

HOUSE BILL NO. 5934

September 17, 2024, Introduced by Rep. Farhat and referred to the Committee on Natural Resources, Environment, Tourism and Outdoor Recreation.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding part 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **PART 198**
2 **CLEAN MICHIGAN INITIATIVE REAUTHORIZATION IMPLEMENTATION**
3 **Sec. 19801. As used in this part:**
4 **(a) "Bonds" means the bonds authorized under the clean**
5 **Michigan initiative reauthorization act.**

1 (b) "Corrective action" means that term as it is defined in
2 part 213.

3 (c) "Department" means the department of environment, Great
4 Lakes, and energy.

5 (d) "Facility" means that term as it is defined in part 201.

6 (e) "Fund" means the clean Michigan initiative reauthorization
7 bond fund created in section 19806.

8 (f) "Gaming facility" means a gaming facility regulated under
9 the Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201
10 to 432.226.

11 (g) "Local unit of government" means a county, city, village,
12 or township, or an agency of a county, city, village, or township;
13 or an authority or other public body created by or in accordance
14 with state law.

15 (h) "Response activity" means that term as defined in part
16 201.

17 Sec. 19802. The legislature finds and declares that the
18 environmental and natural resources programs implemented under this
19 part are a public purpose and of paramount public concern in the
20 interest of the health, safety, and general welfare of the citizens
21 of this state.

22 Sec. 19803. (1) The bonds must be issued in 1 or more series,
23 each series to be in a principal amount, dated, have the maturities
24 that may be either serial, term, or both, bear interest at a rate
25 or rates, be subject or not subject to prior redemption, and if
26 subject to prior redemption with or without call premiums, be
27 payable at a place or places, have or not have provisions for
28 registration as to principal only or as to both principal and
29 interest, and be in a form and be executed in a manner as

1 determined by a resolution to be adopted by the state
2 administrative board and subject to covenants, directions,
3 restrictions, or rights specified by resolution to be adopted by
4 the state administrative board as necessary to ensure the
5 marketability, insurability, or tax-exempt status of the bonds. The
6 state administrative board shall rotate the services of legal
7 counsel when issuing bonds.

8 (2) The state administrative board may refund bonds issued
9 under this part by the issuance of new bonds, whether or not the
10 bonds to be refunded have matured or are subject to prior
11 redemption. The state administrative board may issue bonds partly
12 to refund bonds issued under this part and partly for any other
13 purpose provided by this part. The principal amount of any
14 refunding bonds issued under this section must not be counted
15 against the limitation on principal amount provided in the clean
16 Michigan initiative reauthorization act. Refunding bonds issued
17 under this section are not subject to the restrictions of section
18 19807.

19 (3) The state administrative board may approve insurance
20 contracts, agreements for lines of credit, letters of credit,
21 commitments to purchase bonds, and any other transaction to provide
22 security to assure timely payment or purchase of any bond issued
23 under this part.

24 (4) The state administrative board may authorize the state
25 treasurer, but only within limitations contained in the authorizing
26 resolution of the board, to do 1 or more of the following:

27 (a) Sell and deliver and receive payment for the bonds.

28 (b) Deliver bonds partly to refund bonds and partly for other
29 authorized purposes.

1 (c) Select which outstanding bonds will be refunded, if any,
2 by the new issue of bonds.

3 (d) Buy issued bonds at not more than their face value.

4 (e) Approve interest rates or methods for fixing interest
5 rates, prices, discounts, maturities, principal amounts, purchase
6 prices, purchase dates, remarketing dates, denominations, dates of
7 issuance, interest payment dates, redemption rights at the option
8 of the state or owner, the place and time of delivery and payment,
9 and other matters and procedures necessary to complete the
10 authorized transactions.

11 (f) Execute, deliver, and pay the cost of remarketing
12 agreements, insurance contracts, agreements for lines of credit,
13 letters of credit, commitments to purchase bonds or notes, and any
14 other transaction to provide security to assure timely payments or
15 purchase of any bond issued under this part.

16 (5) The bonds are not subject to the revised municipal finance
17 act, 2001 PA 34, MCL 141.2101 to 141.2821.

18 (6) The bonds or any series of the bonds must be sold at a
19 price as determined by the state administrative board.

