



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 938 (as introduced 6-25-24)
Sponsor: Senator Darrin Camilleri
Committee: Energy and Environment

Date Completed: 12-4-24

INTRODUCTION

The bill would require the owner of a Class I Commercial Hazardous Waste Disposal Well to pay the Department of Environment, Great Lakes, and Energy (EGLE) a fee for all waste disposed of in the well, except for exempted waste as prescribed by the bill. Generally, these commercial wells dispose of waste that is dangerous or capable of having a harmful effect on human health on behalf of waste generators (for more information, see **BACKGROUND**). The fee would be \$100 per ton or .417 cents per gallon assessed on all waste disposed of in a well and would have to be adjusted annually by the Consumer Price Index (CPI). The bill would create the Disposal Well Host Community Fund for depositing of fees, and EGLE would have to make grants available from the Fund for local governments that had a Class I Commercial Hazardous Waste Disposal Well in their jurisdictions.

FISCAL IMPACT

The bill would have a limited positive fiscal impact on the EGLE and a positive impact on affected local governments. The extent of the impact would depend on the amount of fee revenue generated at the two Class I Commercial Hazardous Waste Disposal Wells in the State. These fees would be CPI-adjusted annually by the State Treasurer. Administrative costs would be recuperated from the fees, and the remainder of the fee revenue would be allocated to providing grants to the local communities within whose jurisdiction a Class I Commercial Hazardous Waste Disposal Well operated. Fee revenue would be deposited into the newly created Disposal Well Host Community Fund.

The bill would have no fiscal impact on the Department of Treasury. Based on the level of estimated revenue within the Fund, the ongoing costs associated with administering and investing the Fund would be less than \$100 and are within current appropriations.

There are currently only two Class I Commercial Hazardous Waste Disposal Wells in the State, both located in the City of Romulus. The City of Romulus would receive all the dollars collected in the Disposal Well Host Community Fund at the end of each fiscal year after administrative expenses.

MCL 324.32506a

Legislative Analyst: Nathan Leaman
Fiscal Analyst: Jonah Houtz
Elizabeth Raczkowski
Cory Savino, PhD

CONTENT

The bill would amend Part 625 (Mineral Wells) of the Natural Resources and Environmental Protection Act (NREPA) to do the following:

- Require the owner or operator of a Class I Commercial Hazardous Waste Disposal Well to pay EGLE a fee of \$100 per ton or .417 cents per gallon assessed on all waste disposed of in a well.**
- Require the State Treasurer to adjust fees annually according to the CPI.**
- Exempt specified waste from the fee, including waste generated or removed as part of a State or Federal site cleanup activity.**
- Require EGLE to administer the bill's requirements, including certifying quantities of waste reported and collecting fees.**
- Create the Disposal Well Host Community Fund and require the State Treasurer to deposit fees into the Fund.**
- Require EGLE to spend money from the Fund for administrative costs and annual grants to local governments where class I commercial hazardous waste disposal wells were located for the promotion of public health, safety, or welfare.**

Fee Amount

Specifically, the fee would have to be based on the quantity of waste specified on the manifest or monthly operating report and would have to be \$100 per ton or 0.417 cents per gallon, depending on the unit of measure used by the owner or operator to calculate the fee. The fee for fractional quantities of waste would have to be proportional.

If the waste were required to be listed on a manifest and the owner or operator of the well determined that the waste quantity on the manifest was not accurate, the owner or operator would have to correct the waste quantity on all manifest copies accompanying the shipment, note the reason for the change in the discrepancy indication space on the manifest, and assess the fee in accordance with the corrected waste quantity. The fee would have to be paid within 30 days after the close of each quarter of the calendar year. The class I commercial hazardous waste disposal well owner or operator would have to assess the fee against off-site generators. The fee for waste that was generated and disposed of on the site of a class I commercial hazardous waste disposal well owner or operator would have to be paid by that owner or operator.

At the end of each calendar year, the State Treasurer would have to adjust the fees by an amount determined to reflect the cumulative percentage change in the CPI from January 1 immediately preceding the effective date of the bill to the latest available CPI. The State Treasurer would have to round a fee expressed in tons or cubic yards to the nearest dollar and a fee measured in gallons or pounds to the nearest cent. "Consumer Price Index" would mean the most comprehensive index of consumer prices available for the Detroit area from the Bureau of Labor Statistics of the United States Department of Labor or a successor agency.

