

House Bills 6416 & 6417

Thank You Mr. Chair & Committee Members

Tom Frazier, Legislative Liaison, Michigan Townships Association

While MTA supports the merits of these bills in helping communities by providing grants to complete an application for loan assistance from the state water pollution control revolving fund (SRF), we have philosophical concerns about the pot of money that would be used to support this effort and the Brownfield's program.

As you may recall, the \$1 billion water quality bond proposal was before the voters in 2002.

Specifically, 90% of the funds were to go into the SRF fund for major sewer projects, which amounted to \$900,000 million and 10%, or \$100,000 million of the funds, were to be set aside into the new Strategic Water Quality Initiatives Loan Program or the SQUIF fund to be used for two specific purposes. These two purposes were for disconnecting downspouts from sanitary sewers and upgrades or replacements of failing on-site septic systems affecting public health or the environment or both.

When the Legislature created the grant program five years ago it took \$40 million dollars from the SQUIF fund for these grants. Now these bills would take another \$40 million to be used for the grant program.

My concern is that we are using the 10% of the bond proposal for purposes other than what it was intended for. I'm also concerned that there will be a future need for these funds especially to upgrade or replace failing septic systems.

There are anywhere from 1.2 to 1.4 on-site systems in this state. It is estimated that 20% of those systems are failing.

I will say that I have been working with Sen. Birkholz's staff to help resolve this issue by transferring an additional \$40 million from the

SRF portion to help shore up the SQUIF fund for the future needs for which it was intended.

We have had a recent Court of Appeals decision in August (MI Department of Environmental Quality v. Worth Township (___ Mich. App. ___)) where the former DEQ had sued Worth Township to build a public sewer system to solve pollution issues that were coming from private on-site disposal systems in the state. The Court ruled that the state had no authority to require the township to replace failing septic tank systems with a public sewer system where the discharge did not occur as the result of actions by the municipality. It further stated that if judges were to find a municipality liable for the discharge, the state itself could be held equally liable as the Legislature defined "municipality" as including state government along with local governments. This decision will add to the problem of addressing failing on-site systems.

We further have concern over the fact that many townships around the state bonded (as Rep. Denby is well aware of in her district) in order to build sewer projects to meet master plans to accommodate anticipated growth. With the increase in foreclosures and the downturn in the economy, many developers have abandoned projects leaving the townships without the ability to pay for the bonds. We would like to see some assistance for those communities with this legislation.

Thank Mr. Chair and committee members.