



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5265 (Substitute S-1 as reported)
Sponsor: Representative Clark Bisbee
House Committee: Commerce
Senate Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend Part 197 (Great Lakes Water Quality Bond Implementation) of the Natural Resources and Environmental Protection Act to increase the amount of Great Lakes Water Quality bonds that may be issued in any year.

Under the Great Lakes Water Quality Bond Authorization Act (which took effect May 30, 2002), the State must borrow up to \$1 billion and issue general obligation bonds to finance sewage treatment works projects, storm water projects, and nonpoint source projects that improve the State's water quality. Currently, not more than 10% of the bonds may be issued in any year; the bill would permit up to 20% of the bonds to be issued in a one-year period.

In making the determination to issue these bonds, the Department of Environmental Quality would have to consider the availability of the workforce to conduct the activities authorized under Part 197, in order to ensure a competitive bidding process.

MCL 324.19703

Legislative Analyst: Claire Layman

FISCAL IMPACT

This bill would double to \$200 million the amount of Great Lakes Water Quality bonds that the State is authorized to sell in a single year. The bond revenue supports the State Revolving Fund (loans for local water pollution control projects) and the Strategic Water Quality Initiatives Fund (septic system upgrades and other projects). A ballot proposal creating this program was adopted in November 2002 by the voters of the State. No bonds have been issued, although it is anticipated that approximately \$1 million in bonds will be sold later this fiscal year to support the Strategic Water Quality Initiatives Fund. Assuming 20-year bonds issued at a constant rate of 5%, debt service on an additional \$100 million in bonds would be approximately \$8 million. Debt service on general obligation bonds is paid from the General Fund.

Date Completed: 12-17-03

Fiscal Analyst: Jessica Runnels