. A total of \$43,035,500 is appropriated from the Fund for FY 2004-05 and \$30.0 million for FY 2003-04.

Date Completed: 9-22-04

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