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

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 90 and 91 (as introduced 1-25-07)
Sponsor: Senator Raymond E. Basham
Committee: Energy Policy and Public Utilities

Date Completed: 9-12-07

CONTENT

Senate Bills 90 and 91 would amend the Management and Budget Act and create a new statute, respectively, to a require nonroad specialty vehicle owned or leased by a State agency or local unit of government, or used in the fulfillment of a contract with a State agency or local unit, to use ultra-low-sulfur diesel fuel in ozone nonattainment areas.

Senate Bill 90 would apply to State agencies. Senate Bill 91 would apply to local units of government (counties, cities, villages, and townships).

Beginning October 1, 2007, all nonroad specialty vehicles owned or leased by a State agency that were used in a county in which all or a part of that county, or owned or leased by a local unit of government in which all or part of that local unit (EPA), had been determined by the United States Environmental Protection Agency as not being in attainment with the National Ambient Air Quality Standards for Ozone under the Clean Water Act, 42 USC 7511, would have to use ultra-low-sulfur diesel fuel and the best available technology for reducing the emission of pollutants.

Beginning October 1, 2007, if a State agency or local unit of government entered into a procurement contract or any other contract in which the contractor could use nonroad specialty vehicles in the fulfillment of the contract that were used in a county or local unit in which all or a part of that county or local unit had been determined by the EPA as not being in attainment with the National Ambient Air Quality Standards for Ozone, the contract would have to provide that the contractor could use only nonroad specialty vehicles that used ultra-low sulfur diesel fuel and the best available technology for reducing the emission of pollutants in fulfillment of the contract.

To the extent they were available, Federal funds would have to be used to retrofit nonroad specialty vehicles owned or leased by a State agency or local unit of government to make them compatible with the use of ultra-low-sulfur diesel fuel.

Under Senate Bill 90, by October 1, 2007, the Director of the Department of Management and Budget would have to issue directives to each State agency as to what constituted the best available technology for reducing the emission of pollutants of nonroad specialty vehicles.

Under both bills, "nonroad specialty vehicle" would mean a vehicle that is powered by an internal combustion engine that is 50-horsepower or greater and fueled by diesel fuel that is not a motor vehicle or a vehicle used solely for competition; the term would include an excavator, backhoe, crane, compressor, generator, bulldozer, and similar equipment. "Ultra-low-sulfur diesel fuel" would mean diesel fuel that has a sulfur content of no more than 15 parts per million.

Proposed MCL 18.1214 (S.B. 90) Legislative Analyst: Craig Laurie

FISCAL IMPACT

Senate Bill 90

The bill would have an indeterminate fiscal impact on State resources. The State currently owns or leases an estimated 2,300 nonroad specialty vehicles. The number of these vehicles that would be affected by the bill is unknown. The potential for additional fueling costs would depend on the price of the proposed requirement to use ultra-low-sulfur diesel compared with the price of the fuel type currently used by the affected vehicles.

The bill would have no fiscal impact on local units of government.

Senate Bill 91

The bill likely would have no impact on the State and likely would increase local unit expenditures. While a substantial number of local units are located in counties currently designated, or likely to be designated under updated classifications, as not in attainment with national ozone standards, it is unknown how many of them would not currently be in compliance with the bill. The magnitude of the bill's impact on local units would depend upon a variety of other factors, including the number of local units affected, the number of vehicles affected, the degree to which Federal funds were available to offset retrofitting costs, and the costs of technology compliant with the bill's requirements.

Fiscal Analyst: Joe Carrasco
David Zin

S0708\s90sa