



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5581 (as passed by the House)
Sponsor: Representative Roger Victory
House Committee: Appropriations
Senate Committee: Appropriations

Date Completed: 5-17-16

CONTENT

The bill would amend Part 215 (Underground Storage Tank Corrective Action Funding) of the Natural Resources and Environmental Protection Act (NREPA) to remove a December 31, 2016, sunset on the use of the Refined Petroleum Fund for gasoline inspection programs under the Weights and Measures Act and the Motor Fuels Quality Act. Both programs are administered by the Michigan Department of Agriculture and Rural Development (MDARD).

MCL 324.21506a

BACKGROUND

The Refined Petroleum Fund (RPF) is funded by a 7/8-cent per-gallon environmental regulatory fee imposed on all refined petroleum products (gasoline, diesel, kerosene, fuel oil, etc.) sold for resale or consumption in the State. The fee is collected from businesses that refine petroleum products or import refined petroleum products for resale or consumption, and was originally created as a fund source to address thousands of leaking underground storage tanks throughout the State.

Part 215 of NREPA authorizes the RPF to be used for the following:

- Corrective actions performed by the Department of Environmental Quality (DEQ) under Part 213 (Leaking Underground Storage Tanks) of NREPA.
- Reasonable administrative costs of the DEQ in administering the RPF and Part 213.
- Gasoline inspection programs under the Weights and Measures Act and the Motor Fuels Quality Act.
- Other purposes as determined by the Legislature.

The environmental regulatory fee was originally used to support debt service on the Michigan Underground Storage Tank Finance Authority (MUSTFA) bonds; however, that program had sufficient funds to retire its revenue bonds in 2005. After the MUSTFA bonds were retired, the proceeds from the environmental regulatory fee began to be deposited in the RPF. Beginning in fiscal year (FY) 2015-16, appropriations from the RPF were reduced to reflect statutory changes that redirected the first \$20.0 million in environmental regulatory fee revenue to the Underground Storage Tank Cleanup Fund, pursuant to Public Act 416 of 2014.

In FY 2014-15, the RPF received about \$29.1 million in revenue, had about \$29.8 million in expenditures, and ended the fiscal year with a balance of \$76.3 million.

FISCAL IMPACT

The bill would allow the continued use of Refined Petroleum Fund revenue by MDARD for gasoline quality and quantity inspection programs for FY 2016-17. For FY 2016-17, both the Governor and Senate have recommended \$2.4 million from the RPF for this purpose; the House recommended \$3.9 million. Without the bill's provisions, the use of these funds for this function would be prohibited after December 31, 2016, and would lessen MDARD's ability to perform gasoline quality and quantity inspection activities. The option for the Department would be to reduce gasoline regulatory activity if no other alternative fund source were provided.

The bill would have no fiscal impact on local units of government.

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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.