



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



## BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bills 799 and 800 (as introduced 10-6-05)  
Sponsor: Senator Liz Brater (S.B. 799)  
Senator Raymond E. Basham (S.B. 800)  
Committee: Natural Resources and Environmental Affairs

Date Completed: 10-10-05

### **CONTENT**

**Senate Bill 799 would amend Part 53 (Clean Water Assistance) of the Natural Resources and Environmental Protection Act (NREPA) to include actions undertaken in the planning of sewage treatment works, stormwater treatment, or nonpoint source projects in the definition of "construction activities".**

**Senate Bill 800 would amend the Shared Credit Rating Act 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 bills are tie-barred to each other and to House Bills 4572 and 4573 and Senate Bills 789 and 790. House Bill 4573 (S-3) would amend Part 197 (Great Lakes Water Quality Bond Implementation) of NREPA to revise the allocation of money received from the sale of Great Lakes water quality bonds. House Bill 4572 (S-5) would amend Part 52 (Strategic Water Quality Initiatives) 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. Senate Bill 789 would amend Part 52 to allow the Authority, in consultation with the DEQ, to spend money from the SWQIF, upon appropriation for grants under House Bill 4572 (S-5). Senate Bill 790 would amend Part 52 to define "grant" as a grant from the program that House Bill 4572 (S-5) would establish.

Senate Bills 799 and 800 are described below in further detail.

### **Senate Bill 799**

The term "construction activities" presently means any actions undertaken in the designing or building of sewage treatment works, stormwater, or nonpoint source projects. The term includes engineering, legal, and financial services; design of plans and specifications; acquisition of land and structural components; building, erection, alteration, remodeling, or extension of a sewage treatment works, stormwater treatment project, or project designed to control nonpoint source pollution; and municipal supervision of these project activities.

Under the bill, "construction activities" also would mean any actions undertaken in the *planning* of sewage treatment works, stormwater treatment, or nonpoint source projects. The term also would include project planning services.

## **Senate Bill 800**

Under the bill, in addition to any other authority granted under law, each governmental unit could enter into grant agreements under Section 5204a of NREPA (which House Bill 4572 would add to establish the Strategic Water Quality Initiatives Grant Program). A governmental unit also could pledge its limited taxing power as security for any repayment obligation. The bill provides that the grant agreements would not be subject to the Revised Municipal Finance Act, and that a governmental unit's repayment obligations under an agreement would not be a general obligation or debt within the meaning of any constitutional or statutory debt limitation and would not be subject to any notice or referendum requirement.

The bill also provides that grant agreements under Section 5204a of NREPA could be entered into by the Municipal Bond Authority and would not have to be in fully marketable form.

MCL 324.5301 (S.B. 799)  
Proposed MCL 141.1016d (S.B. 800)

Legislative Analyst: Julie Koval

### **FISCAL IMPACT**

The bills, combined with House Bills 4572 (S-5) and 4573 (S-3), and Senate Bills 789 and 790, would cost the State \$40.0 million from the Strategic Water Quality Initiatives Fund. Providing the funding in the form of grants instead of loans would reduce loan capacity for the original purposes of the SWQIF program and the State would not recover the amounts awarded as grants.

A local unit of government would be eligible to receive a grant up to \$1.0 million for project planning services if it proceeded with loan funding under either the State Water Pollution Control Revolving Fund or the Strategic Water Quality Initiatives Fund. In aggregate, up to \$40.0 million would be available for local units of government as grant funding.

Fiscal Analyst: Jessica Runnels

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