



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

BILL ANALYSIS



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

Senate Bill 402 (as introduced 5-24-17)
Sponsor: Senator Phil Pavlov
Committee: Natural Resources

Date Completed: 6-14-17

CONTENT

The bill would amend Part 52 (Strategic Water Quality Initiatives) of the Natural Resources and Environmental Protection Act to increase the amount of grants that a municipality may receive to help finance certain sewage treatment and water treatment projects.

Part 52 of the NREPA establishes the Strategic Water Quality Initiatives Fund within the State treasury. The Michigan Municipal Bond Authority, in consultation with the Department of Environmental Quality, is required to spend money from the Fund, upon appropriation, for specified purposes, including grants to municipalities for sewage collection and treatment or storm water or nonpoint source pollution control. These grants are:

- 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 cover 100% of the costs incurred by a municipality that is a disadvantaged community, is in receivership, or is operating under an emergency manager, emergency financial manager, or a consent agreement as provided under the Local Financial Stability and Choice Act.)

Under the bill, for total grants of more than \$1.0 million, the program could grant up to 90% of the costs incurred by the municipality for up to \$1.0 million of the grant amount and up to 75% of the remaining costs incurred by the municipality for the balance of the grant amount.

Currently, a municipality may not receive more than \$2.0 million in total grant assistance.

Under the bill, a municipality could not receive more than \$2.0 million in grant assistance for the following purposes:

- The development of an asset management program for a sewage collection and treatment system or stormwater system.
- The development of management plans for the treatment of stormwater.
- The planning and design of a sewage treatment works project or stormwater treatment project or planning and design of construction activities designed to reduce nonpoint source pollution.

-- The project costs of a municipality related to the testing and demonstration of innovative wastewater and stormwater technologies approved by the Department.

A municipality also could not receive more than \$2.0 million in grant assistance for projects to address a substantial public health risk from treatment system failure.

The bill would take effect 90 days after it was enacted.

MCL 324.5204e

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would not have a significant fiscal impact on the State.

The bill would allow municipalities that have already received a grant from the Strategic Water Quality Initiatives Fund to receive further grant awards of up to \$2.0 million for projects to address substantial health risks. This would not change the total amount of these funds that are but would instead change how those grant funds are potentially allocated. Currently, \$10.0 million is allocated in statute for this purpose. According to the Department of Environmental Quality, of the \$10.0 million, \$6.0 million has been appropriated, and of that, \$2.5 million has already been allocated to various projects.

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.