



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5745 (as passed by the House)
Sponsor: Representative Goeff Hansen
House Committee: Agriculture
Senate Committee: Agriculture

Date Completed: 9-9-08

CONTENT

The bill would create a new act to require the Michigan Department of Agriculture (MDA) to compile and publish information about establishing an alternative fuel production facility in Michigan.

Specifically, the MDA would have to review and study all information available within any State agency or department to determine the body of relevant information regarding the establishment in Michigan of a production facility for an alternative fuel. The MDA also would have to compile, in written or electronic format and in a concise and readable form, information about the procedures for preparing and executing applications and approvals necessary to establish an alternative fuel production facility. The Department would have to publish this information and make it available to the public, in written or electronic format, in separate categories for biodiesel fuel, ethanol, and other categories of alternative fuels.

As part of these functions, the MDA would have to indicate specifically procedures and processes housed in the Department of Environmental Quality (DEQ), the Department of Labor and Economic Growth (DLEG), and the Michigan Economic Development Corporation (MEDC).

The MDA could identify mechanisms that promoted effective communication and coordination of efforts between this State and local governments, private industry, and institutions of higher education concerning the investigation of, research into, and promotion of alternative fuels. The Department also could review any State regulation that could hinder the use, research, and development of alternative fuels and vehicles that could use them, and recommend changes to the Governor and the Legislature.

Except as otherwise provided by law, and as far as doing so was compatible with other duties, the DEQ, DLEG, and MEDC would have to give the Department of Agriculture any assistance it requested for fulfilling the MDA's duties under the bill.

The bill would define "alternative fuel" as a fuel composed of biomass or another fuel that does not have petroleum as a base or a blend of a nonpetroleum-based fuel and a petroleum-based fuel. The term would include biodiesel and ethanol.

"Biomass fuel" would mean a fuel made from plant material, vegetation, or agricultural waste.

"Biodiesel" would mean a fuel composed of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats and, in accordance with standards specified by the American Society for Testing and Materials (ASTM), designated B100, and meeting the requirements of D-6751, as approved by the MDA.

"Ethanol" would mean a substance that meets the ASTM standard in effect on the bill's effective date as the D-4806 specification for denatured fuel grade ethanol for blending with gasoline.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would cost the State an indeterminate amount for staff time and resources to conduct to study and prepare the report. The Department of Agriculture estimates that it would require about half of one full-time position to complete the work, which would cost approximately \$40,000 based on the average salary of an employee of the MDA and benefits. This bill does not identify a fund source to pay for this expense, so the cost would come from current revenue and could direct resources from existing programs.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.