



**House
Legislative
Analysis
Section**

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MUSTFA FUND

House Bill 5349 (Substitute H-2)

Sponsor: Rep. Clyde LeTarte

**Committee: Conservation, Environment
and Great Lakes**

Complete to 12-4-95

A SUMMARY OF HOUSE BILL 5349 (SUBSTITUTE H-2) AS INTRODUCED 10-31-95

House Bill 5349 would amend Part 215 of the Natural Resources and Environmental Protection Act, concerning the Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA) to -- among other provisions -- establish a MUSTFA Review Panel, which would review options for funding corrective actions for releases from leaking underground storage tanks systems (LUSTs) that would not otherwise be funded under the act, since the MUSTFA fund will expire December 22, 1998.

MUSTFA Review Panel. The MUSTFA Review Panel would be created within the Legislative Council, and would consist of three members of the Senate, appointed by the Senate Majority Leader; three members of the House, appointed by the Speaker of the House; and three individuals appointed jointly by both leaders as follows: one individual representing underground storage tank system owners and operators; one individual representing environmental consultants and contractors; and one individual with knowledge and expertise in state financial assurance mechanisms for underground storage tank system releases in other states.

The bill would require that the panel be appointed within 30 days after the bill's effective date, and, upon appointment, review options to fund corrective actions for LUSTs occurring prior to December 22, 1998, that would not otherwise be funded under the act. Within six months after the effective date of the bill, the panel would be required to make recommendations to the legislature on whether it believed that amendments were needed to address the funding of these corrective actions, and whether a new state funding mechanism should be enacted. In making these recommendations, the panel would have to consider all of the following:

- The role of the state in financing environmental cleanups.
- Whether the lack of state funding for corrective actions required under the provisions of the act affected the state's transportation needs, and whether it had a disparate impact on small businesses.
- Whether the state should distinguish between historical and new releases in any new funding mechanism.
- The role of private insurance in addressing environmental cleanups.

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The Department of Environmental Quality (DEQ) would provide information and assistance throughout the panel's deliberations. The panel would disband after issuing its recommendations.

Indemnification Procedures. The bill would also change some of the requirements for an owner or operator to be eligible to receive money for indemnification or corrective action from the fund or bond proceeds account. Specifically, the bill would require that a work invoice or request for indemnification be submitted on or before 5 p.m. June 29, 1995. (The act currently requires claims or requests for indemnification to be submitted before December 22, 1998.) The bill would also make permanent the requirement that the claim not arise from an underground storage tank closed prior to January 1, 1974 in compliance with the fire prevention code. The act currently would extend this requirement only through January 1, 1997.

Other Provisions. The bill would change the provision which provides for repeal of this part of the act on January 1, 2005, and, instead, would schedule the repeal of part 215 to coincide with the date the state treasurer files a notice of final payment of all obligations lawfully payable from the fund with the secretary of state. Finally, the bill would remove the requirement that the department annually evaluate and report to the legislature the impact on the solvency of the fund of the submittal date of December 22, 1998, as well as the requirement that the legislature examine the report and take such actions as are necessary to assure the fund's solvency. The bill would also remove the provision requiring the department to study and report on the fiscal soundness of the fund, calculate costs and revenues over the remaining life of the fund, and consider and outline appropriate cost containment measures to assure the fund's long term viability by May 1, 1995.

MCL 324.21508a et. al.