

House Bill 506

In The House

January 27, 1981	Introduced and referred to Committee on Highway and Transportation.
January 29, 1981	Fiscal note requested.
February 3, 1981	Fiscal note returned.
February 16, 1981	Committee recommend bill do not pass.

1 HOUSE BILL NO. 506
 2 INTRODUCED BY Bertelaw, Hussaus, Bennett, Gray
 3 BY REQUEST OF THE ENVIRONMENTAL QUALITY COUNCIL

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 5 A BILL FOR AN ACT ENTITLED: "AN ACT REQUIRING THE STATE,
 6 ITS POLITICAL SUBDIVISIONS, SCHOOL DISTRICTS, AND
 7 PARTICULARLY THE DEPARTMENT OF HIGHWAYS TO PURCHASE AND USE
 8 REREFINED LUBRICATING OIL WHEN THE OIL IS REASONABLY
 9 AVAILABLE AND MEETS SPECIFICATIONS FOR QUALITY; AND
 10 DIRECTING THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL
 11 SCIENCES TO STUDY THE FEASIBILITY OF ESTABLISHING A
 12 COLLECTION AND RECYCLING SYSTEM FOR USED OIL IN MONTANA."

13
 14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Section 1. Short title. [This act] may be cited as the
 16 "Oil Conservation Recovery Act".

17 Section 2. Purpose. Since it is in the interest of the
 18 people of Montana to use rerefined oil and to recycle used
 19 oil in order to reduce costs and to reduce pollution of
 20 water, air, and land and in order to decrease the need to
 21 use lubricating oil made from a dwindling supply of virgin
 22 crude oil, [this act] requires the department of highways
 23 specifically and the state and school districts in general
 24 to purchase rerefined lubricating oil when the oil is proven
 25 or is certified to be equal or superior in quality to

1 lubricating oil made from virgin crude oil. A second purpose
 2 is to begin an examination of the feasibility of a system in
 3 which lubricating oil is collected and recycled in Montana.

4 Section 3. Definitions. As used in [this act], the
 5 following definitions apply:

6 (1) "Rerefined oil" means oil produced through the
 7 application of petroleum refining techniques to used oil to
 8 produce lubricants that are substantially equivalent in
 9 quality to virgin oil intended for the same purpose.
 10 Rerefining may include any combination of distillation,
 11 acid, caustic, solvent, clay, or hydrogen treating or other
 12 physical or chemical treatments, including formulation with
 13 additives.

14 (2) "Lubricating oil" means the fraction of crude oil
 15 that is sold for purposes of reducing friction in motorized
 16 vehicles such as cars, trucks, and buses.

17 (3) "Used oil" means any oil that has been refined from
 18 crude oil, used, and as a result of such use is contaminated
 19 by physical or chemical impurities.

20 Section 4. Requirements -- statewide purchasing. (1)
 21 The department of administration, in exercising its
 22 procurement duties under 18-4-101, and the department of
 23 highways, and other departments and political subdivisions
 24 and school districts of the state exercising purchasing
 25 authority shall, whenever the need arises to purchase

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1 lubricating oil, purchase and use rerefined oil to the
 2 greatest extent possible consistent with sound economic
 3 practices. Purchase of rerefined oil is not consistent with
 4 sound economic practices if the rerefined oil:

5 (a) is not available within a reasonable period of
 6 time;

7 (b) fails to meet society of automobile engineers'
 8 (SAE), military, or equivalent specifications for
 9 substantial equivalency of recycled oil and newly refined
 10 oil; or

11 (c) is available at an unreasonable price. For purposes
 12 of this subsection (1)(c), "unreasonable price" means a
 13 price substantially equal to or higher than the price of
 14 lubricating oil refined from virgin crude oil.

15 (2) The burden is on a department, school district, or
 16 political subdivision declining to purchase rerefined oil to
 17 demonstrate why it is not consistent with sound economic
 18 practice to purchase rerefined oil.

19 Section 5. Collecting and recycling used oil in the
 20 state. The department of health and environmental sciences
 21 shall study the economic and environmental feasibility of
 22 establishing a system for collecting and recycling used oil.
 23 As part of that study the department shall consider the
 24 following sources for collection:

25 (1) department of highways shops;

1 (2) school district bus garages;
 2 (3) county and city governments;
 3 (4) private enterprise; and
 4 (5) private individuals.

-End-

STATE OF MONTANA

REQUEST NO. 247-81

FISCAL NOTE

Form BD-15

In compliance with a written request received January 29, 19 81, there is hereby submitted a Fiscal Note for House Bill 506 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA). Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

Description of Proposed Legislation

House Bill 506 is an act requiring the state to purchase and use rerefined lubricating oil when it is reasonably available. The bill also directs the Department of Health and Environmental Sciences to study the feasibility of establishing a system for collecting and recycling used oil.

Fiscal Impact on Department of Health and Environmental SciencesAssumptions

1. The major costs associated with the study will be absorbed by existing department budgets.
2. .25 FTE professional staff person to conduct the study.
3. Federal funds will be available.

Fiscal ImpactFY 1982

Personal Services	\$ 7,500
Operating Expenses	<u>2,500</u>
Total	\$10,000

To finance the study, \$7,000 should be available from the federal solid waste grant, and \$3,000 from the federal hazardous waste grant.

Fiscal Impact on Department of HighwaysAssumptions

1. The Department of Highways will not increase their use of oil.
2. 12,750 gallons of oil would be available each year for recycling which, at .035¢/gallon would generate \$446 revenue.
3. A 1,000 gallon underground storage tank in each of the eleven divisions would have to be installed.

Fiscal ImpactFY 1982FY 1983

Revenue	\$ 446	\$ 446
Expenditures	0	0

David M. Lewis
BUDGET DIRECTOR

Office of Budget and Program Planning

Date: 2-3-81

The Department of Highways predicts that the system would break even in 20 years. Tank life is estimated to be 20 years.