

SENATE 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 AND BIODIESEL BLENDS.

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

8 (A) THAT A GRANT SHALL NOT EXCEED 75% OF THE COSTS TO CONVERT
9 AN EXISTING FUEL DELIVERY SYSTEM TO PROVIDE E85 FUEL OR BIODIESEL

1 BLEND, NOT TO EXCEED \$3,000.00 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 \$12,000.00 PER FACILITY FOR E85 FUEL
5 AND \$4,000.00 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 (D) A SINGLE BUSINESS ENTITY IS NOT ELIGIBLE FOR MORE THAN 15%
16 OF THE TOTAL AMOUNT OF GRANTS AWARDED EACH YEAR UNDER THIS
17 SUBSECTION.

18 (E) THE TOTAL AMOUNT OF GRANTS AWARDED EACH YEAR UNDER THIS
19 SUBSECTION TO FACILITIES LOCATED IN THE SAME COUNTY SHALL NOT
20 EXCEED 15% OF THE TOTAL AMOUNT OF GRANTS AWARDED EACH YEAR UNDER
21 THIS SUBSECTION.

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

26 (4) THE BULK PLANT MATCHING GRANT PROGRAM SHALL PROVIDE FOR
27 ALL THE FOLLOWING:

House Bill No. 5754 as amended June 8, 2006

1 (A) THAT A GRANT SHALL NOT EXCEED 50% OF THE COSTS TO CONVERT
2 AN EXISTING FUEL DELIVERY SYSTEM TO PROVIDE BIODIESEL BLEND, NOT TO
3 EXCEED \$2,000.00 PER BULK PLANT.

4 (B) THAT A GRANT SHALL NOT EXCEED 50% OF THE NEW CONSTRUCTION
5 COSTS TO CREATE A FUEL DELIVERY SYSTEM TO PROVIDE BIODIESEL BLEND,
6 NOT TO EXCEED \$15,000.00 PER BULK PLANT.

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

16 (5) THE FUND SHALL INITIALLY FUND THE SERVICE STATION MATCHING
17 GRANT PROGRAM AND THE BULK PLANT MATCHING GRANT PROGRAM WITH A
18 COMBINED AMOUNT OF \$500,000.00<<, WHICH MAY INCLUDE FEDERAL SOURCES,>> TO
19 BE DISTRIBUTED ON OR BEFORE
20 SEPTEMBER 30, 2007.

20 (6) AS USED IN THIS SECTION:

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

27 (B) "BIODIESEL BLEND" MEANS A FUEL COMPRISED OF A BLEND OF

1 BIODIESEL FUEL WITH PETROLEUM-BASED DIESEL FUEL, SUITABLE FOR USE
2 AS A FUEL IN A COMPRESSION-IGNITION INTERNAL COMBUSTION DIESEL
3 ENGINE.

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

6 (D) "E85 FUEL" MEANS A FUEL BLEND CONTAINING BETWEEN 70% AND
7 85% DENATURED FUEL ETHANOL AND GASOLINE SUITABLE FOR USE IN A
8 SPARK-IGNITION ENGINE AND THAT MEETS AMERICAN SOCIETY FOR TESTING
9 AND MATERIALS D-5798 SPECIFICATIONS.

10 (E) "FACILITY" MEANS AN ESTABLISHMENT AT WHICH GASOLINE IS
11 SOLD OR OFFERED FOR SALE TO THE PUBLIC.