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## REDUCE LAKE DRAWDOWN FEE

House Bill 4707 (Substitute H-1)  
First Analysis (9-21-95)

Sponsor: Rep. Tom Alley  
Committee: Conservation, Environment  
and Great Lakes

### **THE APPARENT PROBLEM:**

The Department of Natural Resources (DNR) is authorized by law to review permit applications submitted by persons interested in pursuing activities relating to the use of land and water, such as operating marinas, building near water, controlling weeds, and the like. The Natural Resources and Environmental Protection Act specifically allows the department to charge various permit fees, which are used to help defray its costs in processing permit applications, responding to unauthorized activities, providing information to the public, and performing other administrative tasks required by the act. Public Act 181 of 1993 raised permit fees for marina project activities and other "minor projects" involving lakes from \$25 to an amount ranging between \$50 and \$2,000, depending on the type of project in question. In May of 1994, an association of property owners along a small man-made lake in northern Michigan, after applying for a permit to drawdown its water level for purposes of controlling aquatic weeds, was shocked to discover the permit fee had jumped from \$25 to \$500, a 2,000 percent increase. Drawdowns of this sort usually are performed annually, which poses a prohibitive expense for groups like this. Because such activity has relatively little impact on these bodies of water, legislation has been proposed that would designate such drawdowns and associated reflooding as minor projects and thereby reduce the permit fee for them from \$500 to \$50.

### **THE CONTENT OF THE BILL:**

The bill would amend the Natural Resources and Environmental Protection Act to classify a seasonal drawdown and/or the associated reflooding of a dam or impoundment for the purpose of weed control as a "minor project," which requires an application fee of \$50 until October 1, 1995. At present, these seasonal drawdowns are charged a fee of \$500 because they are included within the provision that pertains to "all other projects not

listed" in the schedule of fees. (Note: As of October 1, 1995 the fee is scheduled to revert to \$25, as the provisions of Public Act 181 of 1993 will expire. House Bill 4864, which has passed the House and is pending on the Senate calendar, would extend the sunset on the provisions of the 1993 legislation until October 1, 1999.)

MCL 281.955

### **FISCAL IMPLICATIONS:**

The Department of Natural Resources says the bill would result in a small revenue loss to the Land and Water Management Fund, which funds the department's administrative oversight of the permitting process for land and water projects. The department estimates approximately ten drawdowns of the kind that would be affected by the bill occur annually, each of which requires a \$500 permit fee at present. Assuming this number remained the same, the bill would result in a revenue loss to the fund of approximately \$4,500. (9-19-95)

### **ARGUMENTS:**

#### **For:**

The bill recognizes the relatively minor impact that occurs to the environment surrounding a dam or impoundment when its water level is lowered for purposes of controlling growth of aquatic weeds, an activity usually performed in the fall. One lake association in northern Michigan performs the activity every year and was, prior to enactment of Public Act 181 of 1993, used to paying only \$25 for the DNR permit required to do this. Now, such groups must pay a yearly fee of \$500, which is not only prohibitive for them but, some people believe, exceeds the DNR's costs to issue such permits. The bill would designate a seasonal drawdown and associated reflooding of a dam or impoundment specifically for purposes of controlling weeds as a

HOUSE BILL 4707 (9-21-95)

"minor project" and, thus, would reduce the permit fee for this activity from \$500 to \$50.

**Response:**

According to a spokesman for the McGilvrey Lake Association, drawdowns of this sort are also performed in order to reduce flooding that occurs during spring thaw. The bill should be amended to include drawdowns done for this reason under its provisions.

**Against:**

According to the DNR, the bill would result in a loss to the Land and Water Management Fund, out of which the DNR's oversight of the permitting process is paid, of approximately \$4,500. The department has indicated that this revenue loss would affect its ability to oversee the permitting process for such drawdowns and, thus, has requested an amendment that would impose a \$500 fee for an initial drawdown permit and \$50 for subsequent renewals (see SUGGESTED AMENDMENTS).

**Response:**

The department first should prove it needs a fee at this level to cover its costs in issuing permits for such minor activities before such an amendment is adopted.

**Against:**

Because the current schedule of permit fees is set to expire on October 1 of this year (when they will all revert to a flat \$25 fee), it seems fruitless to pursue this legislation.

**Response:**

House Bill 4864, which has passed the House and is currently awaiting action on the Senate floor, proposes to extend this sunset from October 1, 1995, to October 1, 1999; it most likely will be adopted soon. Assuming it gets enacted, House Bill 4707 merely would need to be amended to reconcile it with the new sunset date.

**SUGGESTED AMENDMENTS:**

The Department of Natural Resources suggests adding language that would establish a fee for an "initial drawdown" permit of \$500, which could be renewed annually for up to 5 years by paying a \$50 fee.

**POSITIONS:**

The McGilvrey Lake Association supports the bill. (9-20-95)

The Department of Natural Resources would support the bill with its proposed amendment (see SUGGESTED AMENDMENTS). (9-19-95)