

WATER QUALITY BONDS

Senate Bill 833 as passed by the Senate
Sponsor: Sen. Alan Sanborn
Senate Committee: Natural Resources
and Environment
House Committee: Commerce

Complete to 12-10-03

A SUMMARY OF SENATE BILL 833 AS REPORTED BY THE HOUSE COMMITTEE ON COMMERCE ON 12-9-03

In November of 2002, the state's voters authorized the State of Michigan to borrow up to \$1 billion through the issuance of water quality bonds to finance sewage treatment works projects, storm water projects, and water pollution projects. The legislation that accompanied the ballot proposal specified that no more than 10 percent of the water quality bonds could be sold in any one year and that the first bond issue would have to be structured so that debt payments could not begin before October 1, 2003. Senate Bill 833 would amend the Natural Resources and Environmental Protection Act (NREPA) to allow up to 20 percent of the bonds to be issued in any one year. [Note: Senate Bill 833 has essentially the same content as House Bill 5265.]

MCL 324.19703

FISCAL IMPLICATIONS:

The House Fiscal Agency reports that the increase in annual sale could result in an increase in the amount of debt service payable in subsequent years. The amount of debt service in a given year depends on the amount of the sale and the interest rate payable on the bonds. There would be no fiscal impact on local governments, says the HFA. Debt service is paid from the General Fund. (11-13-03) The bill would permit up to \$200 million in bonds to be issued in any one year rather than \$100 million.

Analyst: C. Couch

■ 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.