

**SUBSTITUTE FOR
SENATE BILL NO. 565**

A bill to make, supplement, and adjust appropriations for various state departments and agencies for the fiscal year ending September 30, 2022; to provide for certain conditions on appropriations; and to provide for the expenditure of the appropriations.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. There is appropriated for various state departments and agencies to supplement appropriations for the fiscal year ending September 30, 2022, from the following funds:

APPROPRIATION SUMMARY

GROSS APPROPRIATION	\$ 3,340,000,200
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1	Interdepartmental grant revenues:		
2	Total interdepartmental grants and		
3	intradepartmental transfers		0
4	ADJUSTED GROSS APPROPRIATION	\$	3,340,000,200
5	Federal revenues:		
6	Total federal revenues		2,355,000,200
7	Special revenue funds:		
8	Total local revenues		0
9	Total private revenues		0
10	Total other state restricted revenues		290,000,000
11	State general fund/general purpose	\$	695,000,000
12	Sec. 102. DEPARTMENT OF AGRICULTURE AND RURAL		
13	DEVELOPMENT		
14	(1) APPROPRIATION SUMMARY		
15	GROSS APPROPRIATION	\$	25,000,000
16	Interdepartmental grant revenues:		
17	Total interdepartmental grants and		
18	intradepartmental transfers		0
19	ADJUSTED GROSS APPROPRIATION	\$	25,000,000
20	Federal revenues:		
21	Total federal revenues		25,000,000
22	Special revenue funds:		
23	Total local revenues		0
24	Total private revenues		0
25	Total other state restricted revenues		0
26	State general fund/general purpose	\$	0
27	(2) ONE-TIME APPROPRIATIONS		
28	Watershed planning	\$	10,000,000

1	Culvert replacement	15,000,000
2	GROSS APPROPRIATION	\$ 25,000,000
3	Appropriated from:	
4	Federal revenues:	
5	Coronavirus state fiscal recovery fund	25,000,000
6	State general fund/general purpose	\$ 0
7	Sec. 103. DEPARTMENT OF ENVIRONMENT, GREAT	
8	LAKES, AND ENERGY	
9	(1) APPROPRIATION SUMMARY	
10	GROSS APPROPRIATION	\$ 3,315,000,200
11	Interdepartmental grant revenues:	
12	Total interdepartmental grants and	
13	intradepartmental transfers	0
14	ADJUSTED GROSS APPROPRIATION	\$ 3,315,000,200
15	Federal revenues:	
16	Total federal revenues	2,330,000,200
17	Special revenue funds:	
18	Total local revenues	0
19	Total private revenues	0
20	Total other state restricted revenues	290,000,000
21	State general fund/general purpose	\$ 695,000,000
22	(2) ONE-TIME APPROPRIATIONS	
23	Clean water infrastructure	\$ 235,000,000
24	Dam risk reduction revolving loan fund	650,000,000
25	Drinking water program (IIJA source)	400,000,000
26	Drinking water program reserve fund (ARPA	
27	source)	100
28	Emergency dam safety action fund	15,000,000

1	Emergency dam safety grant program	15,000,000
2	Failing septic system loans	35,000,000
3	Geologic data collection	15,000,000
4	Great Lakes water authority	400,000,000
5	Healthy hydration	85,000,000
6	Home repair program	15,000,000
7	Lead service line replacement (IIJA source)	1,000,000,000
8	Lead service line replacement reserve fund	
9	(ARPA source)	100
10	Michigan water use advisory council	20,000,000
11	PFAS remediation grant program	100,000,000
12	Public health risk reduction grants	20,000,000
13	Stormwater, asset management, and wastewater	
14	program grants	100,000,000
15	Wastewater - clean water infrastructure grants	200,000,000
16	Wetland mitigation grants	10,000,000
17	GROSS APPROPRIATION	\$ 3,315,000,200
18	Appropriated from:	
19	Federal revenues:	
20	Coronavirus state fiscal recovery fund	930,000,200
21	Other federal revenues	1,400,000,000
22	Special revenues:	
23	Great Lakes water quality bond	290,000,000
24	State general fund/general purpose	\$ 695,000,000

