



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5395 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Representative Joel Johnson
House Committee: Natural Resources
Senate Committee: Natural Resources

CONTENT

The bill would amend Part 52 (Strategic Water Quality Initiatives) of the Natural Resources and Environmental Protection Act to expand the purposes for which a grant from the Strategic Water Quality Initiatives Fund (SWQIF) may be used, to include up to half of the project costs related to the planning, design, and construction of a sewage collection and treatment system, for projects to address a substantial public health risk from treatment system failure.

To be eligible for a grant under the bill, a municipality would have to apply on or after June 1, 2016, meet criteria developed by the Department of Environmental Quality, and provide a demonstration of financial need, including an economic feasibility study with which the Department of Treasury concurred. Construction funding could not exceed \$10.0 million and would have to be allocated from the wetland mitigation bank funding program. (Under that program, up to \$10.0 million from the SWQIF may be spent on grants and loans to eligible municipalities. Of that amount, up to \$500,000 may be spent on grants for the following purposes:

- Developing an approvable wetland mitigation banking proposal.
- Notifying affected local units of government and adjacent property owners of the proposed mitigation bank and working to resolve objections to it.
- Planning and designing the mitigation bank.
- Completing the wetland mitigation bank funding program loan application or loan application requirements for other sources of financing.)

MCL 324.5204e

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have no direct fiscal impact on the Department of Environmental Quality, and would have a positive fiscal impact on certain local units of government. The bill would expand the types of projects eligible for grants from the Strategic Water Quality Initiatives Fund. This would allow eligible local units of government to allocate their existing resources elsewhere and effectively save them up to 50% of the cost of a project. The bill would have no direct fiscal impact on the DEQ as the Fund is specifically designed to provide grants and loans to local units of government; the bill simply would add another category of projects that would be eligible for grants. These projects would be funded with up to \$10.0 million from the SWQIF allocated to wetland mitigation banks. As of May 2016, none of these funds have been spent.

Date Completed: 5-23-16

Fiscal Analyst: Josh Sefton