Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 662 (Substitute S-2 as reported)
Sponsor: Senator Rosemary Bayer
Committee: Local Government

CONTENT

The bill would amend Part 307 (Inland Lake Levels) of the Natural Resources and Environmental Protection Act to do the following:

-- Modify the definition of "normal level" related to inland lakes to allow for temporary fluctuations in water level resulting from weather, natural events, or construction activities.
-- Exempt financing for dams under Part 307 from a current cap on the total amount of bonds and notes that a special assessment district may issue.
-- Modify other requirements of dam financing under Part 307.

MCL 324.30701 et al.

BRIEF RATIONALE

Lake levels regularly fluctuate from weather, natural events, or construction activities. According to testimony, the 2022 court case *Citizens for Higgins Lake Legal Levels v. Roscommon County Board of Commissioners* in Michigan's Court of Appeals held that a normal lake level must be strictly maintained with no variance allowed. Reportedly, some communities have concern that they could be sued for not keeping a lake level at its normal level despite the lake level change resulting from temporary or natural phenomena. Accordingly, it has been suggested that lake levels under Part 307 be allowed to vary due to weather, natural events, or construction activities.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

As the language of the bill is permissive, there would be no mandatory fiscal impact on the State or local units of government. By exempting water level project financing from Section 505 of the Revised Municipal Finance Act, municipalities would have a borrowing cap removed under the bill. This would give municipalities more freedom and autonomy to borrow for water level projects; however, nothing in the bill would require municipalities to do so.

Date Completed: 2-21-24

Fiscal Analyst: Jonah Houtz
Michael Siracuse