



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5508 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Phillip Pavlov
House Committee: Natural Resources, Great Lakes, Land Use, and Environment
Senate Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend the Motor Fuels Quality Act to do the following:

- Lower the maximum allowable vapor pressure of gasoline sold in counties in southeastern Michigan from June 1 through September 15 each year to 7.0 pounds per square inch (psi).
- Allow a gasoline refiner, distributor, or terminal to petition the Michigan Department of Agriculture (MDA) for a temporary variance from vapor pressure standards.
- Impose a fine on gasoline sold or dispensed during a temporary variance period, and require the fines to be deposited in the Gasoline Inspection and Testing Fund and be appropriated annually by the Legislature for air quality mitigation projects in the geographic area covered by the applicable State implementation plan requirement for low vapor pressure fuel.
- Allow the Governor to suspend vapor pressure requirements upon the declaration of an emergency.
- Eliminate references to a stage II vapor-recovery system.

In addition, the Act requires a dispensing facility constructed after November 15, 1990, to obtain a dispensing permit at a cost of \$25 per year. Under the bill, this requirement would apply to a dispensing facility constructed after that date in Wayne, Oakland, Macomb, Washtenaw, Livingston, Monroe, or St. Clair County.

MCL 290.642 et al.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would result in an indeterminate increase in State revenue associated with the fines assessed for variances from the vapor pressure standards established by the MDA Director or in the Act. The fines would be assessed at 10 cents per gallon of fuel sold during the variance period. This revenue would be deposited in the Gasoline Inspection and Testing Fund.

The bill would increase State administrative costs to the Michigan Department of Agriculture by an indeterminate amount. These costs would have to be covered by existing resources.

Date Completed: 3-21-06

Fiscal Analyst: Craig Thiel