

Legislative Analysis



WATER QUALITY GRANT PROGRAM

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Senate Bill 789

Sponsor: Sen. Patricia L. Birkholz

Senate Bill 799

Sponsor: Sen. Liz Brater

Senate Bill 790

Sponsor: Sen. Gerald Van Woerkom

Senate Bill 800

Sponsor: Sen. Raymond E. Basham

House Committee: Local Government and Urban Policy

Senate Committee: Natural Resources and Environmental Affairs

Complete to 10-24-05

A SUMMARY OF SENATE BILLS 789, 790, 799, AND 800 AS PASSED BY THE SENATE 10-20-05

The bills are part of a package of legislation to create the Wastewater Application Grant Fund and allow local governments to apply for a grant to be used in developing the project plan needed to apply for a loan from Proposal 2 funds. That proposal authorized the state to issue up to \$1 billion in bonds with the proceeds going into two funds to make low interest, subsidized loans to local governments to repair or replace aging or inadequate sewage collection and treatment systems.

Senate Bill 789 would amend Part 52 (Strategic Water Quality Initiatives) of the Natural Resources and Environmental Protection Act (NREPA), MCL 324.5204, to allow the Michigan Municipal Bond Authority, in consultation with the Department of Environmental Quality (DEQ), to spend money from the Strategic Water Quality Initiatives Fund (SWQIF), upon appropriation, for grants under House Bill 4572.

Senate Bill 790 would amend Part 52 of the NREPA (MCL 324.5201) to define "grant" as a grant from the program that House Bill 4572 would establish.

Senate Bill 799 would amend Part 53 (Clean Water Assistance) of the NREPA (MCL 324.5301) to include in the definition of "construction activities" actions undertaken in the planning of sewage treatment works, stormwater treatment, or nonpoint source projects, and project planning services.

Senate Bill 800 would add a new section to the Shared Credit Rating Act (MCL 141.1016d) to allow a governmental unit and the Michigan Municipal Bond Authority to enter into grant agreements under a Strategic Water Quality Initiatives Grant Program (pursuant to House Bill 4572). The bill is identical to House Bill 5297.

The bills are tie-barred to each other and to House Bills 4572 and 4573. House Bill 4572 would amend Part 52 (Strategic Water Quality Initiatives) of NREPA to require the

Michigan Municipal Bond Authority, in consultation with the Department of Environmental Quality (DEQ), to establish a program to provide grants from the Strategic Water Quality Initiatives Fund (SWQIF) to governmental units to cover the cost of developing a project plan in applying for a loan from the State Water Pollution Control Revolving Fund. House Bill 4573 would amend Part 197 (Great Lakes Water Quality Bond Implementation) to revise the allocation of money received from the sale of Great Lakes water quality bonds.

FISCAL IMPACT:

There would be an indeterminate fiscal impact on the State of Michigan, and local governmental units would potentially benefit from the grants authorized by this package. These tie-barred bills would earmark 10 percent of Great Lakes Water Quality Bond proceeds to a new fund called the Wastewater Application Grant Fund to support grants to communities to cover engineering and professional consulting costs charged to prepare applications for sewage treatment projects. Aside from reducing the amount available for loans, there would not be an additional fiscal impact on the state. These grants would not be repaid to the DEQ. The actual fiscal impact on the Strategic Water Quality Initiatives Fund would depend on the number of grants made in a given fiscal year. The cost of these engineering studies is estimated to be between \$20,000 and \$50,000. This package of bills would direct revenue from Proposal 2 for grants to local governments to cover the up-front costs associated with the loan application process.

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