



Senate Fiscal Agency  
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BILL



ANALYSIS

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Senate Bills 674 through 679 (as reported without amendment)

*(as enrolled)*

Sponsor: Senator Jim Barcia (S.B. 674-676)

Senator Alan L. Cropsey (S.B. 677-679)

Committee: Economic Development and Regulatory Reform

Date Completed: 8-12-09

**RATIONALE**

Public Act 233 of 1955 provides for the incorporation of municipal authorities to acquire, own, extend, improve, and operate sewage disposal systems, water supply systems, and solid waste management systems. The authorities, in turn, may contract with municipalities and other public corporations for the broader provision of those services. The authorities formed under the Act include the Saginaw-Midland Municipal Water Supply Corporation. In November 2008, this authority rejected a request of the Saginaw Chippewa Indian Tribe, in the Saginaw Bay area, to contract for the purchase of raw water for use in a planned development. The municipal water supply corporation rejected the tribe's request because Public Act 233 authorizes an authority formed under it to sell water only to municipalities and other public corporations, which do not include Indian tribes. To address this situation, some people believe that an Indian tribe should be authorized to contract with an authority for services under Public Act 233, on the same basis as municipalities may do so.

- **Provide that rules and regulations promulgated under the Act could be enforced by an Indian tribe in territory under its jurisdiction.**
- **Require an Indian tribe to discontinue service to a user who violated a rule or regulation if the authority determined discontinuance was necessary, and to restore service when the authority determined a threat to the system no longer existed.**

A detailed description of the bills follows.

**Senate Bill 674**

The Act allows an authority created under it, and any of the authority's constituent municipalities, to enter into a contract or contracts to acquire, construct, improve, enlarge, extend, operate, and finance a sewage disposal system, a water supply system, a solid waste management system, or a combination of those systems. Under the bill, an Indian tribe also could enter into a contract for those purposes.

A contract entered into under the Act must provide for the allocation and payment of the share of the total cost to be borne by each contracting municipality in annual installments for a period of up to 40 years. The bill would refer to each contracting municipality or Indian tribe.

**Senate Bill 675**

The bill would define "Indian tribe" as an Indian tribe, band, nation, or other

**CONTENT**

**The bills would amend Public Act 233 of 1955 to do all of the following:**

- **Allow an Indian tribe to enter into a contract under the Act, by resolution of the tribe's governing body.**
- **Allow charges or rates specified in a contract to be higher for Indian tribes than for an authority's constituent municipalities.**

organized group or community of Indians that is recognized as eligible for services by the U.S. Secretary of the Interior because of their status as Indians. Unless the context clearly implies a different meaning, "authority" would mean an authority incorporated under the Act.

### **Senate Bill 676**

The Act allows an authority and any constituent or nonconstituent municipality of the authority to contract for the furnishing of water, sewage disposal, or waste management services, or a combination of those services, by the authority to the municipality. Under the bill, the authority and any municipality or Indian tribe could contract for those services.

The charges or rates to a nonconstituent municipality may be greater than those to constituent municipalities. Under the bill, the charges or rates to an Indian tribe also could be greater than those to constituent municipalities.

### **Senate Bill 677**

The Act requires a municipality desiring to enter into a contract with an authority to authorize the execution of the contract by resolution of its governing body. The bill would extend that requirement to an Indian tribe wishing to enter into a contract with an authority.

### **Senate Bill 678**

Rules and regulations promulgated under the Act are enforceable by an authority, its constituent municipalities, and municipalities that have contracted with the authority for the furnishing of services. Under the bill, those rules and regulations also would be enforceable by Indian tribes that contracted with the authority.

A municipality may exercise its enforcement powers against a violator in territory under its jurisdiction. The bill would refer to a municipality or Indian tribe.

### **Senate Bill 679**

The Act allows an authority to authorize the discontinuance of service to a user who violates a rule or regulation promulgated under the Act if it determines that

discontinuance of service to that user is necessary to protect the integrity of the affected system. The authority must authorize restoration of service when it determines that the threat to the system no longer exists and that the cause of or events resulting in the violation will not recur. The municipality that maintains and operates the affected system or part of it, or the authority, pursuant to that municipality's authorization, must discontinue and restore service as authorized by the authority. Under the bill, the municipality or Indian tribe, or the authority, pursuant to the municipality's or Indian tribe's authorization, would have to discontinue and restore service.

MCL 124.287 (S.B. 674)  
124.281 (S.B. 675)  
124.290 (S.B. 676)  
124.288 (S.B. 677)  
124.284d (S.B. 678)  
124.284e (S.B. 679)

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

Michigan is home to a number of Federally recognized Indian tribes, which administer and operate programs and services within their geographic areas. In many ways, the administration of programs and services by tribes is similar to the function of local governmental units, such as cities and townships. These services may include supplying water to the local tribal community.

The Saginaw Chippewa Indian Tribe, which has tribal land in the Saginaw Bay area, is planning a new development and would like to contract with the Saginaw-Midland Municipal Water Supply Corporation, an existing water supply authority organized under Public Act 233, to supply raw water to the tribe. Public Act 233, however, does not include an Indian tribe under its definition of "municipality" and does not specifically allow an Indian tribe and an authority to contract for the provision of services. By allowing an Indian tribe to enter into a contract under the Act, in the same manner and with the same standing as other municipalities, the bills would aid the new development being

pursued by the Saginaw Chippewa tribe and allow other tribes throughout the State to contract with municipal authorities formed under Public Act 233.

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bills would have no impact on State revenue or expenses. The bills would have an indeterminate impact on local units, depending on the nature of any agreements or contracts affected by the bills' provisions. To the extent that tribes entered into agreements under the bills, affected local units likely would incur both additional expenses and additional revenue.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.