## SENATE SUBSTITUTE FOR HOUSE BILL NO. 5395

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 5204e (MCL 324.5204e), as added by 2012 PA 511.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 5204e. (1) In addition to other requirements of this
- 2 part, the grant program shall provide grants to municipalities for
- 3 sewage collection and treatment systems or storm water or nonpoint
- 4 source pollution control as provided for in this section.
- 5 (2) The grant program is subject to all of the following:
- 6 (a) The grant program shall provide grants in accordance with
- 7 the following:
- 8 (i) Subject to subparagraph (iii), for grants of up to
- 9 \$1,000,000.00, not more than 90% of the costs incurred by the
- 10 municipality.
- 11 (ii) Subject to subparagraph (iii), for grants of more than

- 1 \$1,000,000.00 and less than \$2,000,000.00, not more than 90% of the
- 2 costs incurred by the municipality up to \$1,000,000.00 and not more
- 3 than 75% of the costs above \$1,000,000.00 incurred by the
- 4 municipality.
- 5 (iii) If any of the following conditions are met, a grant may
- 6 be issued to cover 100% of the costs incurred by the municipality:
- 7 (A) The municipality is a disadvantaged community as defined
- 8 in part 53.
- 9 (B) The municipality is in receivership.
- 10 (C) The municipality is operating under an emergency manager
- 11 or an emergency financial manager appointed under state law.
- 12 (D) The municipality is operating under a consent agreement as
- 13 provided under the local government fiscal responsibility act, 1990
- 14 PA 72, MCL 141.1201 to 141.1291.FINANCIAL STABILITY AND CHOICE ACT,
- 15 2012 PA 436, MCL 141.1541 TO 141.1575.
- 16 (b) A grant may be used for 1 or more of the following
- 17 purposes:
- 18 (i) Development of an asset management program for a sewage
- 19 collection and treatment system or a storm water system. For sewage
- 20 collection and treatment systems, the program shall include the
- 21 development of a funding structure and implementation schedule that
- 22 provides sufficient resources to implement the program. The
- 23 municipality shall coordinate, as feasible, with other
- 24 infrastructure activities in the same geographic area. In addition,
- 25 a disadvantaged community may expend not more than \$500,000.00 in
- 26 grant funds to implement projects identified in the asset
- 27 management program.

- 1 (ii) Development of management plans for the treatment of
- 2 storm water.
- 3 (iii) Planning and design of a sewage treatment works project
- 4 or stormwater treatment project as defined in section 5301(n) or
- 5 (o) or planning and design of construction activities designed to
- 6 reduce nonpoint source pollution.
- 7 (iv) Project costs of a municipality related to the testing
- 8 and demonstration of innovative wastewater and storm water
- 9 technologies approved by the department.
- 10 (v) FOR PROJECTS TO ADDRESS A SUBSTANTIAL PUBLIC HEALTH RISK
- 11 FROM TREATMENT SYSTEM FAILURE, UP TO 50% OF THE PROJECT COSTS
- 12 RELATED TO THE PLANNING, DESIGN, AND CONSTRUCTION OF A SEWAGE
- 13 COLLECTION AND TREATMENT SYSTEM. TO BE ELIGIBLE FOR A GRANT UNDER
- 14 THIS SUBPARAGRAPH, A MUNICIPALITY SHALL APPLY ON OR AFTER JUNE 1,
- 15 2016, MEET CRITERIA DEVELOPED BY THE DEPARTMENT, AND PROVIDE A
- 16 DEMONSTRATION OF FINANCIAL NEED, INCLUDING AN ECONOMIC FEASIBILITY
- 17 STUDY WITH WHICH THE DEPARTMENT OF TREASURY CONCURS. CONSTRUCTION
- 18 FUNDING UNDER THIS SUBPARAGRAPH SHALL NOT EXCEED \$10,000,000.00 AND
- 19 SHALL BE ALLOCATED FROM WETLAND MITIGATION BANK FUNDING AUTHORIZED
- 20 IN SECTION 5204F(1).
- 21 (c) The local match is not eliquible for loan assistance from
- 22 the state water pollution control revolving fund or the fund.
- 23 (d) Grant funds shall not be used for general local government
- 24 administrative activities or activities performed by municipal
- 25 employees that are unrelated to the project.
- 26 (e) A municipality shall not receive more than \$2,000,000.00
- 27 in total grant assistance under this section.

- 1 (3) The department shall establish an application and review
- 2 process for considering grant applications under this section. The
- 3 application shall contain the information required by the
- 4 department and the authority. Within 60 days after receipt of an
- 5 application, the department shall publish notice of the application
- 6 on the department's calendar. Within 120 days after receipt of an
- 7 administratively complete grant application, the department shall,
- 8 in writing, notify the applicant whether the application is
- 9 approved or rejected. If the department approves a grant under this
- 10 section, the department and the authority shall enter into a grant
- 11 agreement with the recipient prior to transferring funds. The grant
- 12 agreement shall contain terms established by the department and the
- 13 authority, including both of the following:
- 14 (a) A requirement that a grant recipient proceed with a
- 15 project for which grant funding is provided within 3 years after
- 16 the department approves the grant. For asset management programs
- 17 related to sewage collection and treatment systems, this includes
- 18 significant progress, as determined by the department, toward
- 19 achieving the funding structure necessary to implement the program.
- 20 (b) A requirement that the grant recipient repay the grant,
- 21 within 90 days of being informed to do so, with interest at a rate
- 22 not to exceed 8% per year, to the authority for deposit into the
- 23 fund if the applicant is unable to, or decides not to, proceed with
- 24 a construction project or begin implementation of an asset
- 25 management program for which grant funding is provided.
- 26 (4) For each year in which the department receives grant
- 27 applications under this section, the department shall report by

- 1 October 1 of that year to the standing committees of the senate and
- 2 the house of representatives with primary jurisdiction over issues
- 3 pertaining to natural resources and the environment and to the
- 4 senate and house of representatives appropriations committees on
- 5 the utilization of funds under this part that were received from
- 6 the Great Lakes water quality bond fund created in section 19706.
- 7 The report shall include, at a minimum, all of the following:
- 8 (a) The number of grant applications received under this
- 9 section.
- 10 (b) The name of each municipality applying for a grant.
- 11 (c) The type of project being funded for each grant awarded.
- 12 (d) The number of users potentially affected by each grant
- 13 awarded.
- 14 (e) The amount of the local match for each grant awarded.
- 15 (f) The individual and annual cumulative amount of grant funds
- 16 awarded, including an identification of whether each award was for
- 17 the purpose of applying for assistance from the state water
- 18 pollution control revolving fund or the fund.