



Senate Fiscal Agency
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Senate Bill 719 (Substitute S-1 as reported)
Sponsor: Senator Darwin L. Booher
Committee: Natural Resources, Environment and Great Lakes

CONTENT

The bill would amend Part 196 (Clean Michigan Initiative Implementation) of the Natural Resources and Environmental Protection Act to do the following:

- Allow the terms of an outstanding loan to a local unit of government or brownfield redevelopment authority from the Clean Michigan Initiative Bond Fund to be renegotiated upon a loan recipient's request and demonstration of financial hardship related to the project that was financed by the loan.
- Require the Department of Environmental Quality (DEQ) to report to the Legislature the number of loans refinanced under the bill, the local unit of government or authority responsible for each refinanced loan, and the change in the amount or terms of the loan, as appropriate.
- Allow the DEQ to include the required information in its annual report to the Legislature on the status of brownfield redevelopment authorities' activities.

MCL 324.19612

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have a neutral fiscal impact on State government and a positive fiscal impact on local units of government. Under the bill, municipalities and brownfield redevelopment authorities experiencing financial hardship related to a Clean Michigan Initiative (CMI) project loan would be allowed to renegotiate terms of the loan. This would generally have a positive fiscal impact on municipalities and authorities that qualified, as interest rates, terms, and loan length could be favorably renegotiated. The DEQ receives CMI loan repayments, which allows additional projects to be funded. To the extent that municipalities and authorities would renegotiate loan terms under the bill, future CMI loan repayments could be reduced. Reduced repayments would not have an administrative or operational impact on the DEQ, nor would they affect the Department of Treasury's ability to repay the original CMI bonds. The impact of reduced repayments would be a reduction in the amount of future CMI loans the DEQ could issue. The DEQ has indicated that it expects such a reduction would have a minimal impact on the CMI loan program.

Date Completed: 2-3-14

Fiscal Analyst: Josh Sefton