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BILL ANALYSIS

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Senate Bill 1267 (Substitute S-1)  
Sponsor: Senator Dennis Olshove  
Committee: Natural Resources and Environmental Affairs

Date Completed: 8-30-10

### **CONTENT**

**The bill would amend Part 215 (Refined Petroleum Fund) of the Natural Resources and Environmental Protection Act to extend for two years an environmental protection regulatory fee imposed on the sale of refined petroleum products.**

Section 21508 of the Act imposes on all refined petroleum products sold for resale or consumption in Michigan a 7/8-cent-per-gallon environmental protection regulatory fee. The fee is charged for capacity use of underground storage tanks measured on a per-gallon basis. Section 21508 governs the collection of the fee, and requires regulatory fee revenue to be deposited into the Refined Petroleum Fund.

Currently, Section 21508 will be repealed on December 31, 2010. The bill would delay the expiration date until December 31, 2012.

(Money in the Refined Petroleum Fund may be used, upon appropriation, only for the following purposes:

- Gasoline inspection programs.
- The Refined Petroleum Product Cleanup Initial Program and administrative costs of the Department of Natural Resources and Environment (DNRE) associated with the Temporary Reimbursement Program, which provides reimbursement to eligible people for corrective action costs of releases from underground storage tank systems.
- Implementation of the Temporary Reimbursement Program.
- Corrective actions necessary to address releases of refined petroleum products under a cleanup program.
- The reasonable administrative costs of the DNRE and the Departments of Agriculture, Attorney General, and Treasury in administering the Fund and in implementing programs receiving revenue from it.)

MCL 324.21550

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would delay the sunset on the environmental protection regulatory fee of 7/8 cent on each gallon of refined petroleum products sold in the State. This fee is credited to the Refined Petroleum Fund, and is used to fund a number of programs including the cleanup of leaking underground storage tanks, the Weights and Measures Program in the Department of Agriculture, debt service on the Quality of Life environmental bonds, and several

administrative units within the Department of Natural Resources and Environment. Annual revenue from this fee is approximately \$50.0 million to \$60.0 million, with \$52.0 million collected during FY 2008-09.

The FY 2010-11 budgets as they have passed the House and Senate are predicated on the extension of this fee. Failure to delay the sunset would result in a budget shortfall of approximately \$57.0 million in FY 2010-11, and a similar shortfall in subsequent fiscal years.

Fiscal Analyst: Josh Sefton

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