

GENESEE COUNTY DRAIN COMMISSIONER'S OFFICE

-DIVISION OF-

WATER & WASTE SERVICES



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Memorandum

DATE: January 15, 2026

TO: Michigan Legislative Members

FROM: Jeff Wright, Drain Commissioner

SUBJECT: Senate Bills 761 – 763 (Data Centers)

The Genesee County Drain Commissioner's Office (GCDC) has reviewed the proposed Senate legislation relating to placing limitations on water withdrawal and usage, in an attempt to limit the impact of future Data Center construction in the state of Michigan.

The ramifications of these proposed changes would have an immediate impact on our office, the residents and businesses we serve, as well as many water customers across our state. As discussed in the legislative breakdown below, the type of restrictions proposed in these bills would limit nearly any expansion of the system, regardless of the category of economic development. GCDC currently has a withdrawal permit allowing a maximum of 85 million gallons per day from Lake Huron. These restrictions would severely impact our utilization of this permit.

GCDC understands the intent of the legislation, and agrees that cost of system expansion to support new development should not be borne by the existing users of the water system. To ensure new development is as close to revenue neutral as possible GCDC charges a County Capital Improvement Fee (CCIF) to new construction hooking into our water system. This ensures developers pay for expanded infrastructure, while at the same time our commodity charges ensures the new user pays for necessary increases in operations cost.

We ask for your consideration to make changes to this legislation within the committee process that take our concerns, and the concerns of the local municipalities to which we deliver water.

Senate Bill No. 761

Adds: Single limitation limiting consumptive use to 2,000,000 gallons per day per withdrawal permit

Comments:

- (1) This is a general limitation on withdrawal permit. This would prevent most municipalities from obtaining a permit – residential consumptive use is between 10 – 15% of usage;
- (2) This would eliminate any agricultural permits. Their consumptive use is greater than 50%;
- (3) This arbitrary limit is contradictory to MCL 324.32702(1)(f) which calls for the continued availability of water for domestic, municipal, industrial, and agricultural; and,
- (4) Contradicts the Waters of the Great Lakes basin are capable of concurrently serving multiple uses...

MCL 324.32702(1)(i):

By setting an arbitrary limit defeats the purpose of MCL 32725(3) and (5).

The Department (EGLE) determines by reasonable scientific-based evidence their adverse impacts...

Depending on the source, adverse impact could be as low as 100,000 gallons or as high as 50,000,000 gallons.

2 million gallon limit is arbitrary and goes against the purpose of the original legislation.

Recommendation: Exempt municipalities and other water providers who have a revenue neutral system in place, such as our CCIF program, where existing users do not subsidize new construction and new additions into the water system.

Senate Bill No. 762

Adds: Requires Public Service Commission to report Data Center Water Usage

Comments:

- (1) Where are they going to get the data?
- (2) Typical Municipal Water Withdraw Permit includes thousands of customer ranging from residential homes to large industrial complexes that consume more water.

This is in direct contradiction to MCL 460.6.

The Public service commission has no authority over municipally-owned utilities.

This report is redundant to MCL 324.2709

The Department (EGLE) is responsible for collection and maintenance of Water Withdrawal Records.

If the legislature wants information on Data Center Water Withdrawals, it should require EGLE to prepare data, not the Public Service Commission.

Singling out an industry that may or may not be a large user is not appropriate.

Recommendation: In order to allow for transparency, omit duplicative efforts for local units of government, and place reviews with agency officials with the most experience in this field, place the recommended data collection under the purview of EGLE and not the MPSC.

Senate Bill No. 763

Adds: Requires notice of increased use from year-to-year and an accounting of capital expenditures.

Comments:

This is a death nail to municipally financing practices. Municipalities treat water supplies as a single system. Each customer is a member of the system. Capital improvement to the system is spread to all customers. This simple language would require municipalities to segment customers. Adding a water tower or booster station could only be charged to those it serves.

Water extensions would be limited to Special Assessment Districts only.

For the County, it is in contradiction to MCL 46.173, the County Agency's powers and duties.

Long-term,⁸ this would open up municipalities to a whole new round of *Bolt* lawsuits.

General:

The bills' intended result is to limit Data Center Construction in Michigan.

The results would be a shutdown of economic expansion in all major municipal markets and a complete overhaul of local municipality utility finances.

Recommendation: The reporting information in SB 763 is currently required as part of an Annual Report to EGLE. We recommend EGLE be required to use the existing information to compile a report ensuring environmental and economic needs are being addressed adequately.

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