



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

---

---

**BILL ANALYSIS**



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

---

---

House Bill 4596 (Substitute H-2 as reported with amendments)  
Sponsor: Representative Ken Sikkema  
House Committee: Conservation, Environment, and Great Lakes  
Senate Committee: Natural Resources and Environmental Affairs

### **CONTENT**

The bill would amend the Natural Resources and Environmental Protection Act to replace current provisions concerning cleanup standards and remediation procedures. Specifically, the bill would define the term "hazardous substance" on a site-specific basis; establish cleanup standards on the basis of land use categories; redefine "lender" to include any person who loaned money for the purchase or improvement of real property and any person who retained or received a security interest to service a debt or to secure a performance obligation; and exclude lenders who acted as fiduciaries and who did not participate in the management of property sites from liability as operators or owners of the sites. The bill also would permit the Department of Natural Resources (DNR) to select or approve a remedial action plan that did not attain the degree of control or cleanup of hazardous substances currently required under the provisions of the Administrative Code if it found that the action protected the public health, safety, and welfare, and the environment, the person implementing it was not liable under the Act, and the release was not intentional or the result of negligence. The DNR also could approve a plan that did not meet current standards if the adverse environmental impact of implementing a remedial action to satisfy the provisions of the Code would exceed the environmental benefit of the remedial action.

MCL 324.20101 et al.

Legislative Analyst: L. Burghardt

### **FISCAL IMPACT**

House Bills 4596 (H-2), 4597 (H-1), and 4598 would result in an indeterminate increase in costs to State government of between \$350 million and \$500 million over current estimated State cost liability for contamination sites of between \$1.6 billion and \$2.3 billion.

The amount of potential cost increases to the State would depend on: the estimated cost to clean up all 2,812 contamination sites in the State (\$3 billion to \$4.3 billion); the estimated 30% to 40% cost savings due to reduced cleanup standards (\$1 billion to \$1.5 billion, including approximately \$9 million in savings on State-owned sites); and the cost to clean up privately owned sites whose liability would be redirected to the State (\$1.4 billion to \$2 billion). (Please refer to the Senate Fiscal Agency's Revised Committee Summary for more background on these figures.)

The estimated total program cost is between \$1.95 billion and \$2.8 billion. At present, approximately \$235 million in Environmental Bond Funds and \$20 million in General Fund (for State site cleanup) remain unspent, and could be applied to the program.

The Attorney General's office has estimated a decrease in State revenues from cost recovery actions of at least \$106 million in settlements that would not have been received with proposed changes in liability to a causation standard.

Date Completed: 5-3-95

Fiscal Analyst: G. Cutler

floor\hb4596

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.