

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 eligible 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.