



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

BILL



ANALYSIS

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

House Bill 5278 (Substitute H-2 as reported without amendment)

Sponsor: Representative Ben Glardon

House Committee: Local Government

Senate Committee: Local Government

CONTENT

The bill would amend the Drain Code with respect to the process for recovering costs when revolving fund money has been spent, or a drainage district is obligated to pay certain expenses, and a drain improvement has not been completed within five years.

Under the Code, concerning an intracounty drain district, when revolving fund money has been spent or a drainage district is obligated to pay engineering, legal, and administrative services and an improvement has not been completed within five years after certain orders, the drain commission must report to the board of commissioners, which may spread the cost against the property of the original petitioners for a drain improvement, or spread the cost over the district and apportion it to the parties in the district that would have benefited from the improvement. Under the bill, this process also would apply to pay for principal and interest on notes. The bill also would require a report to the county board of commissioners if an improvement had not been completed within five years after a petition was filed.

When revolving fund money has been spent and no improvement has been completed within five years after an order designating an intercounty drainage district, the drainage board must apportion the cost between counties. The amount apportioned must be recovered by each county as provided above for an intracounty drain district. Under the bill, this process would apply if revolving fund money were spent or a drainage district were obligated to pay certain expenses or to pay principal and interest on notes, and if the improvement were not completed within five years after the date of the drainage board's order designating an intercounty drainage district, the entry of the first order of determination, or the filing of a petition for a drain improvement, if a petition had been filed, whichever was later.

MCL 280.306 & 280.307

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no impact on State revenue or expenditure, but would alter the allocation of costs related to certain revolving funds associated with drainage districts. Because the bill would not alter the mills that may be authorized for revolving funds, but would affect only the expenses that may be reimbursed by such mills, any impact would likely be minimal. The new costs that would be included relate to debt incurred by projects financed through the revolving funds. The proposed change is largely technical because the bill would not alter the costs that can be covered by a revolving fund, and the Drain Code restricts any debt to covering costs that may be paid by the revolving fund.

Date Completed: 4-13-16

Fiscal Analyst: David Zin

floor\hb5278

Bill Analysis @ www.senate.michigan.gov/sfa

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.