

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 904**

(As amended June 17, 1998)

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding part 196.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 PART 196 CLEAN MICHIGAN INITIATIVE IMPLEMENTATION
2 SEC. 19601. AS USED IN THIS PART:
3 (A) "BONDS" MEANS THE BONDS AUTHORIZED UNDER THE [MICHIGAN'S
4 ECONOMIC, ENVIRONMENT, AND RECREATION] INITIATIVE ACT.
5 (B) "CORRECTIVE ACTION" MEANS THAT TERM AS IT IS DEFINED IN
6 PART 213.
7 (C) "DEPARTMENT" MEANS THE DEPARTMENT OF ENVIRONMENTAL
8 QUALITY.
9 (D) "FACILITY" MEANS THAT TERM AS IT IS DEFINED IN
10 PART 201.

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1 (E) "FUND" MEANS THE [MICHIGAN'S ECONOMIC, ENVIRONMENT, AND
RECREATION] INITIATIVE BOND FUND

2 CREATED IN SECTION 19606.

3 (F) "GAMING FACILITY" MEANS A GAMING FACILITY REGULATED
4 UNDER THE MICHIGAN GAMING CONTROL AND REVENUE ACT, THE INITIATED
5 LAW OF 1996, MCL 432.201 TO 432.226.

6 (G) "LOCAL UNIT OF GOVERNMENT" MEANS A COUNTY, CITY, VIL-
7 LAGE, OR TOWNSHIP, OR AN AGENCY OF A COUNTY, CITY, VILLAGE, OR
8 TOWNSHIP; OR AN AUTHORITY OR OTHER PUBLIC BODY CREATED BY OR PUR-
9 SUANT TO STATE LAW.

10 (H) "RESPONSE ACTIVITY" MEANS THAT TERM AS IT IS DEFINED IN
11 PART 201.

12 SEC. 19602. THE LEGISLATURE FINDS AND DECLARES THAT THE
13 ENVIRONMENTAL AND NATURAL RESOURCES PROTECTION PROGRAMS IMPL-
14 MENTED UNDER THIS PART ARE A PUBLIC PURPOSE AND OF PARAMOUNT
15 PUBLIC CONCERN IN THE INTEREST OF THE HEALTH, SAFETY, AND GENERAL
16 WELFARE OF THE CITIZENS OF THIS STATE.

17 SEC. 19603. (1) THE BONDS SHALL BE ISSUED IN 1 OR MORE
18 SERIES, EACH SERIES TO BE IN A PRINCIPAL AMOUNT, TO BE DATED, TO
19 HAVE THE MATURITIES WHICH MAY BE EITHER SERIAL, TERM, OR BOTH, TO
20 BEAR INTEREST AT A RATE OR RATES, TO BE SUBJECT OR NOT SUBJECT TO
21 PRIOR REDEMPTION, AND IF SUBJECT TO PRIOR REDEMPTION WITH OR
22 WITHOUT CALL PREMIUMS, TO BE PAYABLE AT A PLACE OR PLACES, TO
23 HAVE OR NOT HAVE PROVISIONS FOR REGISTRATION AS TO PRINCIPAL ONLY
24 OR AS TO BOTH PRINCIPAL AND INTEREST, TO BE IN A FORM AND TO BE
25 EXECUTED IN A MANNER AS SHALL BE DETERMINED BY RESOLUTION TO BE
26 ADOPTED BY THE STATE ADMINISTRATIVE BOARD AND SUBJECT TO OR
27 GRANTING THOSE COVENANTS, DIRECTIONS, RESTRICTIONS, OR RIGHTS

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1 SPECIFIED BY RESOLUTION TO BE ADOPTED BY THE STATE ADMINISTRATIVE
2 BOARD AS NECESSARY TO INSURE THE MARKETABILITY, INSURABILITY, OR
3 TAX EXEMPT STATUS OF THE BONDS. THE STATE ADMINISTRATIVE BOARD
4 SHALL ROTATE THE SERVICES OF LEGAL COUNSEL WHEN ISSUING BONDS.

5 (2) THE STATE ADMINISTRATIVE BOARD MAY REFUND BONDS ISSUED
6 UNDER THIS PART BY THE ISSUANCE OF NEW BONDS, WHETHER OR NOT THE
7 BONDS TO BE REFUNDED HAVE MATURED OR ARE SUBJECT TO PRIOR
8 REDEMPTION. THE STATE ADMINISTRATIVE BOARD MAY ISSUE BONDS
9 PARTLY TO REFUND BONDS ISSUED UNDER THIS PART AND PARTLY FOR ANY
10 OTHER PURPOSE PROVIDED BY THIS PART. THE PRINCIPAL AMOUNT OF ANY
11 REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION SHALL NOT BE
12 COUNTED AGAINST THE LIMITATION ON PRINCIPAL AMOUNT PROVIDED IN
13 THE [MICHIGAN'S ECONOMIC, ENVIRONMENT, AND RECREATION] INITIATIVE
14 ACT. FURTHER, REFUNDING BONDS
15 ISSUED PURSUANT TO THIS SECTION ARE NOT SUBJECT TO THE RESTRIC-

16 (3) THE STATE ADMINISTRATIVE BOARD MAY APPROVE INSURANCE
17 CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LETTERS OF CREDIT,
18 COMMITMENTS TO PURCHASE BONDS, AND ANY OTHER TRANSACTION TO PRO-
19 VIDE SECURITY TO ASSURE TIMELY PAYMENT OR PURCHASE OF ANY BOND
20 ISSUED UNDER THIS PART.

