

# HOUSE BILL NO. 6273

December 10, 2024, Introduced by Reps. Hood, McKinney, Rheingans, McFall, Paiz, Farhat, Hill, Wilson, Xiong, Wegela, Byrnes, Morgan, Young and Aiyash 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 12.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### PART 12

#### MICHIGAN WATER TRUST FUND

Sec. 1201. (1) The waters of the state are of paramount public concern in the interest of the health, safety, and general welfare of the people of this state and must be managed and protected for the benefit of the people of this state. The waters of the state,

1 including groundwater, are held in the public trust by this state.  
2 The public trust in the waters of the state applies to the quantity  
3 and quality of the water. The integrity of flows; water levels;  
4 quality of waters of the state for public trust uses such as  
5 drinking water, sustenance, health, fishing, swimming, and boating;  
6 and the reasonable use of water for domestic, agricultural,  
7 commercial, industrial, public utility, and for other lawful uses  
8 of water in connection with the ownership or occupancy of land must  
9 be protected from pollution, impairment, and destruction for the  
10 benefit of current and future generations.

11 (2) The obligation to manage the waters of the state in the  
12 public interest is the express duty of the legislature under  
13 sections 51 and 52 of article IV of the state constitution of 1963  
14 and must not be ceded to any other entity. This subsection does not  
15 prohibit the legislative delegation of authority to manage the  
16 waters of the state to a public entity consistent with the  
17 requirements of the state constitution of 1963.

18 Sec. 1203. As used in this part:

19 (a) "Board" means the Michigan water trust fund board created  
20 in section 1209.

21 (b) "Department" means the department of environment, Great  
22 Lakes, and energy.

23 (c) "Fund" means the Michigan water trust fund created in  
24 section 1205.

25 (d) "Local health department" means that term as defined in  
26 section 1105 of the public health code, 1978 PA 368, MCL 333.1105.

27 (e) "Local unit of government" means a county, township, city,  
28 or village.

29 (f) "Public water supply" means that term as defined in

1 section 2 of the safe drinking water act, 1976 PA 399, MCL  
2 325.1002.

3 Sec. 1205. (1) The Michigan water trust fund is created in the  
4 state treasury. The state treasurer may receive royalties collected  
5 by the department under section 17a of the safe drinking water act,  
6 1976 PA 399, MCL 325.1017a, and money or other assets from any  
7 other source for deposit into the fund. The state treasurer shall  
8 direct the investment of the fund and credit to the fund interest  
9 and earnings from fund investments. The state treasurer has the  
10 same authority to invest the assets of the fund that is granted to  
11 an investment fiduciary under the public employee retirement system  
12 investment act, 1965 PA 314, MCL 38.1132 to 38.1141. Money in the  
13 fund at the end of the fiscal year remains in the fund and does not  
14 lapse to the general fund.

15 (2) By January 1, 2026, and by each January 1 thereafter, the  
16 department shall prepare a report that contains an accounting of  
17 revenues and expenditures from the fund. The department shall  
18 provide the report to the senate and house of representatives  
19 appropriations committees and the standing committees of the senate  
20 and house of representatives with jurisdiction over issues  
21 pertaining to natural resources and the environment. The report  
22 must identify all of the following:

23 (a) The interest and earnings of the fund from the previous  
24 fiscal year.

25 (b) The cumulative total amount of unexpended interest and  
26 earnings held by the fund.

27 (c) The investment performance of the fund during the previous  
28 fiscal year.

29 (d) The total amount of appropriations from the fund during

1 the previous year.

2 (3) Not more than 70% of annual fund revenues may be expended  
3 until the accumulated principal of the fund reaches  
4 \$800,000,000.00. After this target is reached, the accumulated  
5 principal of the fund must not be less than \$750,000,000.00 or more  
6 than \$1,500,000,000.00.

