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Senate Bill 565 (Substitute S-2 as reported)
Sponsor: Senator Jon Bumstead
Committee: Appropriations

CONTENT

The supplemental includes \$3.3 billion in Restricted and Federal funding to address a number of issues related to water including infrastructure, dams, lead, PFAS, wastewater, drinking water, and wetlands.

Table 1

Budget Area	Gross	Federal	Restricted	GF/GP
Agriculture/Rural Dev.	\$25,000,000	\$25,000,000	\$0	\$0
Environ., Gt Lakes, Energy	3,315,000,000	2,345,000,000	290,000,000	680,000,000
TOTAL	\$3,340,000,200	\$2,370,000,200	\$290,000,000	\$680,000,000

FISCAL IMPACT

The bill provides fiscal year (FY) 2021-22 line-item appropriations of \$3,340.0 million Gross, \$2,370.0 million Federal (with \$970.0 million from the Coronavirus State Fiscal Recovery Fund (SFRF), and \$1,400.0 million intended from the Infrastructure Investment and Jobs Act (IIJA), \$290.0 million Restricted (from the Great Lakes Water Quality Bond), and \$680.0 million General Fund/General Purpose. The funding would go to a variety of efforts to address water-related issues, in particular water quality and dam safety concerns. The bill provides total State spending from State resources of \$970.0 million and total payments to local units of government of \$340.0 million. Table 2 summarizes the details of the appropriations in the supplemental.

FY 2021-22 BOILERPLATE LANGUAGE SECTIONS-PART 2

Sec. 201. General. Records amount of total State spending and payments to local units of government.

Sec. 202. General. Subjects appropriations and expenditures in the article to the provisions of the Management and Budget Act.

Sec. 203. General. Directs that, if the State Administrative Board transfers funds appropriated in the Act, the Legislature may, by concurrent resolution requiring a majority vote in each chamber, transfer funds within a particular department, board, commission, officer, or institution.

Sec. 301. Agriculture and Rural Development. Allocates \$10.0 million from the appropriation: \$7.0 million for watershed planning as a grant program to conservation

districts to assist with drafting watershed management plans, and \$3.0 million as a grant to a qualifying county to fund a water management plan related to flooding issues.

Sec. 302. Agriculture and Rural Development. Allocates \$15.0 million from the appropriation for a grant program to cover the costs of culvert replacements for county drainage projects.

Sec. 401. Environment, Great Lakes, and Energy. Allocates \$15.0 million from the appropriation to fund a home repair program for residential sewer lines and to perform valve checks in Detroit (which is the city that meets the population requirements in Part 2).

Sec. 402. Environment, Great Lakes, and Energy. Tie-bars Part 1 funding for Clean Water Infrastructure to the enactment of Senate Bills 319 and 320.

Sec. 403. Environment, Great Lakes, and Energy. Allocates \$250.0 million from the Part 1 funding for the Dam Risk Reduction Revolving Loan Fund to the delegated authority of the Four Lakes Dam task force. Tie-bars Part 1 funding for the Emergency Dam Safety Grant Program, Emergency Dam Safety Action Fund, and Dam Risk Reduction Revolving Fund line items to the enactment of Senate Bill 470.

Sec. 404. Environment, Great Lakes, and Energy. Includes a list of eligible uses of funding for the Drinking Water Program (IIJA Source) line as a grant program for water suppliers to connect adjacent water systems or to allow two or more systems to consolidate. Allocates \$50.0 million of the program in the line to be used for private well resources including grants to private well owners to connect to an adjacent community water system in case of contamination or failure, to private well owners to replace a well or increase its depth in the case of contamination or failure, whole-house or point-of-use filtration as a result of contamination, and to local health departments to provide free or low-cost testing to private well owners, including testing for coliforms, nitrates and nitrites, arsenic, and other contamination. Funding to local health departments can also be used for outreach and education Includes work project language with a tentative completion date of September 30, 2026.

Sec. 405. Environment, Great Lakes, and Energy. Creates the Drinking Water Program Reserve Fund (ARPA Source) and directs the Department to complete a legislative transfer of SFRF in the amount of any gap in funding between the part 1 appropriation in Drinking Water Program (IIJA Source) and what is available to the State from the IIJA. This process requires an annual reporting requirement from the Department outlining increased Federal authorization from the IIJA.

Sec. 406. Environment, Great Lakes, and Energy. Tie-bars Part 1 funding for Failing Septic System Loans to the enactment of Senate Bill 319. Directs that Part 1 funding for Failing Septic System Loans be allocated to communities with a population not more than 5,000 where the majority of people rely solely on individual septic systems for the design and construction of community wastewater facilities.

Sec. 407. Environment, Great Lakes, and Energy. Requires that \$15.0 million of the funds appropriated for Geologic Data Collection be made available annually to the Michigan Geologic Survey to conduct data collection and mapping to expand geologic information in up to 25 targeted areas in the State. Tie-bars part 1 funding for Geologic Data Collection to the enactment of Senate Bill 488.

Sec. 408. Environment, Great Lakes, and Energy. Requires that \$140.0 million from the funds appropriated for the Great Lakes Water Authority be used for water supply

improvements. Allocates \$246.0 million from the appropriation for wastewater improvements related to flooding and recent weather events.

