

MOTOR FUELS QUALITY ACT AMENDMENTS

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House Bill 5508

Sponsor: Rep. Phil Pavlov

Committee: Natural Resources, Great Lakes, Land Use, and Environment

Complete to 1-18-06

A SUMMARY OF HOUSE BILL 5508 AS INTRODUCED 12-13-05

House Bill 5508 would amend the Motor Fuels Quality Act to do the following: (1) lower the required Reid vapor pressure of gasoline sold in Southeast Michigan counties to 7.0 psi (pounds per square inch), which would mean meeting a higher standard to minimize leaks when refueling underground storage tanks at gas stations; (2) Delete provisions regarding Stage II vapor recovery systems; (3) permit the governor, upon a declaration of an emergency, to suspend vapor pressure requirements; and (4) permit gasoline refiners, distributors, and terminals to petition the Department of Agriculture for a temporary variance from Reid vapor pressure standards.

Stage II Vapor Recovery System

The act generally requires the use of a stage II vapor recovery system during the transfer of gasoline from an underground storage tank to a vehicle. Under the act, a "stage II vapor recovery system" is a gasoline dispensing system approved by the Department of Agriculture that prevents at least 95 percent of volatile organic compounds from being emitted during gasoline refueling. The act includes provisions regarding installation, equipment, training, and the maintenance of records for stage II systems. The bill would delete all references to Stage II vapor recovery systems.

The federal Clean Air Act generally requires the Stage II vapor recovery system for moderate or worse nonattainment areas under the National Ambient Air Quality Standards (NAAQS). Volatile organic compounds and other hazardous air pollutants from gasoline are emitted into the air by one of two means: (1) when gasoline is delivered from the tanker to the underground storage tank or (2) when gasoline is pumped from the underground storage tank into the vehicle. "Stage II" refers to this second process and vapor recovery systems seek to reduce the emissions that occur during refueling.

Lower Reid Vapor Pressure in Southeast counties

Under the act, the Director of the Department of Agriculture is required to establish standards for Reid vapor pressure as specified by the American Society for Testing and Materials (ASTM). The act further directs the department director to establish the Reid vapor pressure as 9 pounds per square inch (psi) for retail outlets during the period between June 1 and September 15. However, for gas stations in nonattainment areas, the Reid vapor pressure shall be 7.8 psi beginning in 1996. Under the related administrative

rules, this applies to Wayne, Livingston, Washtenaw, Oakland, Macomb, St. Clair, and Monroe counties.

The bill specifies that the Reid vapor pressure would be 9 psi, except in counties where the director establishes the Reid vapor pressure as 7.0 or 7.8 psi. The bill further provides that for the period between June 1 and September 15 of each year, beginning in 2007, the Reid vapor pressure would be 7.0 psi in Wayne, Livingston, Washtenaw, Oakland, Macomb, St. Clair, Monroe, and Lenawee counties. The director would have the authority to implement the Reid vapor pressure standard of 7.0 psi or 7.8 psi in other areas where it is necessary to attain or maintain national ambient air quality standards. If an area that is required to use the lower Reid vapor pressure standard has been re-designated by the U.S. Environmental Protection Agency as being in attainment of NAAQS, and the state Department of Environmental Quality has demonstrated that the standards can be achieved without the lower vapor pressure, the director could, upon approval from the EPA, end the lower vapor pressure requirement for that specific area.

Suspension of Vapor Pressure Requirements

The bill would add a section that permits the governor, upon declaration of an emergency under the Emergency Management Act, to temporarily suspend the vapor pressure provisions in the act and administrative rules, if doing so prevents a disruption in the fuel supply.

Variance from Reid Vapor Pressure Standards

The bill would add a section that permits a gasoline refiner, distributor, or terminal to petition the Department of Agriculture for a temporary variance from the Reid vapor pressure standards. A variance would be granted if it can be shown that the refiner, distributor, or terminal cannot supply the fuel necessary to meet the current standard, and will take all reasonable steps to minimize the Reid vapor pressure of fuel during the period the variance is in effect. If the department finds that the fuel is not available for reasons beyond the control of the refiner, distributor, or terminal, and that compliance with the vapor pressure standard would lead to fuel shortages, the department could grant the variance. The variance could be in effect for up to 20 days and, during that time, the Reid vapor pressure of gasoline could not be greater than 9.0 psi.

FISCAL IMPACT:

A fiscal analysis is in process.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.