Waste Exempt from Fee

The bill would exempt the following waste from its fee:

- Waste exempted by rule because of its character or the treatment it had received.
- Waste that was removed as part of a site cleanup activity at the expense of State or Federal government.
- Waste generated under a one-time closure or site cleanup activity in the State if the closure or cleanup activity had been authorized by EGLE; however, waste resulting from

the cleanup of inadvertent releases that occurred after March 30, 1988, would not be exempt from fees.

An owner or operator of a class I commercial hazardous waste disposal well would have to assess or pay the bill's fee unless the generator provided a signed written certification indicating that the waste was exempt from the fee. If the waste that was exempt from the fee were required to be listed on a manifest, the certification would have to contain the manifest number of the shipment and the specific fee exemption for which the waste qualified. If the waste that was exempt from the fee were not required to be listed on a manifest, the certification would have to provide the quantity of exempt waste, the waste code or waste codes of the exempt waste, the date of disposal, and the specific fee exemption for which the waste qualified. The owner or operator of the class I commercial hazardous waste disposal well would have to retain this certification for four years after the date of receipt.

The bill would require EGLE, or a health department certified by EGLE, to evaluate the accuracy of generator fee exemption certifications and to take enforcement action against a generator who filed a false certification. In addition, EGLE would have to take enforcement action to collect fees that were not paid.

Fee Administration, the Disposal Well Host Community Fund, and Community Grants

The owner or operator of a class I commercial hazardous waste disposal well would have to forward to EGLE fee revenue with a completed form that was provided or approved by EGLE. The owner or operator would have to certify that all information provided in the form was accurate. The form would have to include the quantity of waste subject to a fee, the name of each generator who was assessed a fee, and the generator's identification number, manifest numbers, waste quantities, and amount of fee assessed. The bill would require EGLE to maintain information regarding fees collected, and EGLE would have to forward fees to the State Treasurer.

The bill would create the Disposal Well Host Community Fund and require the State Treasurer to deposit fees into the Fund, as well as money and other assets received from any other lawful source. The State Treasurer would have to direct the investment of money in the Fund and credit interest and earnings from the investments to the Fund. The bill would make EGLE the administrator of the Fund for audits.

The bill would require EGLE to spend money from the Fund on appropriation only for the costs of administering the Fund and annual grants to cities, villages, and townships where class I commercial hazardous waste disposal wells were located. The amount of each grant would have to be a percentage of the fiscal-year-end Fund balance, after deducting costs of administering the Fund, equal to the percentage of fee revenue collected during that fiscal year from owners or operators of class I commercial hazardous waste disposal wells located in the grantee's jurisdiction. Grants would have to be awarded within 60 days after the end of each State fiscal year and used to promote the public health, safety, or welfare in the grantee's jurisdiction.

BACKGROUND

Class I Commercial Hazardous Waste Disposal Wells are a type of injection well regulated by EGLE under Part 625 of NREPA. According to EGLE, Class I Commercial Hazardous Waste Disposal Wells dispose of wastes meeting hazardous waste criteria under the Resource Conservation and Recovery Act (RCRA). The RCRA generally considers hazardous waste to be dangerous or harmful for human or environmental health. Hazardous waste is generated from many sources and can include industrial waste or waste from wastewater treatment plants or

air pollution control facilities. Identifying substances as hazardous waste for regulation purposes is difficult, and so the RCRA uses "solid waste" as an all-encompassing term, which means "any garbage or refuse, sludge from a wastewater treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, resulting from industrial, commercial, mining, and agricultural operations, and from community activities".¹ According to EGLE, there are six Class I Waste Disposal Wells in Michigan, two of which are Commercial Class I Hazardous Waste Disposal Wells.²

¹ United States Environmental Protection Agency, *Criteria for the Definition of Solid Waste and Solid and Hazardous Waste Exclusions*, September 26, 2024. <https://www.epa.gov/hw/criteria-definition-solid-waste-and-solid-and-hazardous-waste-exclusions>

² EGLE, *Injection Wells in Michigan*. <https://www.michigan.gov/egle/about/organization/geologic-resources-management/oil-and-gas/injection-wells>

SAS\S2324\s938sa

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.