21 (4) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE THE STATE
22 TREASURER, BUT ONLY WITHIN LIMITATIONS CONTAINED IN THE AUTHORIZ-
23 ING RESOLUTION OF THE BOARD, TO DO 1 OR MORE OF THE FOLLOWING:

24 (A) SELL AND DELIVER AND RECEIVE PAYMENT FOR THE BONDS.

25 (B) DELIVER BONDS PARTLY TO REFUND BONDS AND PARTLY FOR
26 OTHER AUTHORIZED PURPOSES.

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1 (C) SELECT WHICH OUTSTANDING BONDS WILL BE REFUNDED, IF ANY,
2 BY THE NEW ISSUE OF BONDS.

3 (D) BUY BONDS SO ISSUED 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
7 OF ISSUANCE, INTEREST PAYMENT DATES, REDEMPTION RIGHTS AT THE
8 OPTION OF THE STATE OR THE OWNER, THE PLACE AND TIME OF DELIVERY
9 AND PAYMENT, AND OTHER MATTERS AND PROCEDURES NECESSARY TO COM-
10 PLETE THE AUTHORIZED TRANSACTIONS.

11 (F) EXECUTE, DELIVER, AND PAY THE COST OF REMARKETING AGREE-
12 MENTS, INSURANCE CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LET-
13 TERS OF CREDIT, COMMITMENTS TO PURCHASE BONDS OR NOTES, AND ANY
14 OTHER TRANSACTION TO PROVIDE SECURITY TO ASSURE TIMELY PAYMENTS
15 OR PURCHASE OF ANY BOND ISSUED UNDER THIS PART.

16 (5) THE BONDS SHALL BE APPROVED BY THE DEPARTMENT OF TREA-
17 SURY BEFORE THEIR ISSUANCE BUT ARE NOT OTHERWISE SUBJECT TO THE
18 MUNICIPAL FINANCE ACT, 1943 PA 202, MCL 131.1 TO 139.3.

19 (6) THE BONDS OR ANY SERIES OF THE BONDS SHALL BE SOLD AT
20 SUCH PRICE AND AT A PUBLICLY ADVERTISED SALE AS DETERMINED BY THE
21 STATE ADMINISTRATIVE BOARD.

22 (7) THE BONDS SHALL BE SOLD IN ACCORDANCE WITH A SCHEDULE
23 ESTABLISHED BY THE STATE ADMINISTRATIVE BOARD.

24 SEC. 19604. THE BONDS SHALL BE FULLY NEGOTIABLE UNDER THE
25 UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.11102.
26 THE BONDS AND THE INTEREST ON THE BONDS SHALL BE EXEMPT FROM ALL
27 TAXATION BY THE STATE OR ANY POLITICAL SUBDIVISIONS OF THE STATE.

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1 SEC. 19605. THE BONDS ARE SECURITIES IN WHICH BANKS,
2 SAVINGS AND LOAN ASSOCIATIONS, INVESTMENT COMPANIES, CREDIT
3 UNIONS, AND OTHER PERSONS CARRYING ON A BANKING BUSINESS; ALL
4 INSURANCE COMPANIES, INSURANCE ASSOCIATIONS, AND OTHER PERSONS
5 CARRYING ON AN INSURANCE BUSINESS; AND ALL ADMINISTRATORS, EXECU-
6 TORS, GUARDIANS, TRUSTEES, AND OTHER FIDUCIARIES MAY PROPERLY AND
7 LEGALLY INVEST FUNDS, INCLUDING CAPITAL, BELONGING TO THEM OR
8 WITHIN THEIR CONTROL.

9 SEC. 19606. (1) THE [MICHIGAN'S ECONOMIC, ENVIRONMENT, AND
RECREATION] INITIATIVE BOND FUND IS
10 CREATED IN THE STATE TREASURY.

11 (2) THE FUND SHALL CONSIST OF ALL OF THE FOLLOWING:

12 (A) THE PROCEEDS OF SALES OF THE BONDS AND ANY PREMIUM AND
13 ACCRUED INTEREST RECEIVED ON THE DELIVERY OF THE BONDS.

14 (B) ANY INTEREST OR EARNINGS GENERATED BY THE PROCEEDS
15 DESCRIBED IN SUBDIVISION (A).

16 (C) ANY REPAYMENT OF PRINCIPAL AND INTEREST MADE UNDER A
17 LOAN PROGRAM AUTHORIZED IN THIS PART.

18 (D) ANY FEDERAL OR OTHER FUNDS RECEIVED.

19 (3) THE DEPARTMENT OF TREASURY MAY ESTABLISH RESTRICTED SUB-
20 ACCOUNTS WITHIN THE FUND AS NECESSARY TO ADMINISTER THE FUND.

