

# SENATE BILL NO. 441

June 25, 2025, Introduced by Senators BAYER, KLINEFELT and CHANG and referred to Committee on Local Government.

A bill to regulate the creation of stormwater management utilities by local units of government; to provide for the creation of stormwater management plans; to provide for the adoption of stormwater management utility fee ordinances; to provide for the establishment and collection of stormwater management utility fees; to provide for the reduction or elimination of stormwater management utility fees; to provide for appeals; and to prescribe the powers and duties of certain local governmental officers and entities.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 1. This act may be cited as the "stormwater management  
2 utility act".

3       Sec. 3. As used in this act:

4       (a) "Facilities" means all real and tangible personal property  
5 that comprises a stormwater management system, including, but not  
6 limited to, the land; buildings; basins; pipes; drains; pump  
7 stations; outfalls; storage facilities; structures; fixtures such  
8 as screens, meters, and control gates; improvements; easements;  
9 access rights; state or local rights of way; permits; licenses;  
10 leases; machinery; equipment; vehicles; office equipment;  
11 furniture; software; hardware; security systems; communications  
12 systems; nature-based solutions that use or mimic natural systems  
13 to manage stormwater runoff; and other information technology  
14 systems.

15       (b) "Fund" means a stormwater enterprise fund established  
16 under section 11.

17       (c) "Local unit of government" means a city, village,  
18 township, county, or authority established by law.

19       (d) "Property" means real property.

20       (e) "Stormwater" means stormwater, rainwater, snowmelt, or  
21 other surface water runoff or drainage.

22       (f) "Stormwater management plan" or "plan" means a plan  
23 described in section 7.

24       (g) "Stormwater management services" means 1 or more of the  
25 following:

26       (i) The receipt, acceptance, conveyance, transport, storage,  
27 treatment, disposal, or regulation of the volume or rate of flow of  
28 stormwater through a stormwater management system from a property

1 for purposes of flood control or public health, safety, or welfare.

2 (ii) The receipt, acceptance, conveyance, transport, storage,  
3 treatment, disposal, or regulation of stormwater for the purpose of  
4 contributing to, improving, attaining, or maintaining water quality  
5 standards, including, but not limited to, stormwater treatment,  
6 pollution prevention activities, and compliance with local, state,  
7 and federal laws, regulations, or permits to reduce, control, or  
8 treat pollutants transported from property into a stormwater  
9 management system.

10 (h) "Stormwater management system" means facilities that are  
11 owned, operated, designed, maintained, or used by a local unit of  
12 government within a set geographical area for the purpose of  
13 providing stormwater management services under this act.

14 (i) "Stormwater management utility" means a system created  
15 under this act through which a local unit of government provides  
16 stormwater management services in accordance with a stormwater  
17 management plan.

18 (j) "Stormwater management utility fee" means a fee  
19 established by a local unit of government under section 9.

20 (k) "Stormwater management utility fee ordinance" means an  
21 ordinance adopted by a local unit of government under this act.

22 Sec. 5. (1) A local unit of government may create a stormwater  
23 management utility and adopt a stormwater management utility fee  
24 under this act.

25 (2) A local unit of government that creates a stormwater  
26 management utility under this act shall do both the following:

27 (a) Adopt a stormwater management plan by resolution.

28 (b) Adopt a stormwater management utility fee ordinance.

29 Sec. 7. (1) A stormwater management plan must include all the

1 following:

2 (a) A designated period of time, not less than 5 years, within  
3 which the local unit of government must review and update the plan  
4 as necessary.

5 (b) The service area of the stormwater management utility.

6 (c) A general description of the stormwater management  
7 services that will be provided by the stormwater management  
8 utility.

9 (d) A determination of the properties that will be subject to  
10 a stormwater management utility fee, a description of the process  
11 and method used to make that determination, and the process and  
12 method for determining the addition or subtraction of properties  
13 that will be subject to stormwater management utility fees.

14 (e) The method of calculating the stormwater management  
15 utility fee.

16 (f) A description of how a property owner may obtain a  
17 reduction or elimination of a stormwater management utility fee.

18 (g) A description of the process by which a property owner can  
19 appeal the amount of a stormwater management utility fee.

20 (h) Any other information that the local unit of government  
21 determines is relevant.

