

**SUBSTITUTE FOR
SENATE BILL NO. 719**

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending section 19612 (MCL 324.19612), as amended by 2012 PA
446.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 19612. (1) A recipient of a grant or a loan made with
2 money from the fund shall do both of the following:

3 (a) Keep an accounting of the money spent on the project or
4 facility in a generally accepted manner. The accounting shall be
5 subject to a postaudit.

6 (b) Obtain authorization from the administering state
7 department before implementing a change that significantly alters
8 the proposed project.

9 (2) The administering state department may revoke a grant or a

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

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

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

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

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

26 (7) A loan made with money in the fund shall have the
27 following terms:

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

4 (b) Loan recipients shall repay loans in equal annual
5 installments of principal and interest beginning not later than 5
6 years after execution of a loan agreement and concluding not later
7 than 15 years after execution of a loan agreement.

8 (c) A loan recipient shall enter into a loan agreement with
9 the administering state department.

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

17 **(8) UPON REQUEST OF A LOAN RECIPIENT AND A SHOWING OF**
18 **FINANCIAL HARDSHIP RELATED TO THE PROJECT THAT WAS FINANCED IN**
19 **WHOLE OR IN PART BY THE LOAN, THE ADMINISTERING STATE DEPARTMENT**
20 **MAY RENEGOTIATE THE TERMS OF ANY OUTSTANDING LOAN, INCLUDING THE**
21 **LENGTH OF THE LOAN, THE INTEREST RATE, AND THE REPAYMENT TERMS. THE**
22 **DEPARTMENT SHALL REPORT TO THE LEGISLATURE THE NUMBER OF LOANS**
23 **REFINANCED UNDER THIS SUBSECTION, THE LOCAL UNIT OF GOVERNMENT OR**
24 **AUTHORITY RESPONSIBLE FOR EACH LOAN REFINANCED, AND THE CHANGE IN**
25 **THE AMOUNT OF THE LOAN OR 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**

1 REDEVELOPMENT FINANCING ACT, 1996 PA 381, 125.2666.

2 (9) ~~(8)~~—Loan payments and interest shall be deposited in the
3 fund.

4 (10) ~~(9)~~—Upon default of a loan, as determined by the
5 administering state department, or upon the request of the loan
6 recipient as a method to repay the loan, the department of treasury
7 shall withhold from the loan recipient state payments in amounts
8 consistent with the repayment schedule in the loan agreement until
9 the loan is repaid. The department of treasury shall deposit these
10 withheld funds into the fund until the loan is repaid.