

HOUSE BILL No. 5347

December 12, 2017, Introduced by Rep. Yaroch and referred to the Committee on Local Government.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 5204e (MCL 324.5204e), as amended by 2016 PA 164.

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~~**MUST** provide grants to municipalities
3 for sewage collection and treatment systems or storm water or
4 nonpoint 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~~**MUST** provide grants in accordance
7 with the following:

8 (i) Subject to subparagraph (iii), for grants of up to

1 \$1,000,000.00, not more than 90% of the costs incurred by the
2 municipality.

3 (ii) Subject to subparagraph (iii), for grants of more than
4 \$1,000,000.00 and less than \$2,000,000.00, not more than 90% of the
5 costs incurred by the municipality up to \$1,000,000.00 and not more
6 than 75% of the costs above \$1,000,000.00 incurred by the
7 municipality.

8 (iii) If any of the following conditions are met, a grant may
9 be issued to cover 100% of the costs incurred by the municipality:

10 (A) The municipality is a disadvantaged community as defined
11 in part 53.

12 (B) The municipality is in receivership.

13 (C) The municipality is operating under an emergency manager
14 or ~~an emergency~~ **A financial manager** **MANAGEMENT TEAM** appointed under
15 ~~state law.~~ **THE LOCAL FINANCIAL STABILITY AND CHOICE ACT, 2012 PA**
16 **436, MCL 141.1541 TO 141.1575.**

17 (D) The municipality is operating under a consent agreement as
18 provided under the local financial stability and choice act, 2012
19 PA 436, MCL 141.1541 to 141.1575.

20 (b) A grant may be used for 1 or more of the following
21 purposes:

22 (i) Development of an asset management program for a sewage
23 collection and treatment system or a storm water system. For sewage
24 collection and treatment systems, the program ~~shall~~ **MUST** include
25 the development of a funding structure and implementation schedule
26 that provides sufficient resources to implement the program. The
27 municipality shall coordinate, as feasible, with other

1 infrastructure activities in the same geographic area. In addition,
2 a disadvantaged community may expend not more than \$500,000.00 in
3 grant funds to implement projects identified in the asset
4 management program.

5 (ii) Development of management plans for the treatment of
6 storm water.

7 (iii) Planning and design of a sewage treatment works project
8 or stormwater treatment project as defined in section 5301(n) or
9 (o) or planning and design of construction activities designed to
10 reduce nonpoint source pollution.

11 (iv) Project costs of a municipality related to the testing
12 and demonstration of innovative wastewater and storm water
13 technologies approved by the department.

14 (v) For projects to address a substantial public health risk
15 from treatment system failure, up to 50% of the project costs
16 related to the planning, design, and construction of a sewage
17 collection and treatment system. To be eligible for a grant under
18 this subparagraph, a municipality shall apply on or after June 1,
19 2016, meet criteria developed by the department, and provide a
20 demonstration of financial need, including an economic feasibility
21 study with which the department of treasury concurs. Construction
22 funding under this subparagraph ~~shall~~**MUST** not exceed
23 \$10,000,000.00 and ~~shall~~**MUST** be allocated from wetland mitigation
24 bank funding authorized in section 5204f(1).

25 (c) The local match is not eligible for loan assistance from
26 the state water pollution control revolving fund or the fund.

27 (d) Grant funds ~~shall~~**MUST** not be used for general local

1 government administrative activities or activities performed by
2 municipal employees that are unrelated to the project.

3 (e) A municipality shall not receive more than \$2,000,000.00
4 in total grant assistance under this section.

5 (3) The department shall establish an application and review
6 process for considering grant applications under this section. The
7 application ~~shall~~ **MUST** contain the information required by the
8 department and the authority. Within 60 days after receipt of an
9 application, the department shall publish notice of the application
10 on the department's calendar. Within 120 days after receipt of an
11 administratively complete grant application, the department shall,
12 in writing, notify the applicant whether the application is
13 approved or rejected. If the department approves a grant under this
14 section, the department and the authority shall enter into a grant
15 agreement with the recipient ~~prior to~~ **BEFORE** transferring funds.
16 The grant agreement ~~shall~~ **MUST** contain terms established by the
17 department and the authority, including both of the following:

18 (a) A requirement that a grant recipient proceed with a
19 project for which grant funding is provided within 3 years after
20 the department approves the grant. For asset management programs
21 related to sewage collection and treatment systems, this includes
22 significant progress, as determined by the department, toward
23 achieving the funding structure necessary to implement the program.

24 (b) A requirement that the grant recipient repay the grant,
25 within 90 days of being informed to do so, with interest at a rate
26 not to exceed 8% per year, to the authority for deposit into the
27 fund if the applicant is unable to, or decides not to, proceed with

1 a construction project or begin implementation of an asset
2 management program for which grant funding is provided.

3 (4) For each year in which the department receives grant
4 applications under this section, the department shall report by
5 October 1 of that year to the standing committees of the senate and
6 the house of representatives with primary jurisdiction over issues
7 pertaining to natural resources and the environment and to the
8 senate and house of representatives appropriations committees on
9 the utilization of funds under this part that were received from
10 the Great Lakes water quality bond fund created in section 19706.
11 The report ~~shall~~ **MUST** include, at a minimum, all of the following:

12 (a) The number of grant applications received under this
13 section.

14 (b) The name of each municipality applying for a grant.

15 (c) The type of project being funded for each grant awarded.

16 (d) The number of users potentially affected by each grant
17 awarded.

18 (e) The amount of the local match for each grant awarded.

19 (f) The individual and annual cumulative amount of grant funds
20 awarded, including an identification of whether each award was for
21 the purpose of applying for assistance from the state water
22 pollution control revolving fund or the fund.

23 Enacting section 1. This amendatory act takes effect 90 days
24 after the date it is enacted into law.

25 Enacting section 2. This amendatory act does not take effect
26 unless Senate Bill No. ____ or House Bill No. 5337 (request no.
27 03826'17) of the 99th Legislature is enacted into law.