

SUBSTITUTE FOR
HOUSE BILL NO. 5754

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2094) by adding section 78.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 78. (1) THE FUND SHALL CREATE AND ADMINISTER A SERVICE
2 STATION MATCHING GRANT PROGRAM TO PROVIDE INCENTIVES TO OWNERS AND
3 OPERATORS OF SERVICE STATIONS TO CONVERT EXISTING FUEL DELIVERY
4 SYSTEMS AND TO CREATE NEW FUEL DELIVERY SYSTEMS DESIGNED TO PROVIDE
5 E85 FUEL.

6 (2) THE SERVICE STATION MATCHING GRANT PROGRAM SHALL PROVIDE
7 FOR ALL THE FOLLOWING:

8 (A) THAT A GRANT SHALL NOT EXCEED 50% OF THE COSTS TO CONVERT
9 AN EXISTING FUEL DELIVERY SYSTEM TO PROVIDE E85 FUEL OR BIODIESEL

1 BLEND, NOT TO EXCEED \$2,000.00 PER FACILITY.

2 (B) THAT A GRANT SHALL NOT EXCEED 50% OF THE NEW CONSTRUCTION
3 COSTS TO CREATE A FUEL DELIVERY SYSTEM TO PROVIDE E85 FUEL OR
4 BIODIESEL BLEND, NOT TO EXCEED \$15,000.00 PER FACILITY FOR E85 FUEL
5 AND \$5,000.00 PER FACILITY FOR BIODIESEL BLEND.

6 (C) A CONTRACTUAL PROVISION REQUIRING THE GRANT RECIPIENT TO
7 REPAY A PORTION OF THE GRANT IF THE GRANT RECIPIENT STOPS USING THE
8 FUEL DELIVERY SYSTEM TO PROVIDE E85 FUEL OR BIODIESEL BLEND WITHIN
9 3 YEARS OF RECEIVING THE GRANT, AS DETERMINED BY THE FUND. THE
10 PORTION OF THE GRANT TO BE REPAID SHALL BE CALCULATED BY
11 MULTIPLYING THE AMOUNT OF THE GRANT BY A FRACTION, THE NUMERATOR OF
12 WHICH IS THE NUMBER OF DAYS THAT THE FUEL DELIVERY SYSTEM WAS NOT
13 USED TO PROVIDE E85 FUEL OR BIODIESEL BLEND DURING THAT 3-YEAR
14 PERIOD AND THE DENOMINATOR OF WHICH IS 1,095.

15 (3) THE FUND SHALL CREATE AND ADMINISTER A BULK PLANT MATCHING
16 GRANT PROGRAM TO PROVIDE INCENTIVES TO OWNERS AND OPERATORS OF BULK
17 PLANTS TO CONVERT EXISTING FUEL DELIVERY SYSTEMS AND TO CREATE NEW
18 FUEL DELIVERY SYSTEMS DESIGNED TO PROVIDE BIODIESEL BLENDS.

19 (4) THE BULK PLANT MATCHING GRANT PROGRAM SHALL PROVIDE FOR
20 ALL THE FOLLOWING:

21 (A) THAT A GRANT SHALL NOT EXCEED 50% OF THE COSTS TO CONVERT
22 AN EXISTING FUEL DELIVERY SYSTEM TO PROVIDE BIODIESEL BLEND, NOT TO
23 EXCEED \$2,000.00 PER FACILITY.

24 (B) THAT A GRANT SHALL NOT EXCEED 50% OF THE NEW CONSTRUCTION
25 COSTS TO CREATE A FUEL DELIVERY SYSTEM TO PROVIDE BIODIESEL BLEND,
26 NOT TO EXCEED \$15,000.00 PER FACILITY.

27 (C) A CONTRACTUAL PROVISION REQUIRING THE GRANT RECIPIENT TO

1 REPAY A PORTION OF THE GRANT IF THE GRANT RECIPIENT STOPS USING THE
2 FUEL DELIVERY SYSTEM TO PROVIDE BIODIESEL BLEND WITHIN 3 YEARS OF
3 RECEIVING THE GRANT, AS DETERMINED BY THE FUND. THE PORTION OF THE
4 GRANT TO BE REPAID SHALL BE CALCULATED BY MULTIPLYING THE AMOUNT OF
5 THE GRANT BY A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF
6 DAYS THAT THE FUEL DELIVERY SYSTEM WAS NOT USED TO PROVIDE
7 BIODIESEL BLEND DURING THAT 3-YEAR PERIOD AND THE DENOMINATOR OF
8 WHICH IS 1,095.

9 (5) THE FUND SHALL INITIALLY FUND THE SERVICE STATION MATCHING
10 GRANT PROGRAM AND THE BULK PLANT MATCHING GRANT PROGRAM WITH A
11 COMBINED AMOUNT NOT TO EXCEED \$500,000.00 IN THE 2006-2007 FISCAL
12 YEAR.

13 (6) AS USED IN THIS SECTION:

14 (A) "BIODIESEL" MEANS A FUEL COMPOSED OF MONO-ALKYL ESTERS OF
15 LONG CHAIN FATTY ACIDS DERIVED FROM VEGETABLE OILS OR ANIMAL FATS,
16 AND, IN ACCORDANCE WITH STANDARDS SPECIFIED BY THE AMERICAN SOCIETY
17 FOR TESTING AND MATERIALS, DESIGNATED B100, AND MEETING THE
18 REQUIREMENTS OF D-6751, AS APPROVED BY THE DEPARTMENT OF
19 AGRICULTURE.

20 (B) "BIODIESEL BLEND" MEANS A FUEL COMPRISED OF A BLEND OF
21 BIODIESEL FUEL WITH PETROLEUM-BASED DIESEL FUEL, SUITABLE FOR USE
22 AS A FUEL IN A COMPRESSION-IGNITION INTERNAL COMBUSTION DIESEL
23 ENGINE.

24 (C) "BULK PLANT" MEANS THAT TERM AS DEFINED IN SECTION 2 OF
25 THE MOTOR FUEL TAX ACT, 2000 PA 403, MCL 207.1002.

26 (D) "E85 FUEL" MEANS A FUEL BLEND CONTAINING BETWEEN 70% AND
27 85% DENATURED FUEL ETHANOL AND GASOLINE SUITABLE FOR USE IN A

- 1 SPARK-IGNITION ENGINE AND THAT MEETS AMERICAN SOCIETY FOR TESTING
- 2 AND MATERIALS D-5798 SPECIFICATIONS.