7 Sec. 1207. (1) The department shall create and administer a  
8 grant program to address water infrastructure and accessibility.  
9 Revenues, interest, and earnings from the fund must be used to  
10 administer the fund and provide grants under the program for any of  
11 the following purposes:

12 (a) Grants to public water supplies, water authorities, or  
13 similar entities to assist residential customers whose gross  
14 monthly income is 200% or less of the federal poverty level, so  
15 that the residential customers receive a continuous supply of water  
16 to meet domestic water needs. As used in this subdivision, "federal  
17 poverty level" means the poverty guidelines published annually in  
18 the Federal Register by the United States Department of Health and  
19 Human Services under its authority to revise the poverty line under  
20 42 USC 9902.

21 (b) Grants to local units of government or nonprofit  
22 organizations to ensure that residents of this state who experience  
23 a water emergency do not have to pay for bottled water to meet  
24 domestic water needs.

25 (c) Grants to local units of government to address lead  
26 service line replacement.

27 (d) Grants to local health departments to provide water  
28 testing for residents of this state that are reliant on private  
29 wells.

1 (e) Grants to local health departments for the administration  
2 and implementation of onsite wastewater regulations.

3 (f) If the accumulated principal of the fund exceeds  
4 \$750,000,000.00, grants to local units of government for water  
5 infrastructure projects that improve water quality, provide access  
6 to safe, affordable water, and help prepare for flood resilience.

7 (2) The department shall develop a detailed application,  
8 approval, and compliance process for the program that is made  
9 available on the department's website. The department shall  
10 promulgate rules under the administrative procedures act of 1969,  
11 1969 PA 306, MCL 24.201 to 24.328, to implement this section.

12 Sec. 1209. (1) The Michigan water trust fund board is created  
13 within the department to review grant applications received under  
14 section 1207 and make recommendations to the department on projects  
15 that should receive grant funding under the program.

16 (2) The board must consist of the following members:

17 (a) The director of the department.

18 (b) Six members appointed by the governor, with the advice and  
19 consent of the senate, who have experience with local units of  
20 government, water infrastructure projects, or water management.

21 (3) Members of the board appointed under subsection (2) (b)  
22 shall serve for terms of 4 years or until a successor is appointed,  
23 except that of the members first appointed, 1 shall serve for 1  
24 year, 1 shall serve for 2 years, 1 shall serve for 3 years, and 3  
25 shall serve for 4 years.

26 (4) The members first appointed to the board shall be  
27 appointed not later than 90 days after the effective date of the  
28 amendatory act that added this part.

29 (5) If a vacancy occurs on the board, an individual shall be

1 appointed in the same manner as the original appointment to fill  
2 the vacancy for the balance of the term.

3 (6) The governor may remove a member of the board for  
4 incompetence, dereliction of duty, malfeasance, misfeasance, or  
5 nonfeasance in office, or any other good cause.

6 (7) Within 120 days after the effective date of the amendatory  
7 act that added this part, the governor shall call the first meeting  
8 of the board. At the first meeting, the board shall elect from  
9 among its members a chairperson and other officers as necessary and  
10 appropriate. Except as otherwise provided in this subsection, after  
11 the first meeting, the board shall meet at least bimonthly, or more  
12 frequently at the call of a chairperson, or if requested by the  
13 department.

14 (8) A majority of the members of the board constitute a quorum  
15 for the transaction of business at a meeting of the board. A  
16 majority of the members present and serving are required for  
17 official action of the board.

18 (9) The business that the board may perform must be conducted  
19 at a public meeting of the board held in compliance with the open  
20 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

21 (10) A writing prepared, owned, used, in the possession of, or  
22 retained by the board in the performance of an official function is  
23 subject to the freedom of information act, 1976 PA 442, MCL 15.231  
24 to 15.246.

25 (11) Members of the board shall serve without compensation.  
26 However, members of the board may be reimbursed for actual and  
27 necessary expenses incurred in the performance of the official  
28 duties as members of the board.

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

- 1 unless Senate Bill No.\_\_\_\_ or House Bill No. 6274 (request no.
- 2 06845'24) of the 102nd Legislature is enacted into law.