

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 904 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Loren Bennett
Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would amend the Natural Resources and Environmental Protection Act to provide implementation authority for the bonds issued under the Clean Michigan Initiative (CMI) Act (proposed by House Bill 5622). The bill would allocate the bond proceeds deposited into the CMI Bond Fund (up to \$325,000,000 for environmental contamination cleanup, up to \$50,000,000 for waterfront improvement, up to \$25,000,000 for contaminated river sediment cleanup, up to \$50,000,000 for nonpoint source pollution prevention and control, up to \$50,000,000 for State park infrastructure improvement, and up to \$50,000,000 for local public recreation projects); specify the purposes for money in the Fund; and specify the application procedure, qualifications, and conditions for grants or loans made by the Department of Environmental Quality (DEQ).

The bill is tie-barred to House Bill 5622, which (as Substitute H-3) would authorize the issuance of \$550 million in bonds, and House Bills 5620 and 5719 and Senate Bill 902, which would allow the DEQ to establish grants programs. The bill would not take effect unless the voters approved the ballot question provided for in the CMI Act.

Proposed MCL 324.19601 - 324.19614

Legislative Analyst: N. Nagata

FISCAL IMPACT

House Bill 5622 (H-3) would authorize the State to issue \$550 million in general obligation bonds. Assuming a 25-year term and 4.8% interest, this would cost the General Fund/General Purpose budget about \$35 million annually or about \$870 million during the 25-year period (\$500 million in principal and \$370 million in interest). Additional costs totaling about \$5 million also would be incurred the year the bonds were sold, for underwriting fees and other costs associated with selling long-term bonds.

Senate Bill 904 (S-3) would direct the use of \$550 million in bond revenues. It could provide for up to \$182 million in additional funds for local recreation grants and environmental grants or loans. The remaining \$368 million would be allocated to the State; with up to \$318 million for cleanup of contamination sites and river sediments (up to \$60 million for acute public health threats), and up to \$50 million for State park infrastructure improvements. The Department of Environmental Quality would be authorized to receive 5%, or \$16.25 million, for administration of the environmental cleanup program. The Department of Natural Resources would be authorized to receive 3%, or \$3 million, for administration of the State park and local recreation grant programs.

Date Completed: 4-16-98

Fiscal Analyst: J. Wortley
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