21 SEC. 19607. (1) THE TOTAL PROCEEDS OF ALL BONDS SHALL BE
22 DEPOSITED INTO THE FUND AND ALLOCATED AS FOLLOWS:

23 (A) NOT MORE THAN [\$300,000,000.00] SHALL BE USED FOR RESPONSE
24 ACTIVITIES AT FACILITIES.

25 (B) NOT MORE THAN \$50,000,000.00 SHALL BE USED FOR WATER-
26 FRONT IMPROVEMENTS.

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- 1 (C) NOT MORE THAN \$25,000,000.00 SHALL BE USED FOR
2 REMEDIATION OF CONTAMINATED LAKE AND RIVER SEDIMENTS.
- 3 (D) [SUBJECT TO SUBSECTION (2), \$66,000,000.00] SHALL BE USED
4 FOR NONPOINT SOURCE POLLUTION PREVENTION AND CONTROL [AND WELLHEAD PROTECTION
5 PROJECTS].
- 6 (E) NOT MORE THAN \$50,000,000.00 SHALL BE USED FOR STATE
7 PARK INFRASTRUCTURE IMPROVEMENTS.
- 8 (F) NOT MORE THAN \$50,000,000.00 SHALL BE USED FOR LOCAL
9 RECREATION PROJECTS.
10 [(G) NOT MORE THAN \$100,000,000.00 SHALL BE USED FOR PROJECTS
11 FUNDED BY THE STATE DRINKING WATER REVOLVING FUND ESTABLISHED
12 PURSUANT TO SECTION 16B OF THE SHARED CREDIT RATING ACT, 1985 PA
13 227, MCL 141.1066B.
14 (H) NOT MORE THAN \$20,000,000.00 SHALL BE USED FOR LEAD
15 ABATEMENT PROJECTS TO PROTECT CHILDREN AND SENIOR CITIZENS FROM LEAD
16 POISONING.
17 (I) NOT MORE THAN \$25,000,000.00 SHALL BE USED FOR POLLUTION
18 PREVENTION PROGRAMS.
19 (J) NOT MORE THAN \$100,000,000.00 SHALL BE USED FOR PROJECTS
20 FUNDED BY THE STATE WATER POLLUTION CONTROL REVOLVING FUND
21 ESTABLISHED PURSUANT TO SECTION 16A OF THE SHARED CREDIT RATING ACT,
22 1985 PA 227, MCL 141.1066A.
23 (2) IN ADDITION TO THE AMOUNT SPECIFIED IN SUBSECTION (1)(D),
24 2% OF THE AMOUNTS SPECIFIED IN SUBSECTION (1)(A), (B), (C), AND (D)
SHALL BE USED FOR THE PURPOSE OF SUBSECTION (1)(D).]
- 9 [(3)] THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE
10 FUND. EXCEPT AS MAY BE REQUIRED TO MAINTAIN THE EXCLUSION FROM
11 GROSS INCOME OF THE INTEREST PAID ON THE BONDS OR TO COMPLY OTH-
12 ERWISE WITH STATE OR FEDERAL LAW, INTEREST AND EARNINGS FROM
13 INVESTMENT OF THE PROCEEDS OF ANY BOND ISSUE SHALL BE ALLOCATED
14 IN THE SAME PROPORTION AS EARNED ON THE INVESTMENT OF THE PRO-
15 CEEDS OF THE BOND ISSUE.
- 16 [(4)] EXCEPT AS MAY BE REQUIRED TO MAINTAIN THE EXCLUSION FROM
17 GROSS INCOME OF THE INTEREST PAID ON THE BONDS OR TO COMPLY OTH-
18 ERWISE WITH STATE OR FEDERAL LAW, ALL REPAYMENTS OF PRINCIPAL AND
19 INTEREST EARNED UNDER A LOAN PROGRAM AUTHORIZED BY THIS PART
20 SHALL BE CREDITED TO THE APPROPRIATE RESTRICTED SUBACCOUNTS OF
21 THE FUND AND USED FOR THE PURPOSES AUTHORIZED FOR THAT SUBACCOUNT
22 OR TO PAY DEBT SERVICE ON ANY OBLIGATION ISSUED WHICH PLEDGES THE
23 LOAN REPAYMENTS AND THE PROCEEDS OF WHICH ARE DEPOSITED IN THAT
24 SUBACCOUNT.
- 25 [(5)] THE BOND PROCEEDS SHALL BE EXPENDED IN AN APPROPRIATE
26 MANNER THAT MAINTAINS THE TAX EXEMPT STATUS OF THE BONDS.

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- 1 [(6)] THE UNENCUMBERED BALANCE IN THE FUND AT THE CLOSE OF THE

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2 FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE
3 GENERAL FUND.

4 [(7)] THE DEPARTMENT SHALL PROVIDE AN ANNUAL ACCOUNTING OF
5 BOND PROCEEDS SPENDING ON A CASH BASIS TO THE DEPARTMENT OF TREA-
6 SURY IN ORDER FOR THE STATE TO COMPLY WITH REQUIREMENTS SET FORTH
7 FOR ISSUING TAX EXEMPT BONDS, INCLUDING ARBITRAGE REBATE
8 CALCULATIONS. THIS ACCOUNTING SHALL BE SUBMITTED TO THE GOVER-
9 NOR, THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND
10 THE SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO THE PRO-
11 TECTION OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE APPRO-
12 PRIATIONS COMMITTEES IN THE HOUSE OF REPRESENTATIVES AND THE
13 SENATE.

