



Michigan Section American Water Works Association

Position Statement on Stop Overspending (SOS) Michigan Constitutional Initiative

Note: At the time of adoption of this Position Statement, the State Board of Canvassers had voted to not certify the SOS initiative for inclusion on the November 2006 ballot. However, SOS proponents had appealed this decision, and even if the appeal is/was not successful, it is likely that SOS proponents will organize for another attempt for a similar initiative at some point in the future.

The Michigan Section, American Water Works Association (MI-AWWA) is an organization of nearly 2,100 members, encompassing many of Michigan's water utilities, from the largest to the smallest, that represents the interests of the public water supply industry in Michigan. It is part of our mission to promote laws and regulations which protect public health and to promote public confidence in public water supply.

The Board of MI-AWWA is opposed to the proposed constitutional amendment commonly referred to as the "Stop Overspending (SOS)" Initiative, and urges our membership to vote NO on this ballot proposal in the November 2006 election.

The Board of MI-AWWA believes that the SOS proposal, if enacted, will have serious detrimental effects on the ability of Michigan's public water supplies to continue to provide for the protection of public health and community safety (fire protection), and will unnecessarily complicate the process of ensuring financial stability of our state's water utilities.

Proponents of the proposal focus on its intent to limit State revenue increases (and thus taxes) and put limits on pensions received by state legislators. However, several provisions of the proposed constitutional amendment could have serious impacts to the ability for public water supply systems to maintain and expand their water systems to meet the needs of our communities (information based on the August 2006 Senate Fiscal Agency analysis of the proposal):

- Voter approval would be required for any changes in mandatory user fees or special assessments. The intent of "mandatory" user fees, and whether this applies to water rates, is not clear at this time, but such interpretation could be tied up in legal interpretation should the proposal pass. The need for special assessments to be approved by a vote would mean that the levying of a special assessment for a subdivision water main would be subject to approval of all voters in the local governmental unit.
- Any form of multi-year indebtedness, such as bonds, would require the approval of the voters down to the local government level. Therefore, the issuance of revenue bonds for funding capital improvements to public water supply systems would require a vote. In addition, the issuance of bonds by the State for funding of the Drinking Water Revolving Fund may also be subject to voter approval.

In short, the SOS proposal would place significant roadblocks to the ability of municipalities to efficiently secure the necessary funding to ensure an adequate, secure, and reliable source of safe water – forcing such decisions to be made by the populace via the election process instead of through our long-standing process of decision by representation of our State, County, City, and Township elected officials.

The Board of MI-AWWA encourages its members to reference available information developed by the Michigan Municipal League (www.mml.org), the Michigan Township Association (www.michigantownships.org), and Defend Michigan (www.defendmichigan.com), in order to make an informed decision on the SOS proposal in the November 2006 election.

Position Statement adopted by Michigan Section AWWA Board of Trustees, September 12, 2006.