20 (7) The bonds must be sold in accordance with a schedule
21 established by the state administrative board.

22 (8) The issuance of bonds under this section is subject to the
23 agency financing reporting act, 2002 PA 470, MCL 129.171 to
24 129.177.

25 (9) For the purpose of more effectively managing its debt
26 service, the state administrative board may enter into an interest
27 rate exchange or swap, hedge, or similar agreement with respect to
28 its bonds or notes on the terms and payable from the sources and
29 with the security, if any, as determined by a resolution of the

1 state administrative board.

2 Sec. 19804. The bonds are fully negotiable under the uniform
3 commercial code, 1962 PA 174, MCL 440.1101 to 440.9994. The bonds
4 and the interest on the bonds are exempt from all taxation by this
5 state or a political subdivision of this state.

6 Sec. 19805. The bonds are securities in which banks, savings
7 and loan associations, investment companies, credit unions, and
8 other persons carrying on a banking business; all insurance
9 companies, insurance associations, and other persons carrying on an
10 insurance business; and all administrators, executors, guardians,
11 trustees, and other fiduciaries may properly and legally invest
12 funds, including capital, belonging to them or within their
13 control.

14 Sec. 19806. (1) The clean Michigan initiative reauthorization
15 bond fund is created in the state treasury.

16 (2) The fund consists of all of the following:

17 (a) The proceeds of sales of the bonds and any premium and
18 accrued interest received on the delivery of the bonds.

19 (b) Any interest or earnings generated by the proceeds
20 described in subdivision (a).

21 (c) Any repayment of principal and interest made under a loan
22 program authorized in this part.

23 (d) Any federal or other funds received.

24 (3) The department of treasury may establish restricted
25 subaccounts within the fund as necessary to administer the fund.

26 Sec. 19807. (1) The total proceeds of all bonds shall be
27 deposited into the fund and allocated as follows:

28 (a) Not more than \$2,000,000,000.00 may be used for response
29 activities at facilities and part 213 properties.

1 (b) Not more than \$1,000,000,000.00 may be used for waterfront
2 improvements.

3 (c) Not more than \$750,000,000.00 may be used for remediation
4 of contaminated lake and river sediments.

5 (d) Not more than \$750,000,000.00 may be used for nonpoint
6 source pollution prevention and control projects or wellhead
7 protection projects.

8 (e) Not more than \$500,000,000.00 may be used for water
9 quality monitoring and water resources protection and pollution
10 control activities.

11 (f) Not more than \$1,000,000,000.00 may be used for pollution
12 prevention programs.

13 (g) Not more than \$1,000,000,000.00 may be used to abate lead
14 hazards.

15 (h) Not more than \$500,000,000.00 may be used for state park
16 infrastructure improvements.

17 (i) Not more than \$500,000,000.00 may be used for local
18 recreation projects.

19 (j) Not more than \$2,000,000,000.00 may be used for air
20 quality mitigation measures in county with a population greater
21 than 1,500,000 according to the most recent federal decennial
22 census.

23 (2) The state treasurer shall direct the investment of the
24 fund. Except as may be required to maintain the exclusion from
25 gross income of the interest paid on the bonds or to otherwise
26 comply with state or federal law, interest and earnings from
27 investment proceeds of any bond issue must be allocated in the same
28 proportion as earned on the investment of the proceeds of the bond
29 issue.

1 (3) Except as may be required to maintain the exclusion from
2 gross income of the interest paid on the bonds or to otherwise
3 comply with state or federal law, all repayments of principal and
4 interest earned under a loan program authorized by this part must
5 be credited to the appropriate restricted subaccount of the fund
6 and used for the purposes authorized for that subaccount or to pay
7 debt service on an obligation issued which pledges the loan
8 repayments and the proceeds of which are deposited in that
9 subaccount.

10 (4) The bond proceeds must be expended in an appropriate
11 manner that maintains the tax-exempt status of the bonds.

12 (5) The unencumbered balance in the fund at the close of the
13 fiscal year remains in the fund and does not lapse to the general
14 fund.

