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BILL ANALYSIS

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Senate Bill 356 (as introduced 3-24-05)
Sponsor: Senator Bruce Patterson
Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 4-26-05

CONTENT

The bill would amend Part 53 (Clean Water Assistance) of the Natural Resources and Environmental Protection Act to include as "assistance" financing by a privately owned utility for sewage or stormwater treatment projects.

Under Part 53, municipalities may apply for assistance from the State Water Pollution Control Revolving Fund (also called the State Revolving Fund). "Assistance" means particular activities to the extent authorized by the Federal Water Pollution Control Act, including the provision of loans to municipalities for the construction of sewage treatment works projects, stormwater treatment projects, and nonpoint source projects.

The bill would add to the definition of "assistance" the provision of loan, financing, or guarantee by a private investor-owned utility for the construction, maintenance, and operation of sewage treatment works projects and stormwater treatment projects.

The bill specifies that assistance provided by a private investor-owned utility for these projects would have to be in accordance with all applicable provisions of the Act and the construction and operation requirements of the Federal Water Pollution Control Act and the Natural Environmental Policy Act.

MCL 324.5301 et al. Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the State. It would expand the type of facilities eligible for loans from the State Revolving Fund. Revenue from the Great Lakes Water Quality Bond enacted in 2002 could be used to support the loans. In the short term, the State would have General Fund expenses for debt service on the bonds issued to support the loans. The expenses would depend on the amount of bonds issued and the applicable interest rate. Generally, debt service costs are $6 million to $8 million annually per $100 million of bonds issued for the term of the bond. Since it is a revolving loan program, the money eventually would be repaid in the long term.

Fiscal Analyst: Jessica Runnels

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