Every year, billions of gallons of raw sewage, trash and personal hygiene products flow into the Great Lakes. And as a 2012 report by the Alliance for the Great Lakes notes, this problem poses not only environmental and health risks (due to the bacteria, viruses and pathogens in untreated sewage), but has economic costs as well (the forced closure of beaches, for example).

Upgrading the Great Lakes basin's water infrastructure would go a long way toward fixing this problem.

Financing the upgrades is becoming increasingly difficult due to fiscal constraints at all levels of government, but a mix of new legislative proposals and initiatives provides some hope that progress can still be made.

In Illinois, Gov. Pat Quinn announced that his state would provide an additional $1 billion in assistance over the next two years to communities wanting to improve their wastewater and drinking water systems. The state’s Clean Water Initiative will be financed through a sale of bonds by the Illinois Finance Authority. The new program will not increase general obligation debt for the state. Instead, Illinois will leverage federal grant funding through an existing loan program, along with loan repayments by communities that receive project funding.

In Michigan, under a package of bills that in November appeared likely to pass by the end of the year (SB 1155-1158), communities would be given more flexibility in how they use dollars from the state’s Great Lakes Water Quality Bond Fund. The legislation would also make it easier for “disadvantaged communities” (defined in part by income levels of residents) to apply for State Revolving Fund loans and grants.

State Revolving Funds provide assistance, in the form of low-interest loans, to communities to improve their water infrastructure. These funds are administered by the U.S. Environmental Protection Agency and state governments.

At the federal level, there currently is no dedicated revenue source for State Revolving Funds. Legislation proposed this summer (HR 6249) calls for the creation of a federal Water Protection and Reinvestment Fund. The money would come from a new tax on the makers or sellers of pharmaceuticals, water-based beverages and items disposed of in wastewater.

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