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

1 Sec. 201. Pursuant to section 30 of article IX of the state
 2 constitution of 1963, total state spending from state sources under
 3 part 1 for the fiscal year ending September 30, 2022 is
 4 \$985,000,000.00 and total state spending from state sources to be
 5 paid to local units of government is \$340,000,000.00. The itemized
 6 statement below identifies appropriations from which spending to
 7 local units of government will occur:

8 **DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND**
 9 **ENERGY**

10	Dam risk reduction revolving loan fund	\$ 250,000,000
11	Clean water infrastructure	90,000,000
12	TOTAL	\$ 340,000,000

13 Sec. 202. The appropriations made and expenditures authorized
 14 under this part and part 1 and the departments, commissions,
 15 boards, offices, and programs for which appropriations are made
 16 under this part and part 1 are subject to the management and budget
 17 act, 1984 PA 431, MCL 18.1101 to 18.1594.

18 Sec. 203. If the state administrative board, acting under
 19 section 3 of 1921 PA 2, MCL 17.3, transfers funds from an amount
 20 appropriated under this act, the legislature may, by a concurrent
 21 resolution adopted by a majority of the members elected to and
 22 serving in each house, intertransfer funds within this act for the
 23 particular department, board, commission, office, or institution.

24
 25 **DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT**

26 Sec. 301. (1) From the funds appropriated in part 1 for
 27 watershed planning, \$7,000,000.00 shall be used as a grant program
 28 to conservation districts to provide funds for the drafting of
 29 watershed management plans.

1 (2) From the funds appropriated in part 1 for watershed
2 planning, \$3,000,000.00 shall be granted to a county with a
3 population between 80,000 and 85,000 according to the 2010 federal
4 decennial census for the creation of a water management plan
5 related to flooding issues.

6 Sec. 302. From the funds appropriated in part 1 for culvert
7 replacement, the department shall create a grant program for the
8 costs of culvert replacement necessary for county drainage
9 projects.

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11 **DEPARTMENT OF ENVIRONMENT, GREAT LAKES, AND ENERGY**

12 Sec. 401. The funds appropriated in part 1 for home repair
13 program shall be allocated to a city with a population between
14 713,000 and 714,000 according to the 2010 federal decennial census
15 and shall be used to make repairs to residential sewer lines and
16 check valves.

17 Sec. 402. Funds appropriated in part 1 for clean water
18 infrastructure must not be spent or otherwise distributed unless
19 Senate Bill No. 319 and Senate Bill No. 320 of the 101st
20 Legislature are enacted into law.

21 Sec. 403. (1) From the funds appropriated in part 1 for dam
22 risk reduction revolving loan fund, \$250,000,000.00 shall be
23 allocated to a task force that is a 501(c)(3) nonprofit and is
24 delegated authority for Midland and Gladwin Counties for the four
25 lakes special assessment district under part 307, inland lake
26 levels, and part 315, dam safety, of the natural resources and
27 environmental protection act, 1994 PA 451, MCL 324.30701 to
28 324.30723 and MCL 324.31501 to 324.31529.

29 (2) Funds appropriated in part 1 for emergency dam safety

1 grant program, emergency dam safety action fund, and dam risk
2 reduction revolving loan fund must not be spent or otherwise
3 distributed unless Senate Bill No. 470 of the 101st Legislature is
4 enacted into law.

5 Sec. 404. (1) The funds appropriated in part 1 for drinking
6 water program (IIJA source) shall be used for a grant program for
7 water suppliers, which may include grants for any of the following:

- 8 (a) Connecting adjacent water systems.
9 (b) Allowing 2 or more water systems to consolidate.
10 (c) Upgrading existing drinking water facilities.
11 (d) Constructing new or replacement drinking water facilities.
12 (e) Other projects related to delivering clean water to the
13 public.

14 (2) From the funds appropriated in part 1 for drinking water
15 program (IIJA source), \$50,000,000.00 shall be used for private
16 well owner resources, including 1 or more of the following:

17 (a) Grants to private well owners to connect to an adjacent
18 community water system as a result of contamination or failure.

19 (b) Grants to private well owners to replace or increase the
20 depth of a well as a result of contamination or failure.

