



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

BILL



ANALYSIS

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

Senate Bill 1008 (Substitute S-5 as reported)
Sponsor: Senator John Moolenaar
Committee: Natural Resources, Environment and Great Lakes

CONTENT

The bill would add Part 317 (Aquifer Protection and Dispute Resolution) to the Natural Resources and Environmental Protection Act to do the following:

- Allow the owner of a small-quantity well to file a complaint with the Department of Environmental Quality (DEQ) or the Michigan Department of Agriculture and Rural Development (MDARD), if the well failed to furnish its normal water supply or failed to furnish potable water, and the owner believed that the failure was caused by a high-capacity well.
- Require the Department Director to investigate a complaint and make a diligent effort to resolve it.
- If the high-capacity well owner notified the Department that he or she did not wish to participate in the resolution process, require the investigation to be suspended and provide that the dispute would have to be resolved as otherwise provided by law.
- Require the DEQ Director to declare a groundwater dispute if a complaint could not be resolved and an investigation disclosed lowering of the groundwater beyond seasonal water levels and substantial impairment of continued use of the area's groundwater resources, caused by a high-capacity well, and other factors.
- Require the DEQ Director, upon declaring a dispute, to order immediate provision of potable water, and permit the Director to restrict the quantity of groundwater that could be extracted from a high-capacity well.
- Require the owner of a high-capacity well, after a dispute was declared, to provide reasonable and timely compensation if the high-capacity well covered the failure or substantial impairment of the small capacity well.
- Prescribe a civil fine for violations.
- Create the "Aquifer Protection Revolving Fund" for the implementation of Part 317.
- Require the DEQ to submit to the Legislature a biennial report on the Department's implementation costs and recommendations to improve the effectiveness of Part 317.

A person who violated an order issued under Part 317 would be responsible for a civil fine of up to \$1,000 per day of violation, up to a total of \$50,000. Civil fine revenue would have to be deposited in the proposed Aquifer Protection Revolving Fund. The DEQ Director could bring an action to enforce an order under Part 317, including injunctive or other equitable relief.

Proposed MCL 324.31701-324.31712

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have a negative fiscal impact of about \$200,000 annually on the Department of Environmental Quality and the Department of Agriculture and Rural Development. Both Departments would experience increased costs related to the investigation of groundwater complaints. A similar program previously conducted by the DEQ cost approximately

\$200,000 annually, depending on the number of complaints investigated. However, this amount could be mitigated to some extent, as the bill would allow high-capacity well owners to opt out of the groundwater dispute resolution process, and allow the complainant to pursue other legal recourse.

The new costs incurred by both the DEQ and MDARD would be offset to a very small extent if small well owners who submitted more than two unverified complaints within one year were ordered to reimburse the DEQ for the full costs of investigation of the third and subsequent investigations, and if civil fines of up to \$1,000 per day were levied against people who violated orders issued under the bill. It is unknown how much revenue would be generated by these two mechanisms, but the amount almost certainly would be insufficient to cover the costs of the program.

Date Completed: 10-11-12

Fiscal Analyst: Josh Sefton

floor\sb1008

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.