

SEPTIC TANK INSPECTION ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6101 as introduced

Sponsor: Rep. Jeff Yaroeh

Committee: Natural Resources and Outdoor Recreation

Complete to 9-27-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6101 would create a new act, the Septic Tank Inspection Act, which would require inspections of septic tanks during certain property transfers and sales. The Department of Environment, Great Lakes, and Energy (EGLE) would have regulatory authority under this act.

Beginning on the effective date of the bill, in order for any sale or transfer of property containing a septic tank to occur, all of the following would have to be met:

- A *registered evaluator* has filed a *transfer evaluation report* with EGLE.
- At the time of the *transfer evaluation*, EGLE has determined that the condition or operation of the septic tank has not failed or any necessary system remediation has been completed.
- EGLE has issued an authorization for sale or transfer of the parcel.

The bill would define a *registered evaluator* as an individual who is registered with EGLE in accordance with the requirements of the act, described below.

A *transfer evaluation* would mean the process of determining the condition and functionality of a septic tank in relation to the sale or transfer of a parcel containing a septic tank by a registered evaluator. During the transfer evaluation, a registered evaluator would have to do all the following:

- Locate, expose, open, and inspect the septic tank.
- Observe the surrounding area looking for surface drainage problems or evidence of effluent on the ground or entering into a body of water.
- Check for evidence of any illicit discharge, including discharge into a waterway, wetland, ditch, or subsurface drain.
- Pump the tank to remove and dispose of the contents if the height of the fluid is less than 66% of the height of the contents of the tank.
- Note whether the septic tank system had failed.
- Anything else as required by EGLE.

A *transfer evaluation report* would mean the report created by a registered evaluator after conducting a transfer evaluation. Transfer evaluation reports would have to include at least all the following information:

- The address of the parcel.
- The parcel identification number.
- The name of the owner of the parcel.
- The location of the septic tank.
- A description of the current operational or functional status of the septic tank.

- Identification of any necessary repairs or replacement of any portions of the septic tank system.
- Other relevant or unusual observations related to the septic tank system.

A transfer evaluation would not be required before a sale or transfer if any of the following applied:

- A waiver was filed with EGLE stating that the parcel is to be connected to an available public sanitary sewer, public water supply, or both within six months of the sale or transfer.
- The septic tank was installed less than three years before the sale or transfer of the parcel.
- A transfer evaluation was conducted and a transfer evaluation report filed with EGLE no more than one year before the sale or transfer of the parcel.
- A mortgage or other payment obligation is refinanced.
- Any structure connected to the septic tank is to be demolished and not occupied after the sale or transfer of the parcel.
- The value of the consideration of the sale or transfer of the parcel is less than \$100.
- The transfer is from a spouse or spouses creating or disjoining a tenancy by the entireties in the grantor or the grantor and the grantor's spouse.
- Unless a specific monetary consideration is specified or ordered by the court, the transfer is court-ordered.
- The transfer is to create a joint tenancy between two or more persons where at least one of the persons already owns the parcel.
- Winter weather conditions preclude completing the transfer evaluation and the owner of the parcel files for an extension with EGLE.

The bill would also direct EGLE to determine minimum levels of education and experience necessary to conduct transfer evaluations and require an appropriate level of continuing education for evaluators. Local health departments would be allowed to provide initial and continuing education of registered evaluators with approval from EGLE.

After determining that an agency or organization has an acceptable program for training and certifying individuals in transfer evaluations, EGLE would have to approve that agency or organization. An individual wishing to become a registered evaluator would have to complete a program through the approved agency or organization, register with EGLE, and pay to EGLE the appropriate registration fee before conducting a transfer evaluation. EGLE would have to keep a list of all registered evaluators.

If EGLE has not approved a certifying agency or organization within 90 days after the effective date of the bill, EGLE could register individuals without certification for transfer evaluations after determining the adequacy of the knowledge and experience of the individual until a certifying agency or organization is approved by EGLE.

EGLE would be responsible for regulating transfer evaluations and promulgating rules under the Administrative Procedures Act to regulate transfer evaluations under the new act.

FISCAL IMPACT:

House Bill 6101 is likely to increase costs and increase revenues for the Department of Environment, Great Lakes, and Energy. Increased costs would be administrative in nature, as the bill would require EGLE to administer an inspection program and incur convention costs associated with such endeavors, including reporting, evaluation, and notification costs. The extent of these costs is likely to vary with the number of septic tanks subject to inspection under the bill. The bill provides for EGLE to realize a revenue increase through the creation of a septic tank evaluator registry fee schedule. The extent of this revenue increase is also yet to be determined, as is the balance between the aforementioned increased departmental costs and revenues. The bill is unlikely to affect costs or revenues for local governments.

Legislative Analyst: Josh Roesner
Fiscal Analyst: Austin Scott

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