21 (c) Grants to private well owners for whole house or point of
22 use filtration as a result of contamination. Filtration grants
23 shall not exceed \$3,000.00 per private well owner.

24 (d) Grants to local health departments to provide free or low-
25 cost water testing to private well owners. Testing offered must
26 include coliforms, nitrates/nitrites, arsenic, and other
27 contaminants as determined by application. Grant awards to local
28 health departments under this subdivision may also be used for
29 outreach and education to the public on the need for testing and

1 promotion of the local program.

2 (3) The unexpended funds appropriated in part 1 for drinking
3 water program (IIJA source) are designated as a work project
4 appropriation. Any unencumbered or unallotted funds shall not lapse
5 at the end of the fiscal year and shall be available for
6 expenditures for projects under this section until the projects
7 have been completed. The following is in compliance with section
8 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

9 (a) The purpose of the project is to provide support for
10 drinking water services and programs.

11 (b) The project will be accomplished by utilizing a
12 combination of grants and contracts with service providers.

13 (c) The total estimated cost of the project is
14 \$400,000,000.00.

15 (d) The tentative completion date is September 30, 2026.

16 Sec. 405. (1) In addition to the funds appropriated in part 1,
17 there is appropriated \$400,000,000.00 from the American Rescue Plan
18 Act of 2021, Public Law 117-2, to the drinking water program
19 reserve fund (ARPA source).

20 (2) The funds appropriated under this section for drinking
21 water program reserve fund (ARPA source) shall be transferred to
22 the drinking water program (IIJA source) in part 1, subject to the
23 requirements of the legislative transfer process under section
24 393(2) of the management and budget act, 1984 PA 431, MCL. 18.1393,
25 according to the process in subsection (3).

26 (3) The department shall do both of the following:

27 (a) Annually create a report outlining the increased federal
28 authorization available from the Infrastructure Investment and Jobs
29 Act, Public Law 117-58.

1 (b) Transfer \$400,000,000.00 from the drinking water program
2 reserve fund (ARPA source), less the amount calculated in
3 subdivision (a), to the drinking water program (IIJA source) in
4 part 1.

5 Sec. 406. Funds appropriated in part 1 for failing septic
6 system loans must not be spent or otherwise distributed unless
7 Senate Bill No. 319 of the 101st Legislature is enacted into law.

8 Sec. 407. (1) From the funds appropriated in part 1 for
9 geologic data collection, the department of environment, Great
10 Lakes, and energy shall make \$15,000,000.00 available to the
11 Michigan Geological Survey (MGS) to conduct data collection and
12 mapping to expand geologic information in up to 25 targeted areas
13 in this state.

14 (2) Funds appropriated in part 1 for geologic data collection
15 must not be spent or otherwise distributed unless Senate Bill No.
16 488 of the 101st Legislature is enacted into law.

17 Sec. 408. (1) From the funds appropriated in part 1 for Great
18 Lakes water authority, \$140,000,000.00 shall be used for water
19 supply improvements, including transmission main metering and water
20 treatment facilities.

21 (2) From the funds appropriated in part 1 for Great Lakes
22 water authority, \$246,000,000.00 shall be used for wastewater
23 improvements related to flooding and recent water events, including
24 the study, design, and construction for electrical redundancy and
25 pumping capacity at wastewater pumping stations.

26 Sec. 409. (1) From the funds appropriated in part 1 for
27 healthy hydration, the department of environment, Great Lakes, and
28 energy shall award grants to schools for the installation of
29 filtered drinking water stations. Grant applicants shall provide a

1 30% match.

2 (2) Funds appropriated in part 1 for healthy hydration must
3 not be spent or otherwise distributed unless Senate Bill No. 184 of
4 the 101st Legislature is enacted into law.

5 Sec. 410. (1) From the funds appropriated in part 1 for lead
6 service line replacement (IIJA source), not more than
7 \$250,000,000.00 shall be used to support lead service line
8 replacement from the curb to the house, and the remaining
9 \$750,000,000.00 shall be used to support lead service line
10 replacement from water providers to the curb.