14 SEC. 19608. (1) MONEY IN THE FUND THAT IS ALLOCATED UNDER
15 SECTION 19607 SHALL BE USED FOR THE FOLLOWING PURPOSES:

16 (A) MONEY ALLOCATED UNDER SECTION 19607(1)(A) SHALL BE USED
17 BY THE DEPARTMENT TO FUND ALL OF THE FOLLOWING:

18 (i) CORRECTIVE ACTIONS UNDERTAKEN BY THE DEPARTMENT TO
19 ADDRESS RELEASES FROM LEAKING UNDERGROUND STORAGE TANKS PURSUANT
20 TO PART 213.

21 (ii) RESPONSE ACTIVITIES UNDERTAKEN BY THE DEPARTMENT AT
22 FACILITIES PURSUANT TO PART 201 TO ADDRESS PUBLIC HEALTH AND
23 ENVIRONMENTAL PROBLEMS OR TO PROMOTE REDEVELOPMENT.

24 (iii) ASSESSMENT ACTIVITIES UNDERTAKEN BY THE DEPARTMENT TO
25 DETERMINE WHETHER A PROPERTY IS A FACILITY.

26 (iv) NOT MORE THAN \$20,000,000.00 SHALL BE USED TO PROVIDE
27 GRANTS AND LOANS TO LOCAL UNITS OF GOVERNMENT AND BROWNFIELD

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1 REDEVELOPMENT AUTHORITIES CREATED UNDER THE BROWNFIELD
2 REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO
3 125.2672, FOR RESPONSE ACTIVITIES AT KNOWN OR SUSPECTED FACILI-
4 TIES WITH REDEVELOPMENT POTENTIAL.

5 (v) NOT MORE THAN \$12,000,000.00 SHALL BE USED FOR GRANTS
6 PURSUANT TO THE MUNICIPAL LANDFILL GRANT PROGRAM UNDER SECTION
7 20109A.

8 (B) MONEY ALLOCATED UNDER SECTION 19607(1)(B) SHALL BE USED
9 FOR WATERFRONT REDEVELOPMENT GRANTS PURSUANT TO PART 795.

10 (C) MONEY ALLOCATED UNDER SECTION 19607(1)(C) SHALL BE USED
11 FOR RESPONSE ACTIVITIES FOR THE REMEDIATION OF CONTAMINATED LAKE
12 AND RIVER SEDIMENTS PURSUANT TO PART 201.

13 (D) MONEY ALLOCATED UNDER SECTION 19607(1)(D) SHALL BE USED
14 FOR NONPOINT SOURCE POLLUTION PREVENTION AND CONTROL PROJECTS [AND
15 WELLHEAD PROTECTION PROJECTS]
16 PURSUANT TO PART 88.

17 (E) MONEY ALLOCATED UNDER SECTION 19607(1)(E) SHALL BE USED
18 FOR INFRASTRUCTURE IMPROVEMENTS AT MICHIGAN STATE PARKS AS DETER-
19 MINED BY THE DEPARTMENT OF NATURAL RESOURCES. [THE INSTALLATION OR
20 UPGRADE OF DRINKING WATER SYSTEMS OR REST ROOM FACILITIES SHALL BE
21 THE FIRST PRIORITY.]

22 (F) MONEY ALLOCATED UNDER SECTION 19607(1)(F) SHALL BE USED
23 TO PROVIDE GRANTS TO LOCAL UNITS OF GOVERNMENT FOR LOCAL RECRE-
24 ATION PROJECTS PURSUANT TO PART 716.

[(G) MONEY IN THE FUND THAT IS ALLOCATED UNDER SECTION
19607(1)(G) SHALL BE TRANSFERRED TO THE STATE DRINKING WATER
REVOLVING FUND ESTABLISHED PURSUANT TO SECTION 16B OF THE SHARED
CREDIT RATING ACT, 1985 PA 227, MCL 141.1066B.

(H) MONEY IN THE FUND THAT IS ALLOCATED UNDER SECTION
19607(1)(G) SHALL BE USED BY THE DEPARTMENT FOR PROGRAMS THAT
PREVENT POLLUTION.

(I) MONEY IN THE FUND THAT IS ALLOCATED UNDER SECTION 19607
(1)(G) SHALL BE TRANSFERRED TO THE STATE WATER POLLUTION CONTROL
REVOLVING FUND ESTABLISHED PURSUANT TO SECTION 16A OF THE SHARED
CREDIT RATING ACT, 1985 PA 227, MCL 141.1066A.