15 (6) The department shall provide an annual accounting of bond
16 proceeds spending on a cash basis to the department of treasury in
17 order for this state to comply with requirements set forth for
18 issuing tax-exempt bonds, including arbitrage rebate calculations.
19 This accounting must be submitted to the governor, the standing
20 committees of the house of representatives and the senate that
21 primarily address issues pertaining to the protection of natural
22 resources and the environment, and the appropriations committees in
23 the house of representatives and the senate.

24 Sec. 19808. (1) Money in the fund that is allocated under
25 section 19807 must be used for the following purposes:

26 (a) Money allocated under section 19807(1)(a) must be used by
27 the department to fund all of the following:

28 (i) Corrective actions undertaken by the department to address
29 releases from leaking underground storage tanks in accordance with

1 part 213.

2 (ii) Response activities undertaken by the department at
3 facilities in accordance with part 201 to address public health and
4 environmental problems or to promote redevelopment.

5 (iii) Assessment activities undertaken by the department to
6 determine whether a property is a facility.

7 (iv) \$1,000,000,000.00 must be used to provide grants and loans
8 to local units of government for eligible activities at eligible
9 properties with redevelopment potential. Of the money provided for
10 in this subparagraph, not more than \$500,000,000.00 may be used to
11 provide grants and not more than \$500,000,000.00 may be used to
12 provide loans in accordance with the clean Michigan initiative
13 reauthorization grant and revolving loan program created in section
14 19808a. However, grants or loans provided for in this subparagraph
15 must not be made to a local unit of government that is responsible
16 for causing a release or threat of release under part 201 or part
17 213 at the site proposed for grant or loan funding, except as
18 provided in section 19808b(f).

19 (b) Money allocated under section 19807(1)(b) must be used for
20 waterfront redevelopment grants in accordance with part 795.

21 (c) Money allocated under section 19807(1)(c) must be used for
22 response activities for the remediation of contaminated lake and
23 river sediments in accordance with part 201.

24 (d) Money allocated under section 19807(1)(d) must be used for
25 nonpoint source pollution prevention and control grants or wellhead
26 protection grants in accordance with part 88.

27 (e) Money allocated under section 19807(1)(e) must be
28 deposited into the clean water fund created in section 8807.

29 (f) Money allocated under section 19807(1)(f) must be expended

1 as follows:

2 (i) \$500,000,000.00 must be deposited into the small business
3 pollution prevention assistance revolving loan fund created in
4 section 14513.

5 (ii) \$500,000,000.00 must be used by the department to
6 implement pollution prevention activities other than those funded
7 under subparagraph (i).

8 (g) Money allocated under section 19807(1)(g) must be used by
9 the department of health and human services for remediation and
10 physical improvements to structures to abate or minimize exposure
11 of persons to lead hazards.

12 (h) Money allocated under section 19807(1)(h) must be used for
13 infrastructure improvements at state parks in this state, as
14 determined by the department of natural resources. The installation
15 or upgrade of drinking water systems or restroom facilities is the
16 first priority.

17 (i) Money allocated under section 19807(1)(i) must be used to
18 provide grants to local units of government for local recreation
19 projects under part 716.

20 (2) Of the money allocated under section 19807(1)(a),
21 \$250,000,000.00 must be used for facilities or part 213 properties
22 that pose an imminent or substantial endangerment to the public
23 health, safety, or welfare, or to the environment. For purposes of
24 this subsection, facilities or part 213 properties that pose an
25 imminent or substantial endangerment include, but are not limited
26 to, those where public access poses hazards because of potential
27 exposure to chemicals or safety risks and where drinking water
28 supplies are threatened by contamination.

29 (3) Before expending any funds allocated under subsection

1 (1) (c) at a site that is an area of concern as designated by the
2 parties to the Great Lakes water quality agreement of 1978, the
3 department shall notify the public advisory council established to
4 oversee that area of concern regarding the development,
5 implementation, and evaluation of response activities to be
6 conducted with money in the fund at that area of concern.

7 (4) Money provided in the fund may be used by the department
8 of treasury to pay for the cost of issuing bonds and by the
9 department and the department of natural resources to pay
10 department costs as provided in this subsection. Not more than 3%
11 of the total amount specified in section 19807(1) (a) to (f) is
12 available for appropriation to the department to pay its costs
13 directly associated with the completion of a project authorized by
14 section 19807(1) (a) to (f). Not more than 3% of the total amount
15 specified in section 19807(1) (h) and (i) is available for
16 appropriation to the department of natural resources to pay its
17 costs directly associated with the completion of a project
18 authorized by section 19807(1) (h) and (i). It is the intent of the
19 legislature that general fund appropriations to the department and
20 to the department of natural resources must not be reduced as a
21 result of costs funded in accordance with this subsection.

