

Overview of HB 4100 – Stormwater Utility

- Why is HB 4100 needed?
 - Michigan law allows for the formation of municipal utilities to manage stormwater.
 - But, current law is general and does not include details and restrictions stipulating how these utilities must be formed and managed.
 - The Michigan Supreme Court, in *Bolt v City of Lansing*, ruled on the difference between a fee and a tax. The ruling stipulates fees must serve a regulatory purpose, must be proportional to service, and must be voluntary. Local governments are confused as to how to comply resulting in paying expensive lawsuits coming out of citizen's pockets. For example:
 - Ferndale settled for \$4.2 million
 - Birmingham settled for \$2.8 million and must submit a Supreme Court compliant system of charges to continue billing for Stormwater as of January 1, 2017
 - Royal Oak settled for \$2 million
 - Several other communities face related lawsuits
 - HB 4100 addresses the confusion by including direction on compliance with the three-part test of the Michigan Supreme Court.
- Why is infrastructure needed to manage rainwater?
 - To protect private property from flood damage and keep our water quality safe.
 - To keep roads clear and available for use when it rains.
- How does the bill help?
 - It provides a single set of strict boundaries for all stormwater utilities to follow.
 - It will help protect citizen tax dollars from being spent on lawsuits instead of the services they need and ensure that the infrastructure to protect their property is in place.
- Why is HB 4100 good for the private sector?
 - No new government authority is created. There would be one set of state “rules” instead of a hodgepodge for those already authorized and choosing to create utilities.
 - It is fairer to pay for a service based on amount of service used than based on property value. Example: who pays their electric bill based on property value?
 - Companies’ (and residents’) charges **MUST** be reduced if they reduce the amount of service they use.
 - It provides to all a much higher degree of transparency on both system costs and charges.
- Summary of valued added by adopting HB 4100
 - Designed to comply with Michigan Supreme Court’s conditions for a fee.
 - Zero cost to the State. Communities that choose a utility do all the managing.
 - Protects property and water quality from damages by establishing a stringent, clear means to invest in aging infrastructure (like roads and water supply systems).
 - *Pure Michigan* is all about clean water as an economic asset.