22 (2) Before adopting a proposed plan or an amendment to an  
23 existing plan under this act, the local unit of government must  
24 hold at least 1 public hearing on the proposed plan or amendments  
25 to an existing plan. The local unit of government shall provide  
26 notice of the date, time, and location of the public hearing and  
27 the times and locations where a physical copy of the proposed plan  
28 or amendments to an existing plan may be reviewed by the public.  
29 The notice must contain a statement that the purpose of the public

1 hearing is to present and receive public comment on a proposed plan  
2 or amendments to an existing plan. Notice must be provided using 1  
3 of the following methods:

4 (a) By publication, at least once, in a newspaper of general  
5 circulation in the area of the local unit of government.

6 (b) By posting a copy of the notice at the principal office of  
7 the local unit of government, and any other locations considered  
8 appropriate by the local unit of government, for not less than 30  
9 days before the date of the public hearing.

10 (c) If the local unit of government maintains a website that  
11 is accessible to the public, by posting the notice on the website  
12 for not less than 30 days before the date of the public hearing.

13 Sec. 9. (1) A stormwater management utility may establish and  
14 charge a stormwater management utility fee for the use of a  
15 stormwater management system and to recover all the costs, both  
16 direct and indirect, of providing stormwater management services,  
17 including, but not limited to, operation, maintenance,  
18 administration, capital, or other related costs.

19 (2) A proportional stormwater management utility fee under  
20 this section may be based on 1 or more methods generally accepted  
21 by licensed professional civil or environmental engineers,  
22 financial consultants familiar with municipal utility rate-setting  
23 practices, or regional or national professional groups associated  
24 with stormwater experts, such as the American Water Works  
25 Association, American Society of Civil Engineers, Water Environment  
26 Federation, or other similar organizations.

27 (3) A stormwater management utility fee adopted under this act  
28 is presumed valid.

29 (4) As used in this section, "licensed professional civil or

1 environmental engineer" means a professional engineer that is  
2 licensed under article 20 of the occupational code, 1980 PA 299,  
3 MCL 339.2001 to 339.2014, or a professional engineer that is  
4 licensed in another state.

5       Sec. 11. (1) A stormwater management utility that establishes  
6 a stormwater management utility fee under this act must establish a  
7 stormwater enterprise fund. All stormwater management utility fees  
8 collected by a stormwater management utility must be deposited into  
9 the fund. The treasurer of the local unit of government may receive  
10 money or other assets from any other source for deposit into the  
11 fund. Money in the fund may be invested in accordance with  
12 applicable law or policies established by the local unit of  
13 government. The treasurer shall credit to the fund interest and  
14 earnings from fund investments. Money in the fund at the close of  
15 the fiscal year remains in the fund and does not lapse to the  
16 general fund of the local unit of government.

17       (2) The treasurer of the local unit of government shall expend  
18 money from the fund only for the purposes of defraying the costs of  
19 the stormwater management utility.

20       (3) If the local unit of government maintains a website that  
21 is accessible to the public, the local unit of government shall  
22 post on its website the most recent annual comprehensive financial  
23 report of the local unit of government that includes the  
24 information regarding the fund.

25       Sec. 13. (1) A stormwater management utility fee ordinance  
26 that establishes a stormwater management utility fee must provide  
27 procedures for the reduction or elimination of the stormwater  
28 management utility fee for a property if a modification or  
29 improvement made to that property, or to that and 1 or more other

1 properties, reduces the rate or volume, eliminates runoff, or  
2 limits pollutant loadings of stormwater entering the stormwater  
3 management system.

4 (2) Each property owner has the burden of demonstrating that  
5 the stormwater management utility fee reduction or elimination is  
6 justified for that property, using methods that are reasonably  
7 accurate considering available technology.

8 (3) A stormwater management utility fee ordinance adopted  
9 under this act must establish all the following:

10 (a) A statement of billing cycles and due dates for stormwater  
11 management utility fees and remedies for delinquent stormwater  
12 management utility fees, including the assessment of interest  
13 charges and late fees.

14 (b) A provision that delinquent stormwater management utility  
15 fees, including interest charges and late fees imposed under this  
16 act, constitute a lien on any of the owner's property if the  
17 stormwater management utility fees, including interest charges and  
18 late fees imposed under this act, remain delinquent for 3 months or  
19 more. The delinquent stormwater management utility fees, including  
20 interest charges and late fees, may be certified to the proper tax  
21 authority assessing officer or agency to be entered on the next tax  
22 roll against the property to which stormwater management services  
23 have been provided. The delinquent amount of the lien described  
24 under this subsection is collected in the same manner as taxes  
25 assessed on the tax roll. The time and manner of certification and  
26 other details regarding the collection of the delinquent amount and  
27 enforcement of the lien must be prescribed under this provision. A  
28 lien described under this subdivision is effective and has priority  
29 over all other liens and encumbrances except those filed or

1 recorded before the date of the judgment only if notice of the lien  
2 is filed or recorded as required by state or federal law. A lien  
3 filed or recorded under this subdivision is terminated in  
4 accordance with the procedures required by state or federal law not  
5 later than 14 days after the delinquent amount is paid.