22 (5) A grant must not be provided under this part for a project
23 that is located at any of the following:

24 (a) Land sited for use as a gaming facility or stadium or
25 arena for use by a professional sports team.

26 (b) Land or other facilities owned or operated by a gaming
27 facility or stadium or arena for use by a professional sports team.

28 (c) Land within a project area described in a project plan in
29 accordance with the economic development corporations act, 1974 PA

1 338, MCL 125.1601 to 125.1636, for a gaming facility.

2 (6) The department, the department of natural resources, and
3 the department of health and human services shall each submit
4 annually a list of all projects that will be undertaken by that
5 department that are recommended to be funded under this part. The
6 list must be submitted to the governor, the standing committees of
7 the house of representatives and the senate that primarily address
8 issues pertaining to the protection of natural resources and the
9 environment, and the appropriations committees in the house of
10 representatives and the senate. The list must be submitted to the
11 legislative committees not later than February 15 of each year. The
12 list must also be submitted before any request for supplemental
13 appropriation of bond funds. For each eligible project, the list
14 must include all of the following information:

- 15 (a) The nature of the eligible project.
16 (b) The county in which the eligible project is located.
17 (c) An estimate of the total cost of the eligible project.
18 (d) Any other information considered pertinent by the
19 administering state department.

20 (7) A project that is funded by a grant or loan with money
21 from the fund does not need to be included on the list submitted
22 under subsection (6). However, money in the fund that is
23 appropriated for grants and loans must not be encumbered or
24 expended until the administering state department has reported
25 those projects that have been approved for a grant or loan to the
26 standing committees of the house of representatives and the senate
27 that primarily address issues pertaining to the protection of
28 natural resources and the environment and to the appropriations
29 subcommittees in the house of representatives and the senate for

1 the department and the department of natural resources. Before
2 submitting the first cycle of recommended projects to be funded
3 under subsection (1)(a), the department shall publish and
4 disseminate the criteria it will use to evaluate and recommend
5 these projects for funding.

6 (8) The legislature shall appropriate prospective or actual
7 bond proceeds for projects proposed to be funded. Appropriations
8 must be carried over to succeeding fiscal years until the project
9 for which the funds are appropriated is completed.

10 (9) Not later than December 31 of each year, the department,
11 the department of natural resources, and the department of health
12 and human services shall each submit a list of the projects
13 financed under this part by that department to the governor, the
14 standing committees of the house of representatives and the senate
15 that primarily address issues pertaining to the protection of
16 natural resources and the environment, and the subcommittees of the
17 house of representatives and the senate on appropriations for the
18 department and the department of natural resources. Each list shall
19 include all of the following information:

20 (a) The name, address, and telephone number of the recipient
21 or participant, if appropriate.

22 (b) The name and location of the project.

23 (c) The nature of the project.

24 (d) The amount of money allocated to the project.

25 (e) The county in which the project is located.

26 (f) A brief summary of what has been accomplished by the
27 project.

28 (g) Any other information considered relevant by the
29 administering state department.

1 Sec. 19808a. (1) The department shall create a clean Michigan
2 initiative reauthorization grant and revolving loan program for the
3 purpose of issuing grants and loans to local units of government
4 under section 19808(1)(a)(iv) for eligible activities at eligible
5 properties with redevelopment potential.

6 (2) Grants provided under the clean Michigan initiative
7 reauthorization grant and revolving loan program that are used
8 solely to determine whether a property is a site or a facility and,
9 if so, to characterize the nature and extent of the contamination
10 by means of an assessment or investigation must be issued only if
11 the following conditions are met:

12 (a) The characterization of the nature and extent of
13 contamination includes an estimate of response activity costs in
14 relation to the value of the property in an uncontaminated state
15 and identifies future potential limitations on the use of the
16 property based on current environmental conditions.

17 (b) The property has demonstrable economic development
18 potential. This subdivision does not require a specific development
19 proposal to be identified.