22 (2) OF THE MONEY ALLOCATED UNDER SECTION 19607(1)(A), NOT LESS
23 THAN \$40,000,000.00 OR MORE THAN \$60,000,000.00 SHALL BE USED FOR
24 FACILITIES THAT POSE AN IMMINENT AND SUBSTANTIAL ENDANGERMENT TO THE
25 PUBLIC HEALTH, SAFETY, OR WELFARE, OR TO THE ENVIRONMENT. FOR
PURPOSES OF THIS SUBSECTION, FACILITIES THAT POSE AN IMMINENT AND
SUBSTANTIAL ENDANGERMENT SHALL INCLUDE THOSE WHERE PUBLIC ACCESS
POSES HAZARDS BECAUSE OF POTENTIAL EXPOSURE TO CHEMICALS OR SAFETY
RISKS AND WHERE DRINKING WATER SUPPLIES ARE THREATENED BY
CONTAMINATION.

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(3) BEFORE EXPENDING ANY FUNDS ALLOCATED UNDER SECTION 19607 (1)(A), (B), (C), OR (D) AT A SITE THAT IS AN AREA OF CONCERN AS DESIGNATED BY THE PARTIES TO THE GREAT LAKES WATER QUALITY AGREEMENT, THE DEPARTMENT SHALL CONSULT WITH AND RECEIVE COMMENTS FROM THE PUBLIC ADVISORY COUNCIL ESTABLISHED TO OVERSEE THAT AREA OF CONCERN REGARDING THE DEVELOPMENT, IMPLEMENTATION, AND EVALUATION OF RESPONSE ACTIVITIES TO BE CONDUCTED WITH MONEY IN THE FUND AT THAT AREA OF CONCERN.

(4) MONEY IN THE FUND SHALL NOT BE USED TO DEVELOP BOTTOMLANDS OF ANY BODY OF WATER.]

26 [(5)] MONEY PROVIDED IN THE FUND MAY BE USED BY THE DEPARTMENT
27 OF TREASURY TO PAY FOR THE COST OF ISSUING BONDS AND BY THE
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3 SECTION 19607(1)(A) TO (D) SHALL BE AVAILABLE FOR APPROPRIATION
4 TO THE DEPARTMENT TO PAY ITS COSTS DIRECTLY ASSOCIATED WITH THE
5 COMPLETION OF A PROJECT AUTHORIZED BY SECTION 19607(1)(A) TO
6 (D). NOT MORE THAN 3% OF THE TOTAL AMOUNT SPECIFIED IN SECTION
7 19607(1)(E) AND (F) SHALL BE AVAILABLE FOR APPROPRIATION TO THE
8 DEPARTMENT OF NATURAL RESOURCES TO PAY ITS COSTS DIRECTLY ASSOCI-
9 ATED WITH THE COMPLETION OF A PROJECT AUTHORIZED BY SECTION
10 19607(1)(E) AND (F). IT IS THE INTENT OF THE LEGISLATURE THAT
11 GENERAL FUND APPROPRIATIONS TO THE DEPARTMENT AND TO THE DEPART-
12 MENT OF NATURAL RESOURCES SHALL NOT BE REDUCED AS A RESULT OF
13 COSTS FUNDED PURSUANT TO THIS SUBSECTION.

14 [(6)] A GRANT SHALL NOT BE PROVIDED UNDER THIS PART FOR A
15 PROJECT THAT IS LOCATED AT ANY OF THE FOLLOWING:

16 (A) LAND SITED FOR USE AS A GAMING FACILITY OR AS A STADIUM
17 OR ARENA FOR USE BY A PROFESSIONAL SPORTS TEAM.

18 (B) LAND OR OTHER FACILITIES OWNED OR OPERATED BY A GAMING
19 FACILITY OR BY A STADIUM OR ARENA FOR USE BY A PROFESSIONAL
20 SPORTS TEAM.

21 (C) LAND WITHIN A PROJECT AREA DESCRIBED IN A PROJECT PLAN
22 PURSUANT TO THE ECONOMIC DEVELOPMENT CORPORATIONS ACT, 1974
23 PA 338, MCL 125.1601 TO 125.1636, FOR A GAMING FACILITY.

24 [(7)] THE DEPARTMENT AND THE DEPARTMENT OF NATURAL RESOURCES
25 SHALL EACH SUBMIT ANNUALLY A LIST OF ALL PROJECTS THAT WILL BE
26 UNDERTAKEN BY THAT DEPARTMENT THAT ARE RECOMMENDED TO BE FUNDED
27 UNDER THIS PART. THE LIST SHALL BE SUBMITTED TO THE GOVERNOR,

