



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 5188 (Substitute H-2 as passed by the House)
Sponsor: Representative Amos O'Neal
House Committee: Local Government and Municipal Finance
Senate Committee: Local Government

Date Completed: 11-11-24

CONTENT

The bill would amend Chapter 8 (Cleaning, Widening, Deepening, Straightening, and Extending Drains) of the Drain Code to do the following:

- **Allow a drain commissioner or drainage board to assess a drainage district \$5,000 per mile or fraction of a mile of a drain, instead of \$2,500 per such, if a drainage fund were determined to have insufficient funds in a year.**
- **Increase the figure used to determine a drainage fund's insufficiency, from less than \$5,000 per mile or fraction of a mile of a drain to less than \$10,000 per mile or fraction of a mile of a drain.**
- **Require the figure used to determine insufficient funds in a drainage fund to be adjusted yearly by the Consumer Price Index (CPI), starting January 1, 2025.**

Among other things, Chapter 8 of the Code governs drain inspections and the drainage fund of a county or intercounty drainage district. The Code requires the drain commissioner or a competent person appointed by the commissioner to perform an inspection for a county drain and the drainage board or a competent person appointed by the board to perform an inspection for an intercounty drain.

Currently, a drain commissioner or drainage board may assess a drainage district for up to \$2,500 per mile or fraction of a mile of a drain in any one year if the drainage fund of that district contains less than \$5,000 per mile or fraction of a mile of a drain. The bill would double these figures to \$5,000 and \$10,000, respectively.

In addition, a drain commissioner or drainage board may spend without petition \$5,000 per mile or fraction of a mile of the drain for maintenance and repair of the drain if, after an inspection, the commissioner or board determines it is necessary to spend money on the maintenance or repair of the drain to keep it in working order. The bill would double this figure from \$5,000 to \$10,000.

Finally, as of January 1, 2025, and each calendar year after, the bill would require the State Treasurer to adjust the \$10,000 figure contained in the paragraph above by an amount determined by the State Treasurer to reflect the cumulative percentage change in the CPI since January 1, 2024. "Consumer Price Index" would mean the most comprehensive and recently available index of consumer prices for Michigan from the Bureau of Labor Statistics of the United States Department of Labor. The State Treasurer would have to report the adjusted amount to the Michigan Department of Agriculture and Rural Development, which would have to post and maintain the adjusted amount on its publicly accessible website.

MCL 280.196

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill would raise the annual limit on drain maintenance assessments from \$5,000 to \$10,000. The bill also would allow for future increases by indexing to the CPI. This could have a negative fiscal impact on certain local units of government and the State as it would potentially increase the assessment costs to property owners, including State and local governmental units. The drain commission is a local government unit so the overall effect would be net zero on the government. The bill would have no fiscal impact on the Department of Treasury.

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