

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 105 (Substitute S-1)
Sponsor: Senator Ken Sikkema
Committee: Natural Resources and Environmental Affairs

Date Completed: 3-6-01

CONTENT

The bill would amend the Management and Budget Act to transfer \$25 million from the Budget Stabilization Fund to the State Revolving Fund for each of the following fiscal years: 2000-01, 2001-02, 2002-03, 2003-04, and 2004-05.

The bill provides that this transfer for each fiscal year could not be spent unless the Federal government provided the State during the fiscal year in which the transfer was made additional revenues, beyond the level of funding provided for a previous State match, for the purposes of the State Water Pollution Control Revolving Fund. Further, only the amount of money necessary to satisfy Federal requirements for receiving additional revenues could be spent. On September 30 of the fiscal year in which the transfer was made, any money that was not used under the bill to satisfy Federal requirements would lapse to the Budget Stabilization Fund.

Proposed MCL 18.1353f

Legislative Analyst: N. Nagata

FISCAL IMPACT

In the event Federal funds were to become available to the State at a level that would require a \$25,000,000 State match, the bill would cost the Budget Stabilization Fund (BSF) approximately \$18,750,000 in foregone interest and earnings in addition to the direct appropriation of \$125,000,000, over five years. (This assumes an average earnings rate of 5% per year.) The \$125,000,000 appropriated from the BSF could generate approximately \$6,250,000 in loan interest payments to the State Water Pollution Control Revolving Fund. (This assumes interest on loans from the Revolving Fund of 2.5% per year.) The bill would result in a net cost to the State of \$12,500,000. This analysis assumes that the \$125,000,000 appropriated from the BSF would not be spent for some other purpose during the five-year period covered by the bill.

It might be noted that the Federal Clean Water Act capitalization grant program has not been reauthorized. Federal appropriations for the program have continued to the present time. Those appropriations, however, have been relatively flat over the last several years.

Fiscal Analyst: P. Graham

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