



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5297 (as passed by the House)
Sponsor: Representative Aldo Vagnozzi
House Committee: Local Government and Urban Policy
Senate Committee: Natural Resources and Environmental Affairs

Date Completed: 11-1-05

CONTENT

The bill 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 (proposed by House Bill 4572).

Specifically, in addition to any other authority granted under law, each governmental unit could enter into grant agreements under Section 5204a of the Natural Resources and Environmental Protection Act (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.

The bill is tie-barred to House Bills 4572 and 4573 and Senate Bills 789, 790, and 799. 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 (H-1) 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 (H-1) would amend Part 52 to define "grant" as a grant from the program that House Bill 4572 (S-5) would establish. Senate Bill 799 (H-1) would amend Part 53 (Clean Water Assistance) of NREPA to include actions undertaken in the planning of sewage treatment works, stormwater treatment, or nonpoint source projects in the definition of "construction activities".

Proposed MCL 141.1016d

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill is tie-barred to a package of bills that would expand the allowable uses of the Strategic Water Quality Initiatives Fund to include grants for certain purposes. The entire package would cost the State \$40.0 million from the SWQIF since the State would not recover the amounts awarded as grants. A local unit of government would be eligible for a grant of up to \$1.0 million for project planning services. An aggregate of \$40.0 million would be available for the grants.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.