



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 864 (Substitute S-1)
Sponsor: Senator Kevin Daley
Committee: Local Government

Date Completed: 6-30-22

CONTENT

The bill would amend the Drain Code to do the following:

- **Allow a drain commissioner or drainage board, any time the drain fund of a drainage district contained less than \$10,000 per mile or fraction of a mile of a drain, to assess the drain district for an amount no greater than \$5,000 per mile or fraction of a mile in any one year.**
- **Increase, from \$5,000 to \$7,500, the maximum amount the drain commissioner or drainage board could spend in any one year without petition for maintenance or repair of a drain to keep it in working order.**
- **Require the State Treasurer to adjust, as of January 1, 2024, and each year after, the expenditure limit for the maintenance or repair of a drain to keep it in working order by an amount reflected by the cumulative percent change in the consumer price index (CPI).**
- **Require the Department of Agriculture and Rural Development (MDARD) to post and maintain the adjusted expenditure limit on its website.**

The Code allows a drain commissioner or drainage board, any time the drain fund of a drainage district contains less than \$5,000 per mile or fraction of a mile of a drain, to assess the drainage district for an amount not to exceed \$2,500 per mile or fraction of a mile in any one year. Instead, under the bill, if the fund contained less than \$10,000 per mile or fraction of mile of a drain, the commissioner could assess the district for an amount not exceeding \$5,000 per mile or fraction of a mile in any one year.

Under the Code, if an inspection discloses the necessity of expending money for the maintenance or repair of a drain to keep it in working order, the drain commissioner for a county drain or the drain board for an intercounty drain may without petition spend an amount not to exceed \$5,000 in any one year. The bill would increase this amount to \$7,500.

The Code requires the determination of the maximum expenditure for spending money for the maintenance or repair of a drain to keep it in working order following an inspection be based on the total number of miles of the drain and not the actual number of miles or location of the maintenance or repair. The costs incurred for the inspection, maintenance, and repair of a drain may be financed and assessed for up to 10 years.

Under the bill, as of January 1, 2024, and each calendar year after that, the State Treasurer would have to adjust the \$7,500 figure by an amount determined by the State Treasurer to reflect the cumulative percentage change in the CPI since January 1, 2023. The State

Treasurer would have to report the adjustment to MDARD. The bill would require the MDARD to post and maintain the adjustments on its website.

"Consumer Price Index" would mean the most comprehensive and recently available index of consumer prices for Michigan from the Bureau of Labor Statistics of the United States Department of Labor.

MCL 280.196

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

The bill would have no fiscal impact on the State but could increase local government's revenues and expenses by an unknown amount. The bill would amend the Drain Code to increase the specified minimum amount that must be available in the drain fund of any drainage district. Additionally, the bill would increase the amount assessed to drain districts when the required minimum amount is not fulfilled, and increase the amount drain commissioners are permitted to spend for maintenance and repair of drains located within the drain district.

The number of municipalities that have drain funds with balances between \$5,000 and \$10,000 per mile of drain is unknown as is the amount that would be assessed as a result of the bill. Similarly, it is unknown how many drains require maintenance and repair that would cost between \$5,000 and \$7,500 per mile of drain. The bill likely would result in an overall increase in available funds for drain districts to use on projects, however, the extent of any increase is unknown.

Fiscal Analyst: Chris Semrinec

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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.