

Legislative Analysis



BONDS AND NOTES FOR SPECIAL ASSESSMENTS FOR INLAND LAKE LEVEL PROJECTS

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Senate Bill 1080 as reported from House committee

Sponsor: Sen. Rick Outman

1st House Committee: Natural Resources and Outdoor Recreation

2nd House Committee: Ways and Means

Senate Committee: Environmental Quality

Complete to 9-24-20

SUMMARY:

Senate Bill 1080 would amend Part 307 (Inland Lakes) of the Natural Resources and Environmental Protection Act (NREPA) to extend, from 10 years to 40 years, the maximum maturity date of bonds or notes issued by a special assessment district for certain lake level control projects. This change would allow the cost of those projects to be spread out over a longer period of time and presumably make that cost more manageable for the communities that need or benefit from the projects.

Currently under Part 307, the board of commissioners of a county where an inland lake is located may initiate action to determine the *normal level* of the lake (or, if petitioned by 2/3 of the owners of lakefront property, must initiate that action within 45 days).¹

Normal level means the level or levels of the water of an inland lake that provide the most benefit to the public; that best protect the public health, safety, and welfare; that best preserve the natural resources of the state; and that best preserve and protect the value of the property around the lake. A normal level must be measured and described as an elevation based on national geodetic vertical datum.

If after a preliminary study the board decides to have the normal level established, it must direct the prosecuting attorney or other legal counsel of the county to initiate a circuit court proceeding to determine the normal level for that lake and to establish a special assessment district if the board determines by resolution that one is necessary.

A special assessment district consists of property directly benefited by a lake level project (e.g., a dam or other water control structure) against which special assessments are assessed to defray the cost of the project.

Section 30716 of NREPA allows a special assessment district, with the approval of the county board and subject to the Revised Municipal Finance Act, to issue bonds or notes that are payable by special assessments.

¹ For further information, see: https://www.michigan.gov/documents/deq/wrd-dams-legal-lake-levels_558345_7.pdf

Section 30705, which the bill would amend, provides that a special assessment district may issue bonds or lake level orders in anticipation of [special assessments] and that it may issue notes, subject to the Revised Municipal Finance Act, with a maturity date that is no later than 10 years after their original issuance.

The bill would amend section 30705 to allow a lake level special assessment district to issue either of the following in anticipation of the collection of special assessments:

- Bonds or notes, subject to section 30716, with a final maturity date of up to 40 years after their original issuance.
- Lake level orders.

MCL 324.30705

FISCAL IMPACT:

The bill is not likely to affect costs or revenues for the Department of Natural Resources; the Department of Environment, Great Lakes, and Energy; or local governments.

POSITIONS:

Representatives of the following entities testified in support of the bill (9-23-20):

- Michigan Association of County Drain Commissioners
- Clark Hill

The following entities indicated support for the bill:

- Department of Environment, Great Lakes, and Energy (9-23-20)
- Dow Chemical Company (9-24-20)
- Saginaw County Chamber of Commerce (9-24-20)
- Midland Business Alliance (9-24-20)
- Great Lakes Bay Regional Alliance (9-23-20)
- Bay County Area Chamber of Commerce (9-24-20)
- Four Lakes Task Force (9-23-20)
- Michigan Boating Industries Association (9-23-20)

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Austin Scott

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.