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1 THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE
2 SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO THE PROTECTION
3 OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE APPROPRIATIONS
4 COMMITTEES IN THE HOUSE OF REPRESENTATIVES AND THE SENATE. THE
5 LIST SHALL BE SUBMITTED TO THE LEGISLATIVE COMMITTEES NOT LATER
6 THAN FEBRUARY 15 OF EACH YEAR. THIS LIST SHALL ALSO BE SUBMITTED
7 BEFORE ANY REQUEST FOR SUPPLEMENTAL APPROPRIATION OF BOND FUNDS.
8 THE LIST SHALL INCLUDE THE NATURE OF THE ELIGIBLE PROJECT; THE
9 COUNTY IN WHICH THE ELIGIBLE PROJECT IS LOCATED; AN ESTIMATE OF
10 THE TOTAL COST OF THE ELIGIBLE PROJECT; AND OTHER INFORMATION
11 CONSIDERED PERTINENT BY THE DEPARTMENT. A PROJECT THAT IS FUNDED
12 BY A GRANT OR LOAN WITH MONEY FROM THE FUND DOES NOT NEED TO BE
13 INCLUDED ON THE LIST SUBMITTED UNDER THIS SUBSECTION. HOWEVER,
14 MONEY IN THE FUND THAT IS APPROPRIATED FOR GRANTS AND LOANS SHALL
15 NOT BE ENCUMBERED OR EXPENDED UNTIL THE ADMINISTERING DEPARTMENT
16 HAS REPORTED THOSE PROJECTS THAT HAVE BEEN APPROVED FOR A GRANT
17 OR A LOAN TO THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTA-
18 TIVES AND THE SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO
19 THE PROTECTION OF NATURAL RESOURCES AND THE ENVIRONMENT AND TO
20 THE APPROPRIATIONS SUBCOMMITTEES IN THE HOUSE OF REPRESENTATIVES
21 AND THE SENATE ON NATURAL RESOURCES AND ENVIRONMENTAL QUALITY.
[BEFORE SUBMITTING THE ANNUAL LIST OF PROJECTS RECOMMENDED TO BE
FUNDED PURSUANT TO THIS SUBSECTION, THE DEPARTMENT SHALL PROVIDE A
30-DAY PERIOD DURING WHICH INTERESTED PERSONS, INCLUDING BUT NOT
LIMITED TO MUNICIPALITIES, NONPROFIT CORPORATIONS AND ASSOCIATIONS,
AND BUSINESSES MAY NOMINATE PROJECTS TO BE CONSIDERED FOR FUNDING
PURSUANT TO THIS PART. THE DEPARTMENT SHALL PUBLISH CRITERIA IT
WILL USE IN EVALUATING AND RECOMMENDING NOMINATED PROJECTS AND SHALL
RESPOND, IN WRITING, TO ALL SUCH NOMINATIONS.]
22 [(8)] THE LEGISLATURE SHALL APPROPRIATE PROSPECTIVE OR ACTUAL
23 BOND PROCEEDS FOR PROJECTS PROPOSED TO BE FUNDED. APPROPRIATIONS
24 SHALL BE CARRIED OVER TO SUCCEEDING FISCAL YEARS UNTIL THE
25 PROJECT FOR WHICH THE FUNDS ARE APPROPRIATED IS COMPLETED.
26 [(9)] NOT LATER THAN DECEMBER 31 OF EACH YEAR, THE DEPARTMENT
27 AND THE DEPARTMENT OF NATURAL RESOURCES SHALL EACH SUBMIT A LIST

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1 OF THE PROJECTS FINANCED UNDER THIS PART BY THAT DEPARTMENT TO

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2 THE GOVERNOR, THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTA-
3 TIVES AND THE SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO
4 THE PROTECTION OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE
5 SUBCOMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE ON
6 APPROPRIATIONS ON NATURAL RESOURCES AND ENVIRONMENTAL QUALITY.
7 EACH LIST SHALL INCLUDE THE NAME, ADDRESS, AND TELEPHONE NUMBER
8 OF THE RECIPIENT OR PARTICIPANT, IF APPROPRIATE; THE NAME AND
9 LOCATION OF THE PROJECT; THE NATURE OF THE PROJECT; THE AMOUNT OF
10 MONEY ALLOCATED TO THE PROJECT; THE COUNTY IN WHICH THE PROJECT
11 IS LOCATED; A BRIEF SUMMARY OF WHAT HAS BEEN ACCOMPLISHED BY THE
12 PROJECT; AND OTHER INFORMATION CONSIDERED PERTINENT BY THE APPRO-
13 PRIATE DEPARTMENT.

14 SEC. 19609. AN APPLICATION FOR A GRANT OR A LOAN FROM THE
15 FUND SHALL BE MADE ON A FORM OR IN A FORMAT PRESCRIBED BY THE
16 ADMINISTERING STATE DEPARTMENT. THE ADMINISTERING STATE DEPART-
17 MENT MAY REQUIRE THE APPLICANT TO PROVIDE ANY INFORMATION REASON-
18 ABLY NECESSARY TO ALLOW THE ADMINISTERING STATE DEPARTMENT TO
19 MAKE A DETERMINATION REQUIRED BY THIS PART.

20 SEC. 19610. THE ADMINISTERING STATE DEPARTMENT SHALL NOT
21 MAKE A GRANT OR A LOAN WITH MONEY FROM THE FUND UNLESS ALL OF THE
22 FOLLOWING CONDITIONS ARE MET:

23 (A) THE APPLICANT DEMONSTRATES THAT THE PROPOSED PROJECT IS
24 IN COMPLIANCE WITH ALL APPLICABLE STATE LAWS AND RULES OR WILL
25 RESULT IN COMPLIANCE WITH STATE LAWS AND RULES.

26 (B) THE APPLICANT DEMONSTRATES TO THE DEPARTMENT THE
27 CAPABILITY TO CARRY OUT THE PROPOSED PROJECT.

