



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5754 (Substitute S-1 as reported)
Sponsor: Representative Neal Nitz
House Committee: Agriculture
Senate Committee: Technology and Energy

CONTENT

The bill would amend the Michigan Strategic Fund Act to require the Fund to create and administer separate matching grant programs to provide incentives to service station and bulk plant owners and operators to convert existing fuel delivery systems, and create new fuel delivery systems, designed to provide E85 fuel and biodiesel blend.

A service station grant could not exceed 50% of the costs to convert an existing fuel delivery system to provide E85 fuel or biodiesel blend, not to exceed \$2,000 per facility. A grant could not exceed 50% of the new construction costs to create a fuel delivery system, not to exceed \$15,000 per facility for E85 fuel and \$5,000 per facility for biodiesel blend.

A bulk plant grant could not exceed 50% of the costs to convert an existing fuel delivery system to provide biodiesel blend, not to exceed \$2,000 per facility; or 50% of the new construction costs to create a fuel delivery system, not to exceed \$15,000 per facility.

The programs would have to provide for a contractual requirement that the recipient repay a portion of the grant if the recipient stopped using the system to provide the alternative fuel within three years of receiving the grant.

Not more than 15% of the total amount of grants awarded each could be awarded to a single business entity or to facilities located in the same county.

The Fund initially would have to fund the matching grant programs with a combined amount of up to \$500,000 to be distributed by September 30, 2007.

Proposed MCL 125.2078

Legislative Analyst: Julie Koval

FISCAL IMPACT

Under the bill, the matching grants would be limited to \$2,000, \$5,000, or \$15,000 per grant, with the total of grants awarded not to exceed \$500,000 in FY 2006-07. No fund source is identified by the bill. Implementation of the program would require use of existing resources within the budget for the Michigan Strategic Fund.

Date Completed: 6-2-06

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[Analysis available @ http://www.michiganlegislature.org](http://www.michiganlegislature.org)

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