



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5395 (as passed by the House)
Sponsor: Representative Joel Johnson
House Committee: Natural Resources
Senate Committee: Natural Resources

Date Completed: 4-18-16

CONTENT

The bill would amend Part 52 (Strategic Water Quality Initiatives) of the Natural Resources and Environmental Protection Act to expand the purposes for which a grant from the Strategic Water Quality Initiatives Fund (SWQIF) may be used, to include up to half of the project costs related to the planning, design, and construction of a sewage collection and treatment system in a municipality that met criteria for a substantial public health risk from treatment system failure.

Under Part 52, the Michigan Municipal Bond Authority, in consultation with the Department of Environmental Quality (DEQ), must spend money from the SWQIF, upon appropriation, to provide loans and grants to assist municipalities with the costs of specific projects aimed at improving water quality. The SWQIF grant program includes grants to municipalities for sewage collection and treatment systems or storm water or nonpoint source pollution control, subject to the following limitations:

- For grants of up to \$1.0 million, not more than 90% of the costs incurred by the municipality.
- For grants of more than \$1.0 million and less than \$2.0 million, not more than 90% of the costs incurred by the municipality up to \$1.0 million and not more than 75% of the municipality's costs above \$1.0 million.

A grant may be issued to cover 100% of a municipality's costs if the municipality is a disadvantaged community, is in receivership, is operating under an emergency manager or an emergency financial manager appointed under State law, or is operating under a consent agreement as provided under the Local Government Financial Stability and Choice Act.

A municipality may not receive more than \$2.0 million in total grant assistance.

A grant may be used for one or more of the following purposes:

- Development of an asset management program for a sewage collection and treatment system or a storm water system.
- Development of management plans for the treatment of storm water.
- Planning and design of a sewage treatment works project or storm water treatment project, or planning and design of construction activities designed to reduce nonpoint source pollution.
- A municipality's project costs related to the testing and demonstration of innovative wastewater and storm water technologies approved by the DEQ.

The bill also would allow a grant to be used for up to 50% of the project costs related to the planning, design, and construction of a sewage collection and treatment system if the municipality met the criteria developed by the DEQ for a substantial public health risk from treatment system failure.

MCL 324.5204e

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have no direct fiscal impact on the Department of Environmental Quality, and would have a positive fiscal impact on certain local units of government. The bill would expand the types of projects eligible for grants from the Strategic Water Quality Initiatives Fund. This would allow eligible local units of government to allocate their existing resources elsewhere and effectively save them up to 50% of the cost of a project. The bill would have no direct fiscal impact on the DEQ as the SWQIF is specifically designed to provide grants and loans to local units of government; the bill simply would add another category of projects that would be eligible for grants.

Fiscal Analyst: Josh Sefton

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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.