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1 (C) THE APPLICANT DEMONSTRATES TO THE DEPARTMENT THAT THERE
2 IS AN IDENTIFIABLE SOURCE OF FUNDS FOR THE FUTURE MAINTENANCE AND
3 OPERATION OF THE PROPOSED PROJECT, IF APPROPRIATE.

4 (D) WITHIN THE LAST 24 MONTHS, THE APPLICANT HAS SUCCESS-
5 FULLY UNDERGONE AN AUDIT CONDUCTED IN ACCORDANCE WITH GENERALLY
6 ACCEPTED AUDITING STANDARDS.

7 (E) WITHIN THE LAST 24 MONTHS, THE APPLICANT HAS NOT HAD A
8 GRANT FROM THE DEPARTMENT REVOKED OR TERMINATED OR HAD THE
9 DEPARTMENT DETERMINE THAT THE APPLICANT DEMONSTRATED AN INABILITY
10 TO MANAGE A GRANT.

11 SEC. 19611. PRIOR TO MAKING A GRANT OR LOAN WITH MONEY FROM
12 THE FUND, THE ADMINISTERING STATE DEPARTMENT SHALL CONSIDER THE
13 EXTENT TO WHICH THE MAKING OF THE GRANT OR LOAN CONTRIBUTES TO
14 THE ACHIEVEMENT OF A BALANCED DISTRIBUTION OF GRANTS AND LOANS
15 THROUGHOUT THE STATE.

16 SEC. 19612. (1) A RECIPIENT OF A GRANT OR A LOAN MADE WITH
17 MONEY FROM THE FUND SHALL BE SUBJECT TO ALL OF THE FOLLOWING:

18 (A) A RECIPIENT SHALL KEEP AN ACCOUNTING OF THE MONEY SPENT
19 ON THE PROJECT OR FACILITY IN A GENERALLY ACCEPTED MANNER. THE
20 ACCOUNTING SHALL BE SUBJECT TO A POSTAUDIT.

21 (B) A RECIPIENT SHALL OBTAIN AUTHORIZATION FROM THE ADMINIS-
22 TERING STATE DEPARTMENT BEFORE IMPLEMENTING A CHANGE THAT SIGNIF-
23 ICANTLY ALTERS THE PROPOSED PROJECT.

24 (2) THE ADMINISTERING STATE DEPARTMENT MAY REVOKE A GRANT OR
25 A LOAN MADE WITH MONEY FROM THE FUND OR WITHHOLD PAYMENT IF THE
26 RECIPIENT FAILS TO COMPLY WITH THE TERMS AND CONDITIONS OF THE
27 GRANT OR LOAN AGREEMENT OR WITH THE REQUIREMENTS OF THIS PART OR

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1 THE RULES PROMULGATED UNDER THIS PART, OR WITH OTHER APPLICABLE
2 LAW OR RULES. IF A GRANT OR LOAN IS REVOKED, THE ADMINISTERING
3 STATE DEPARTMENT MAY RECOVER ALL FUNDS AWARDED.

4 (3) THE ADMINISTERING STATE DEPARTMENT MAY WITHHOLD A GRANT
5 OR A LOAN UNTIL THE ADMINISTERING STATE DEPARTMENT DETERMINES
6 THAT THE RECIPIENT IS ABLE TO PROCEED WITH THE PROPOSED PROJECT.

7 (4) TO ASSURE TIMELY COMPLETION OF A PROJECT, THE ADMINIS-
8 TERING STATE DEPARTMENT MAY WITHHOLD 10% OF THE GRANT OR LOAN
9 AMOUNT UNTIL THE PROJECT IS COMPLETE.

10 (5) IF AN APPROVED APPLICANT FAILS TO SIGN A GRANT OR LOAN
11 AGREEMENT WITHIN 90 DAYS OF A WRITTEN GRANT OR LOAN OFFER BY THE
12 ADMINISTERING STATE DEPARTMENT, THE ADMINISTERING STATE DEPART-
13 MENT MAY CANCEL THE GRANT OR LOAN OFFER. THE APPLICANT MAY NOT
14 APPEAL OR CONTEST A CANCELLATION PURSUANT TO THIS SUBSECTION.

15 (6) THE ADMINISTERING STATE DEPARTMENT MAY TERMINATE A GRANT
16 OR LOAN AGREEMENT AND REQUIRE IMMEDIATE REPAYMENT OF THE GRANT OR
17 LOAN IF THE RECIPIENT USES GRANT OR LOAN FUNDS FOR ANY PURPOSE
18 OTHER THAN FOR THE APPROVED ACTIVITIES SPECIFIED IN THE GRANT OR
19 LOAN AGREEMENT. THE ADMINISTERING STATE DEPARTMENT SHALL PROVIDE
20 THE RECIPIENT WRITTEN NOTICE OF THE TERMINATION 30 DAYS PRIOR TO
21 THE TERMINATION.

22 (7) A LOAN MADE WITH MONEY IN THE FUND SHALL HAVE THE FOL-
23 LOWING TERMS:

24 (A) A LOAN INTEREST RATE OF NOT MORE THAN 50% OF THE PRIME
25 RATE AS DETERMINED BY THE ADMINISTERING STATE DEPARTMENT AS OF
26 THE DATE OF APPROVAL OF THE LOAN.

