



Senate Fiscal Agency
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BILL



ANALYSIS

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House Bill 5673 (Substitute S-2 as reported)

Sponsor: Representative Al Pscholka

House Committee: Natural Resources, Tourism, and Outdoor Recreation

Senate Committee: Natural Resources, Environment and Great Lakes

CONTENT

The bill would amend Part 52 (Strategic Water Quality Initiatives) of the Natural Resources and Environmental Protection Act to do the following:

- Include construction activities related to sewage treatment works, stormwater treatment, and nonpoint source projects among the activities eligible for a low-interest loan through the Strategic Water Quality Initiatives Loan Program, when identified through an asset management program or stormwater project plan designed to protect water quality.
- Authorize the use of money from the Strategic Water Quality Initiatives Fund (SWQIF) for grants to municipalities for sewage collection and treatment systems, and grants and loans for wetland mitigation banks.
- Require the Department of Environmental Quality (DEQ) to report annually to the Legislature on the use of funds under Part 52 that were received from the Great Lakes Water Quality Bond Fund.

The grant program would have to provide grants of up to \$1.0 million to cover a maximum of 90% of the costs incurred by a municipality. For grants of more than \$1.0 million and less than \$2.0 million, the program could not cover more than 90% of the municipality's costs up to \$1.0 million and not more than 75% of the municipality's costs above \$1.0 million. A municipality could receive a 100% grant if it were a disadvantaged community as defined in Part 53 (which Senate Bill 1155 (H-1) would amend; a municipality in receivership; a municipality operating under an emergency manager or an emergency financial manager appointed under State law; or a municipality operating under a consent agreement as provided under the Local Government Fiscal Responsibility Act.

The bill is tie-barred to Senate Bills 1155 through 1158. The Substitute (H-1) versions of those bills would do the following: authorize use of SWQIF money for grants and loans for wetland mitigation banks; require the DEQ to award up to 50 points to a proposed sewage treatment works, stormwater treatment, or nonpoint source project in a disadvantaged community, when developing its priority list for SWQIF project funding; provide that formal enforcement action points awarded to a proposed project in the DEQ's development of a priority list for public water supply project funding would be in addition to the maximum points otherwise allowed, and revise the criteria used to break a tie between projects with even scores; and revise the allocation of money to the SWQIF and the State Water Pollution Control Revolving Fund from the Great Lakes Water Quality Bond Fund.

MCL 324.5201 et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have a negative fiscal impact on State government. The bill would allow grants and loans from the Strategic Water Quality Initiatives Fund to be made to municipalities for wetland mitigation banks. The bill also would allow the SWQIF to be used for grants of up to \$2.0 million for sewage collection and treatment systems, stormwater, and nonpoint source pollution control. Revenue for the grants and loans would come from bond issues under Proposal 2 of 2002. Associated debt service would be paid by the Department of Treasury from General Fund/General Purpose revenue.

Any new administrative costs introduced by the bill would be covered by an additional \$725,000 appropriation contained in Article VII of Public Act 200 of 2012, which is the fiscal year 2012-13 Department of Environmental Quality budget.

Date Completed: 12-6-12

Fiscal Analyst: Josh Sefton

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.