11 (2) The unexpended funds appropriated in part 1 for lead
12 service line replacement (IIJA source) are designated as a work
13 project appropriation. Any unencumbered or unallotted funds shall
14 not lapse at the end of the fiscal year and shall be available for
15 expenditures for projects under this section until the projects
16 have been completed. The following is in compliance with section
17 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

18 (a) The purpose of the project is to provide lead service line
19 replacement.

20 (b) The project will be accomplished by utilizing grants and
21 contracts with service providers.

22 (c) The total estimated cost of the project is
23 \$1,000,000,000.00.

24 (d) The tentative completion date is September 30, 2026.

25 Sec. 411. (1) In addition to the funds appropriated in part 1,
26 there is appropriated \$1,000,000,000.00 from the American Rescue
27 Plan Act of 2021, Public Law 117-2, to lead service line
28 replacement reserve fund (ARPA source).

29 (2) The funds appropriated under this section for lead service

1 line replacement reserve fund (ARPA source) shall be transferred to
2 the lead service line replacement (IIJA source) in part 1, subject
3 to the requirements of the legislative transfer process under
4 section 393(2) of the management and budget act, 1984 PA 431, MCL.
5 18.1393, according to the process in subsection (3).

6 (3) The department shall do both of the following:

7 (a) Annually create a report outlining the increased federal
8 authorization available from the Infrastructure Investment and Jobs
9 Act, Public Law 117-58.

10 (b) Transfer \$1,000,000,000.00 from the lead service line
11 replacement reserve fund (ARPA source), less the amount calculated
12 in subdivision (a), to the lead service line replacement (IIJA
13 source) in part 1.

14 Sec. 412. Funds appropriated in part 1 for public health risk
15 reduction grants must not be spent or otherwise distributed unless
16 Senate Bill No. 320 of the 101st Legislature is enacted into law.

17 Sec. 413. (1) From the funds appropriated in part 1 for
18 wastewater - clean water infrastructure grants, the department of
19 environment, Great Lakes, and energy shall award grants for design
20 and construction projects to address sanitary and combined sewer
21 overflows, and correct illicit connections to municipal drainage
22 systems.

23 (2) Not less than \$40,000,000.00 shall be allocated for grants
24 to small communities for the design and construction of community
25 wastewater facilities for communities with a population of not more
26 than 5,000 according to the most recent decennial census where the
27 majority of residents rely solely on individual septic systems for
28 wastewater.

29 Sec. 414. (1) From the funds appropriated in part 1 for PFAS

1 remediation grant program, the department shall award grants for
2 PFAS remediation projects at sites with no identified responsible
3 party and shall address drinking water, groundwater, or surface
4 water contamination from PFAS.

5 (2) From the funds appropriated in part 1 for PFAS remediation
6 grant program, \$5,000,000.00 shall be allocated to Michigan State
7 University to establish a PFAS testing facility. Funds may be used
8 to develop appropriate laboratory space, purchase equipment, and
9 for other needs associated with creating and operating a testing
10 laboratory.

11 (3) From the funds appropriated in part 1 for PFAS remediation
12 grant program, \$15,000,000.00 shall be allocated to a county with a
13 population between 172,000 and 172,500 according to the 2010
14 federal decennial census for PFAS remediation activities at a
15 former industrial site contiguous with Muskegon Lake with no viable
16 ownership entity. Remediation activities will address groundwater,
17 drinking water, surface water, and fishery resources.

18 Sec. 415. (1) From the funds appropriated in part 1 for
19 wetland mitigation grants, the department shall award grants to
20 provide assistance for wetland mitigation actions including the
21 purchase of wetland mitigation banking credits when available.
22 Grant applicants must provide a 20% match. The grant program would
23 provide assistance to those with approved wetland mitigation
24 requirements resulting from permit applications under part 303 of
25 the natural resources and environmental protection act, 1994 PA
26 451, MCL 324.30301 to 324.30328.

27 (2) The grant agreement shall contain terms established by the
28 department and the requirement that the grant recipient repay the
29 grant, within 90 days of being informed to do so, with interest at

1 a rate not to exceed 8% per year, in the event that the part 303
2 permit is not issued.

3 Sec. 416. From the funds appropriated in part 1 for Michigan
4 water use advisory council, the council shall appropriate funds to
5 address recommendations included in the Michigan Water Use Advisory
6 Council 2020 report.