

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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~~House Bill 5892 (Substitute S-1 as reported by the Committee of the Whole)~~

House Bill 5893 (Substitute S-1 as reported)

Sponsor: Representative Tom Meyer (House Bill 5892)

Representative David Mead (House Bill 5893)

House Committee: Commerce

Senate Committee: Natural Resources and Environmental Affairs

CONTENT

House Bill 5892 (S-1) would add Part 52 to the Natural Resources and Environmental Protection Act (NREPA) to require the Michigan Municipal Bond Authority, in consultation with the Department of Environmental Quality (DEQ) to establish the Strategic Water Quality Initiatives Program, which would make low-interest loans to municipalities for sewer improvement projects and on-site septic system upgrades or replacements. The bill also would create the "Strategic Water Quality Initiatives Fund", which could be used only to make the low-interest loans, and to cover costs of the Authority and the DEQ in administering the Fund.

The bill would add Part 197 to the Act, to establish criteria for the issuance of bonds pursuant to House Bill 4625; create the "Great Lakes Water Quality Bond Fund", which would receive the bond proceeds; and require 90% of the Bond Fund to be deposited into the State Water Pollution Control Revolving Fund and 10% into the Strategic Water Quality Initiatives Fund. The first bond issuance would have to be structured so that debt payments did not begin before October 1, 2003.

House Bill 5893 (S-1) would amend Part 53 of the NREPA, regarding assistance from the State Water Pollution Control Revolving Fund, to require the DEQ to develop a separate priority list for projects funded by the Strategic Water Quality Initiatives Fund. (Currently, the DEQ must develop separate priority lists for sewage or stormwater treatment projects, and for nonpoint source projects, based on plans submitted by municipalities.) One of the existing criteria for the project priority lists, the population to be served by a project, would not apply to projects funded by the Strategic Water Quality Initiatives Fund.

The bill also would amend the priority list criteria to require the addition of 100 priority points if a sewage treatment works project addressed on-site septic systems that were adversely affecting the water quality of a water body and soil and hydrologic conditions were not suitable for the replacement of those septic systems, and 100 points if a sewage treatment works project included the construction of facilities for the acceptance or treatment of septage collected from on-site septic systems.

The bills are tie-barred to each other and to House Bill 4625. House Bill 4625 (S-1) would create the "Great Lakes Water Quality Bond Authorization Act" to provide for the issuance of \$1 billion in bonds for sewage treatment works projects, with voter approval.

MCL 324.5201 et al. (H.B. 5892)
324.5303 (H.B. 5893)

Legislative Analyst: Nobuko Nagata

FISCAL IMPACT

Please see **FISCAL IMPACT** on House Bill 4625 (S-1).

Date Completed: 5-22-02

Fiscal Analyst: Pam Graham