20 (3) The department shall not make a grant or a loan under the
21 clean Michigan initiative reauthorization grant and revolving loan
22 program unless all of the following conditions are met:

23 (a) The applicant demonstrates that the proposed project is
24 in, or will result in, compliance with all applicable state laws
25 and rules.

26 (b) The applicant demonstrates to the department the
27 capability to carry out the proposed project.

28 (c) The applicant demonstrates to the department that there is
29 an identifiable source of funds for the future maintenance and

1 operation of the activities funded with money from the fund, if
2 appropriate.

3 (d) Within the last 24 months, the applicant has successfully
4 undergone an audit conducted in accordance with generally accepted
5 auditing standards or an emergency manager has been appointed for
6 the applicant under the local financial stability and choice act,
7 2012 PA 436, MCL 141.1541 to 141.1575.

8 (e) Within the last 24 months, the department has not revoked
9 or terminated a grant to the applicant and the administering state
10 department has not determined that the applicant demonstrated an
11 inability to manage a grant.

12 Sec. 19808b. With respect to the grants and loans under
13 section 19808(1) (a) (iv), all of the following conditions apply:

14 (a) An applicant must be a local unit of government.

15 (b) A recipient is not eligible to receive more than the
16 following, as applicable:

17 (i) Brownfield projects that have significant economic and
18 environmental benefit may be considered for more than 1 grant or
19 loan over consecutive years, provided that the loan or grant
20 agreement includes project-specific benchmarks for eligible
21 activities and failure to satisfy a benchmark would terminate the
22 project's eligibility for additional grant or loan funding, as
23 applicable.

24 (ii) A local unit of government may be considered for and
25 awarded more than 1 grant or loan in a single year relating to
26 multiple unrelated brownfield projects if the projects are
27 determined to have significant environmental or economic benefits
28 to the recipient's municipality or region.

29 (c) Except for a grant described in section 19808a(2), the

1 department may award a grant only if it determines that both of the
2 following apply:

3 (i) The property is an eligible property.

4 (ii) The proposed development of the property is expected to
5 result in measurable economic benefit in excess of the grant amount
6 requested by the applicant.

7 (d) The department may award a loan only if it determines that
8 both of the following apply:

9 (i) The property is known or suspected to be an eligible
10 property.

11 (ii) The property has economic development potential based on
12 the applicant's planned use of the property.

13 (e) The department may approve funding for response activities
14 that are more protective of the public health, safety, and welfare
15 and the environment than required by section 20107a or 21304c if
16 those activities provide public health or environmental benefit. In
17 its review of a work plan that includes activities that are more
18 protective of the public health, safety, and welfare and the
19 environment, the department may consider, but is not limited to,
20 all of the following:

21 (i) Proposed new land use and reliability of restrictions to
22 prevent exposure to contamination.

23 (ii) Cost of implementation activities minimally necessary to
24 satisfy due care requirements, the incremental cost of response
25 activities relative to the cost of activities minimally necessary
26 to satisfy due care requirements, and the total cost of all
27 response activities.

28 (iii) Long-term obligations associated with leaving
29 contamination in place and the value of reducing or eliminating

1 these obligations.

2 (f) A grant or loan must not be used to fund response
3 activities that benefit a party that is responsible for an activity
4 causing a release at the eligible property, except that a loan may
5 be used to fund appropriate response activities related to
6 redevelopment and due care activities necessary to facilitate
7 redevelopment of the property if the party that is responsible for
8 an activity causing a release at the eligible property meets all of
9 the following:

10 (i) Is a local unit of government.

11 (ii) Has a proposed redevelopment for the property with
12 measurable economic benefit.

13 (iii) Provides a minimum of 50% local matching funds for the
14 project.

15 (g) A grant or loan may be used to fund due care activities
16 necessary to facilitate redevelopment if the party responsible for
17 an activity causing a release is not the developer of proposed
18 redevelopment.

19 (h) A loan may be used to fund response activities if both of
20 the following are met:

21 (i) A party responsible for an activity causing a release is
22 neither the seller nor the developer of the property to receive
23 funding.

24 (ii) The recipient can show that response activities are
25 appropriate in relation to the redevelopment.

