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INCREASE MOTOR FUELS STANDARDS; PENALTIES

House Bill 5005
Sponsor: Rep. Larry Julian
Committee: Transportation

Complete to 9-6-01

A SUMMARY OF HOUSE BILL 5005 AS INTRODUCED 7-10-01

House Bill 5005 would amend the Motor Fuels Quality Act to increase the standards for motor fuel grades, and to increase penalties for violations of the act.

Under the current law, the director of the Department of Agriculture sets standards to ensure the purity and quality of gasoline sold in the state. In particular, the director sets standards for the amount and type of additives, and the grading of gasoline, including but not limited to the following:

- leaded sub-regular with a minimum 87 AKI (where “AKI” or “antiknock index” is defined to mean an index number arrived at by adding the motor octane number and the research octane number, then dividing by two);

- leaded regular with a minimum 89 AKI; and,

- leaded premium with a minimum 93 AKI.

In addition, currently standards are set for:

- unleaded sub-regular with a minimum 85 AKI;

- unleaded regular with a minimum 87 AKI, and a minimum 82 MON (where “MON” or “motor octane number” means a knock characteristic of gasoline determined by use of standard procedures on a motor engine);

- unleaded mid-grade 88 with a minimum 88 AKI and a minimum 82 MON;

- unleaded mid-grade 89 with a minimum 89 AKI and a minimum 83 MON; and,

- unleaded premium with a minimum 90 AKI.

Finally, under current law the director sets grades for alcohol fuels.

House Bill 5005 would eliminate all of these categories.

In addition, the current law specifies that leaded gasoline with a 94 AKI or more, and unleaded gasoline with a 91 AKI or more, may be offered for sale labeled with the minimum

House Bill 5005 (9-6-01)

AKI number, if the gasoline has been listed with and approved by the department. The leaded gasoline with 94 AKI or more must be labeled as leaded premium followed by the approved AKI number, and the unleaded gasoline with 91 AKI or more must be labeled unleaded premium followed by the approved AKI number. House Bill 5005 also would eliminate these categories.

Instead, the bill would require the director to establish standards for the grading of gasoline, including but not limited to:

- sub-regular with a minimum 85 AKI;

- regular with a minimum 87 AKI, and a minimum 82 MON (where “MON” or “motor octane number” means a knock characteristic of gasoline determined by use of standard procedures on a motor engine);

- mid-grade 88 with a minimum 88 AKI and a minimum 82 MON;

- mid-grade 89 with a minimum 89 AKI and a minimum 83 MON; and,

- premium with a minimum 90 AKI.

In addition, the director would be required to set standards for:

- premium 91 with a minimum 91 AKI;

- premium 92 with a minimum 92 AKI;

- premium 93 with a minimum 93 AKI; and,

- premium 94 with a minimum 94 AKI.

In addition, current law specifies that a storage tank at a retail outlet must be periodically tested to ensure that the tank does not have water or water-alcohol at the bottom of that tank in an amount greater than two inches. The bill would clarify that this periodic test would be undertaken by the retail dealer.

Further, current law specifies that a refiner or distributor cannot transfer, sell, dispense, or offer gasoline for sale in this state to a distributor unless the refiner or distributor indicates on each bill or invoice the name and wholesale distributor’s license number. House Bill 5005 would retain this provision but delete the requirement to list the wholesale distributor’s license number, requiring only the name.

Current law also specifies that gasoline cannot be offered for sale unless it is visibly free of undissolved water, sediments, and other suspended matter and is clear and bright at an ambient temperature of 70 degrees Fahrenheit. House Bill 5005 would retain this provision but specify an ambient temperature or 70 degrees Fahrenheit, whichever is greater.

Currently the fee for the annual license to distribute or sell fuel is set at \$15 for each year or portion of a year, and the law specifies that a license cannot be issued or renewed until the fee is paid. The law also specifies that a hearing is not required prior to the refusal to issue or review

a license. House Bill 5005 specifies that the fee for the license would be \$100, and that a license could not be issued or renewed until the fee and any administrative fines issued for violations of the act had been paid. The bill also clarifies that a hearing would not be required before the refusal to issue or renew a license (rather than review a license).

Currently the law specifies that a person who individually, or by the action of an agent or employee, or as the agent or employee of another violates the act or a rule promulgated under it is subject to an administrative fine. For a first violation, the fine is not less than \$50 or more than \$100 plus actual costs of the investigation and the amount of any economic benefit associated with the violation. House Bill 5005 would increase these amounts to not less than \$100 or more than \$200 plus actual costs of the investigation and double the amount of any economic benefit associated with the violation. The law also specifies that for a second violation within two years of the first, the fine is not less than \$100 or more than \$250, plus costs of the investigation and the amount of any economic benefit. House Bill 5005 would increase these amounts to not less than \$200 or more than \$500, plus actual investigation costs and double any economic benefit. Finally, the law specifies that for a third violation within two years of the first, the fine is not less than \$250 or more than \$500, plus actual costs of the investigation and the amount of any economic benefit. House Bill 5005 would increase these amounts to not less than \$500 or more than \$1,000, plus actual investigation costs and double any economic benefit.

Currently the law creates different punishments for two levels of misdemeanors, and one level of felony, and then specifies particular violations in the three levels of both categories. The first misdemeanor level is punishable by imprisonment for not more than 90 days, or a fine of not less than \$1,000 or more than \$2,000, or both. House Bill 5005 would retain this penalty and the current list of violations, but extend it to apply to anyone who makes a false statement on a “label.” (Currently, the penalty applies to, among other things, a false statement, representation, or certification, on an application, report, plan, or other document required under the act.) The current law also specifies two violations for which a person can be guilty of a misdemeanor punishable by imprisonment for not more than 90 days, or a fine of not less than \$2,000 or more than \$5,000, or both. The two violations would be retained under the bill (they are violating a prohibited act listed in this section within 24 months after another violation that resulted in conviction, and impersonating the director or any department inspector); however, the maximum fine portion of the penalty would be increased under the bill from not less than \$2,000 or more than \$10,000. Further, the current law specifies two violations for which a person can be guilty of a felony punishable by imprisonment for not more than two years, or a fine of not less than \$5,000 or more than \$10,000, or both. The two felony violations would be retained under the bill (they are intentionally committing a prohibited act under this section, and violating a prohibited act within 24 months after two previous violations had resulted in convictions); however, the minimum and maximum fine portions of the penalty would be increased under the bill from not less than \$10,000 or more than \$15,000, or both.

Finally, throughout House Bill 5005, outdated references to Public Act 150 of 1927 are replaced with updated references to the Motor Fuel Tax Act, Public Act 403 of 2000. In addition and under the bill, outdated provisions would be deleted that specify the time within which

dispensing facilities of different sizes were required to obtain a dispensing permit when the dispensing permit requirements were first enacted. The bill would retain the annual \$25 dispensing permit provision, a requirement that began on November 15, 1990, and also specify that the permit could not be issued or renewed until all fees and administrative fines were paid..

MCL 290.643 et al

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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.