6 (c) Any other provisions determined necessary by the local  
7 unit of government.

8 (4) A local unit of government may collect a delinquent  
9 stormwater management utility fee by any method authorized by law.

10 (5) A partial payment of delinquent stormwater management  
11 utility fees must be applied to the oldest delinquent fees, and  
12 remaining fees may continue to accrue interest and late fees.

13 Sec. 15. (1) In addition to the requirements under section  
14 13(3), a stormwater management utility fee ordinance adopted under  
15 this act must establish an appeals board and provide procedures for  
16 appeals of any stormwater management utility fee charged or  
17 determined under this act. The appeals procedures must include, at  
18 a minimum, all of the following:

19 (a) Any property owner liable for a stormwater management  
20 utility fee may appeal the determination that the property utilizes  
21 the stormwater management system or the amount of a stormwater  
22 management utility fee, including, but not limited to, a  
23 determination on a reduction or the elimination of the stormwater  
24 management utility fee under section 13. An appeal must be based on  
25 the quantity or quality of stormwater deposited into the stormwater  
26 management utility system, the reductions established, the  
27 reductions allocated, or any other matter relating to the  
28 determination or validity of the stormwater management utility fee.

29 (b) An appeal of a stormwater management utility fee must be



1 brought in accordance with the stormwater management utility's  
2 prescribed process not more than 6 months after the challenged  
3 stormwater management utility fee was first billed.

4 (c) To prevail in an appeal of a stormwater management utility  
5 fee, the appellant must demonstrate, in accordance with the  
6 requirements of the stormwater management plan, that the property  
7 does not use the stormwater management system to the extent  
8 determined by the stormwater management utility in the calculation  
9 of that property's stormwater management utility fee from the  
10 applicable appeal date to the date that the appeal was resolved or  
11 that there was a mathematical error in the calculation.

12 (d) The sole remedy for a property owner that prevails in an  
13 appeal of a stormwater management utility fee is a recalculation of  
14 the stormwater management utility fee that was subject to the  
15 appeal. If the recalculated stormwater management utility fee is  
16 less than the amount of the stormwater management utility fee that  
17 was subject to the appeal, the property owner shall receive a  
18 refund or credit for any difference that was paid to the stormwater  
19 management utility from the appeal date to the date the appeal was  
20 resolved. The stormwater management utility may provide a refund to  
21 a property owner for the difference that was paid if the property  
22 owner no longer owns the property and provides proof that the  
23 amount of the stormwater management utility fee that was subject to  
24 the appeal was paid, or may credit the amount subject to the appeal  
25 to the account attributed to the property.

26 (e) If, in an appeal of a stormwater management utility fee,  
27 the appeals board finds that the requirements of subdivision (c)  
28 have not been met, that finding is conclusive until the property is  
29 modified to either increase or decrease the utilization of the

1 system in a manner that makes the property owner eligible for a  
2 reduction or elimination of the stormwater management utility fee  
3 under section 13.

4 (2) The property owner that files an appeal under this section  
5 has the burden of providing the appeals board with information  
6 necessary to support the appeal.

7 (3) A property owner may file an appeal of a determination of  
8 the appeals board with the circuit court in the county in which the  
9 owner's property is located.

10 (4) Notwithstanding any other provision of law, a property  
11 owner shall continue to pay an assessed stormwater management  
12 utility fee unless otherwise determined by a stormwater management  
13 utility.

14 Sec. 17. This act is construed as cumulative authority for the  
15 exercise of the powers granted to a local unit of government and  
16 does not repeal any existing laws or limit or preempt any existing  
17 powers or authorities of a local unit of government. This act does  
18 not require a local unit of government with a combined sewer system  
19 or separated storm sewer system to establish a stormwater  
20 management utility, or to otherwise comply with this act in order  
21 to assess a stormwater fee. This act applies only to a stormwater  
22 management utility created by a local unit of government under this  
23 act on or after the effective date of this act.

24 Enacting section 1. This act takes effect 90 days after the  
25 date it is enacted into law.