26 Sec. 19809. An application for a grant or loan from the fund
27 must be made on a form and in a manner prescribed by the
28 administering state department. The administering state department
29 may require the applicant to provide any information reasonably

1 necessary to allow the administering state department to make a
2 determination required by this part.

3 Sec. 19810. (1) On receipt of a grant or loan application, for
4 funding provided under section 19808(1) (a) (iv) , the department shall
5 review the application based on the following considerations:

6 (a) Whether the brownfield project proposed to be funded is
7 authorized by this part.

8 (b) Whether the brownfield project is consistent with the
9 local planning and zoning for the area in which the project is
10 located.

11 (c) Whether the brownfield project provides measurable
12 environmental benefit.

13 (d) Whether the brownfield project provides measurable
14 economic benefit or will significantly contribute to the local unit
15 of government's economic and community redevelopment or the
16 revitalization of adjacent neighborhoods.

17 (e) The viability of the redevelopment plan.

18 (f) The level of public and private commitment and other
19 resources available for the project.

20 (g) How the brownfield project relates to a broader economic
21 and community development plan for the local unit of government as
22 a whole.

23 (h) Other criteria that the department considers relevant.

24 (2) The department shall issue grants under section
25 19808(1) (a) (iv) for brownfield projects that the department
26 determines meet the requirements of this part and will contribute
27 to the revitalization of underutilized properties.

28 Sec. 19810a. For the funds to be used to provide grants and
29 loans under section 19808(1) (a) (iv) , all of the following apply:

1 (a) To receive grant or loan funds, approved applicants must
2 enter into a grant or loan agreement with the department. At a
3 minimum, the grant or loan agreement must contain all of the
4 following:

5 (i) The approved eligible activities to be undertaken with
6 grant or loan funds.

7 (ii) An implementation schedule for the approved eligible
8 activities.

9 (iii) Reporting requirements, including, at a minimum, the
10 following:

11 (A) The grant or loan recipient shall submit progress status
12 reports to the department during the implementation of the
13 brownfield project that include documentation of project costs and
14 expenditures, at a frequency determined by the department.

15 (B) The grant or loan recipient shall provide a final report
16 on completion of the grant- or loan-funded activities within a time
17 frame determined by the department.

18 (iv) When entering into a loan agreement, the loan recipient
19 shall provide financial assurance of repayment of the loan,
20 including pledges of revenue sharing, escrow account, letter of
21 credit, or other acceptable mechanism negotiated with the
22 department. Use of real property as a means to secure a loan is not
23 considered an acceptable mechanism. The department is authorized to
24 include in the loan agreement a provision that permits the release
25 of the financial assurance in favor of a pledge of the right of
26 first refusal of the tax increment revenue to the department under
27 the brownfield redevelopment financing act, 1996 PA 381, MCL
28 125.2651 to 125.2670, if the brownfield project has been
29 substantially completed and the annual tax increment being captured

1 relative to the brownfield project is equal to or greater than 125%
2 of the annual loan reimbursement payment.

3 (v) Other provisions as considered appropriate by the
4 department.

5 (b) All eligible activities must be consistent with an
6 approved grant or loan work plan.

7 (c) Unless otherwise approved by the department, only
8 activities carried out and costs incurred after execution of a
9 grant or loan agreement are eligible.

10 (d) Grant funds must be disbursed on a reimbursement basis on
11 receipt of appropriate documentation.

12 (e) Loan funds must be disbursed in draws based on an approved
13 work plan, and supporting documentation must be submitted after
14 expenses are incurred.

15 (f) The department shall specify documentation requirements
16 for grants and loans on a form prescribed for requesting
17 reimbursement or draws.

18 Sec. 19811. Before making a grant or loan with money from the
19 fund, the administering state department shall consider the extent
20 to which the making of the grant or loan contributes to the
21 achievement of a balanced distribution of grants and loans
22 throughout this state.

23 Sec. 19812. (1) A recipient of a grant or loan made with money
24 from the fund shall do both of the following:

25 (a) Keep an accounting of the money spent on the project or
26 facility in a generally accepted manner. The accounting must be
27 subject to a post audit.

28 (b) Obtain authorization from the administering state
29 department before implementing a change that significantly alters

1 the proposed project.