Sec. 409. Environment, Great Lakes, and Energy. Directs that Part 1 funding for Healthy Hydration be used to award grants to schools for the installation of filtered drinking water stations, with a 30% match required. Tie-bars Part 1 funding for Healthy Hydration to the enactment of Senate Bill 184.

Sec. 410. Environment, Great Lakes, and Energy. Directs that Part 1 funding for Lead Service Line Replacement (IIJA Source) be used to support the replacement of lead service lines from the curb to the house for no more than \$250.0 million, and from water providers to the curb for the remaining funding (\$750.0 million). Includes work project language with a tentative completion date of September 30, 2026.

Sec. 411. Environment, Great Lakes, and Energy. Creates the Lead Service Line Replacement Reserve Fund (ARPA Source) and directs the Department to complete a legislative transfer of SFRF in the amount of any gap in funding between the part 1 appropriation in Lead Service Line Replacement (IIJA Source) and what is available to the State from the IIJA. This process requires an annual reporting requirement from the Department outlining increased Federal authorization from the IIJA.

Sec. 412. Environment, Great Lakes, and Energy. Tie-bars Part 1 funding for Public Health Risk Reduction Grants to the enactment of Senate Bill 320.

Sec. 413. Environment, Great Lakes, and Energy. Directs that Part 1 funding for Wastewater – Clean Water Infrastructure Grants be awarded for design and construction projects that address sewer overflows and correct illicit connections to municipal drainage systems. Requires that not less than \$40.0 million of the appropriation be allocated for grants to communities with a population not more than 5,000 where the majority of people rely solely on individual septic systems for the design and construction of community wastewater facilities.

Sec. 414. Environment, Great Lakes, and Energy. Directs that Part 1 funding for the PFAS Remediation Grant Program be used to award grants to PFAS remediation projects at sites with no identified responsible party and be used to address water contamination issues due to PFAS. Directs that from funding for the PFAS Remediation Grant Program that \$5.0 million be awarded as a grant to Michigan State University to establish a testing facility. Directs that, from funding for the PFAS Remediation Grant Program, \$15.0 million be awarded to an eligible community to help with PFAS remediation at a former industrial site.

Sec. 415. Environment, Great Lakes, and Energy. Directs that Part 1 funding for Wetland Mitigation Grants be awarded to assistant wetland mitigation efforts including wetland mitigation banking credits. Requires a 20% match from applicants. Directs that grants would have to provide assistance to those with approved wetland mitigation requirements resulting from the permitting process in the Natural Resources and Environmental Protection Act. Includes a requirement that the grant agreement include a requirement that the grant be repaid, within 90 days of a recipient's being informed to do so, with annual interest not to exceed 8.0%, if the permitting process does not result in the issuance of a wetland mitigation permit.

Sec. 416. Environment, Great Lakes, and Energy. Directs that Part 1 funding for the Michigan Water Use Advisory Council be used to implement the recommendations it made in its 2020 Report.

Table 2

Department/Program	Gross	Federal	Restricted	GF/GP
Agriculture and Rural Development				
Watershed planning	\$10,000,000	\$10,000,000	\$0	\$0
Culvert replacement	15,000,000	15,000,000	\$0	\$0
Total Agriculture and Rural Development	\$25,000,000	\$25,000,000	\$0	\$0
Environment, Great Lakes, and Energy				
Clean water infrastructure	\$235,000,000	\$0	\$235,000,000	\$0
Dam risk reduction revolving loan fund	650,000,000	0	0	650,000,000
Drinking water program (IIJA source)	400,000,000	400,000,000	0	0
Drinking water program reserve fund (ARPA source)	100	100	0	0
Emergency dam safety action fund	15,000,000	0	0	15,000,000
Emergency dam safety grant program	15,000,000	0	0	15,000,000
Failing septic system loans	35,000,000	0	35,000,000	0
Geologic data collection	15,000,000	15,000,000	0	0
Great Lakes water authority	400,000,000	400,000,000	0	0
Healthy hydration	85,000,000	85,000,000	0	0
Home repair program	15,000,000	15,000,000	0	0
Lead service line replacement (IIJA source)	1,000,000,000	1,000,000,000	0	0
Lead service line replacement reserve fund (ARPA source)	100	100	0	0
Michigan water use advisory council	20,000,000	20,000,000	0	0
PFAS remediation grant program	100,000,000	100,000,000	0	0
Public health risk reduction grants	20,000,000	0	20,000,000	0
SAW program grants	100,000,000	100,000,000	0	0
Clean water infrastructure grants	200,000,000	200,000,000	0	0
Wetland mitigation grants	<u>10,000,000</u>	<u>10,000,000</u>	<u>0</u>	<u>0</u>
Total Environment, Great Lakes, and Energy.....	<u>\$3,315,000,200</u>	<u>\$2,345,000,200</u>	<u>\$290,000,000</u>	<u>\$680,000,000</u>
Total FY 2021-22 Supplemental Appropriations	<u>\$3,340,000,200</u>	<u>\$2,370,000,200</u>	<u>\$290,000,000</u>	<u>\$680,000,000</u>

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