2 (2) The administering state department may revoke a grant or
3 loan made with money from the fund or withhold payment if the
4 recipient fails to comply with the terms and conditions of the
5 grant or loan agreement or with the requirements of this part or
6 rules promulgated under this part, or with other applicable law or
7 rules. If a grant or loan is revoked, the administering state
8 department may recover all funds awarded.

9 (3) The administering state department may withhold a grant or
10 loan until the administering state department determines that the
11 recipient is able to proceed with the proposed project.

12 (4) To assure timely completion of a project, the
13 administering state department may withhold 10% of the grant or
14 loan amount until the project is complete.

15 (5) If an approved applicant fails to sign a grant or loan
16 agreement within 90 days after receipt of a written grant or loan
17 offer by the administering state department, the administering
18 state department may cancel the grant or loan offer. The applicant
19 may not appeal or contest a cancellation in accordance with this
20 subsection.

21 (6) The administering state department may terminate a grant
22 or loan agreement and require immediate repayment of the grant or
23 loan if the recipient uses grant or loan funds for any purpose
24 other than for the approved activities specified in the grant or
25 loan agreement. The administering state department shall provide
26 the recipient written notice of the termination 30 days before the
27 termination.

28 (7) A loan recipient shall enter into a loan agreement with
29 the administering state department, and the loan must include the

1 following terms:

2 (a) An interest rate of not more than 50% of the prime rate as
3 determined by the administering state department as of the date of
4 approval of the loan.

5 (b) A repayment schedule of equal annual installments of
6 principal and interest beginning not later than 5 years after
7 execution of the loan agreement and concluding not later than 15
8 years after execution of a loan agreement.

9 (8) On default of a loan, as determined by the administering
10 state department, or on the request of the loan recipient as a
11 method to repay the loan, the department of treasury shall withhold
12 state payments from the loan recipient in amounts consistent with
13 the repayment schedule in the loan agreement until the loan is
14 repaid. The department of treasury shall deposit these withheld
15 funds into the fund until the loan is repaid.

16 (9) On request of a loan recipient and a showing of financial
17 hardship related to the project that was financed in whole or in
18 part by a loan, the administering state department may renegotiate
19 the terms of any outstanding loan, including the length of the
20 loan, interest rate, and repayment terms. The administering state
21 department shall not reduce or eliminate the amount of the
22 outstanding loan principal. The department shall report to the
23 legislature the number of loans refinanced under this subsection,
24 the local unit of government or authority responsible for each loan
25 refinanced, and the change in the terms of the loan, as
26 appropriate. This information may be included in the report
27 prepared by the department under section 16 of the brownfield
28 redevelopment financing act, 1996 PA 381, MCL 125.2666.

29 (10) Loan payments and interest must be deposited in the fund.

1 Sec. 19813. Of the funds to be used to provide grants and
2 loans under section 19808(1) (a) (iv), the following conditions apply:

3 (a) A grant must be awarded only if the department determines
4 that both of the following apply:

5 (i) The property is a facility.

6 (ii) The proposed development of the property will result in
7 measurable economic benefit in excess of the grant amount requested
8 by the applicant.

9 (b) A loan must be awarded only if the department determines
10 that both of the following apply:

11 (i) The property is or is suspected of being a facility.

12 (ii) The property has economic development potential based on
13 the applicant's planned use of the property.

14 Sec. 19814. The department and the department of the attorney
15 general may recover costs expended in accordance with section
16 19808(1) (a) (i) to (iv) for corrective actions, response activities,
17 site assessments, and all other recoverable costs under part 201
18 from persons who are liable under part 201. Actions to recover
19 costs must be undertaken in the manner provided in part 201.

20 Sec. 19815. Every 2 years that state programs funded with
21 money from the fund continue to be administered, the auditor
22 general shall conduct a performance audit of these programs. On
23 completion of a performance audit under this section, the auditor
24 general shall submit a copy of the performance audit to the audited
25 department and the legislature.

26 Sec. 19816. The department may promulgate rules necessary to
27 implement this part in accordance with the administrative
28 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

29 Enacting section 1. This amendatory act does not take effect

- 1 unless Senate Bill No. _____ or House Bill No. 5935 (request no.
- 2 05067'23) of the 102nd Legislature is enacted into law.