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1 (B) LOAN RECIPIENTS SHALL REPAY LOANS IN EQUAL ANNUAL
2 INSTALLMENTS OF PRINCIPAL AND INTEREST BEGINNING NOT LATER THAN 5
3 YEARS AFTER EXECUTION OF A LOAN AGREEMENT AND CONCLUDING NOT
4 LATER THAN 15 YEARS AFTER EXECUTION OF A LOAN AGREEMENT.

5 (C) A LOAN RECIPIENT SHALL ENTER INTO A LOAN AGREEMENT WITH
6 THE ADMINISTERING STATE DEPARTMENT. AT A MINIMUM, THE LOAN
7 AGREEMENT SHALL CONTAIN A COMMITMENT THAT THE LOAN IS SECURED BY
8 A FULL FAITH AND CREDIT PLEDGE OF THE APPLICANT, OR IF THE APPLI-
9 CANT IS AN AUTHORITY ESTABLISHED PURSUANT TO THE BROWNFIELD REDE-
10 VELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672,
11 THE COMMITMENT SHALL BE FROM THE MUNICIPALITY THAT CREATED THE
12 AUTHORITY PURSUANT TO THAT ACT.

13 (D) UPON DEFAULT OF A LOAN, AS DETERMINED BY THE ADMINISTER-
14 ING STATE DEPARTMENT, OR UPON THE REQUEST OF THE LOAN RECIPIENT
15 AS A METHOD TO REPAY THE LOAN, THE DEPARTMENT OF TREASURY SHALL
16 WITHHOLD STATE PAYMENTS FROM THE LOAN RECIPIENT IN AMOUNTS CON-
17 SISTENT WITH THE REPAYMENT SCHEDULE IN THE LOAN AGREEMENT UNTIL
18 THE LOAN IS REPAID. THE DEPARTMENT OF TREASURY SHALL DEPOSIT
19 THESE WITHHELD FUNDS INTO THE FUND UNTIL THE LOAN IS REPAID.

20 (8) LOAN PAYMENTS AND INTEREST SHALL BE DEPOSITED IN THE
21 FUND.

22 (9) UPON DEFAULT OF A LOAN, AS DETERMINED BY THE ADMINISTER-
23 ING STATE DEPARTMENT, OR UPON THE REQUEST OF THE LOAN RECIPIENT
24 AS A METHOD TO REPAY THE LOAN, THE DEPARTMENT OF TREASURY SHALL
25 WITHHOLD FROM THE LOAN RECIPIENT STATE PAYMENTS IN AMOUNTS CON-
26 SISTENT WITH THE REPAYMENT SCHEDULE IN THE LOAN AGREEMENT UNTIL

1 THE LOAN IS REPAYED. THE DEPARTMENT OF TREASURY SHALL DEPOSIT
2 THESE WITHHELD FUNDS INTO THE FUND UNTIL THE LOAN IS REPAYED.

3 SEC. 19613. OF THE FUNDS TO BE USED TO PROVIDE GRANTS AND
4 LOANS UNDER SECTION 19608(1)(A)(iv), ALL OF THE FOLLOWING CONDI-
5 TIONS APPLY:

6 (A) A RECIPIENT OF A GRANT SHALL RECEIVE NOT MORE THAN 1
7 GRANT PER YEAR NOT TO EXCEED \$1,000,000.00 PER GRANT.

8 (B) A RECIPIENT OF A LOAN SHALL RECEIVE A MAXIMUM OF 1 LOAN
9 PER YEAR NOT TO EXCEED \$1,000,000.00 PER LOAN.

10 (C) A GRANT SHALL BE AWARDED ONLY IF THE DEPARTMENT DETER-
11 MINES THAT BOTH OF THE FOLLOWING APPLY:

12 (i) THE PROPERTY IS A FACILITY AS DEFINED IN SECTION 20101.

13 (ii) THE PROPOSED DEVELOPMENT OF THE PROPERTY WILL RESULT IN
14 MEASURABLE ECONOMIC BENEFIT IN EXCESS OF THE GRANT AMOUNT
15 REQUESTED BY THE APPLICANT.

16 (D) A LOAN SHALL BE AWARDED ONLY IF THE DEPARTMENT DETER-
17 MINES THAT BOTH OF THE FOLLOWING APPLY:

18 (i) THE PROPERTY IS A FACILITY AS DEFINED IN SECTION 20101
19 OR IS SUSPECTED OF BEING A FACILITY.

20 (ii) THE PROPERTY HAS ECONOMIC DEVELOPMENT POTENTIAL BASED
21 ON THE APPLICANT'S PLANNED USE OF THE PROPERTY.

22 SEC. 19614. THE DEPARTMENT AND THE DEPARTMENT OF THE ATTOR-
23 NEY GENERAL MAY RECOVER COSTS EXPENDED PURSUANT TO
24 SECTION 19608(1)(A)(i) TO (iv) FOR CORRECTIVE ACTIONS, RESPONSE
25 ACTIVITIES, SITE ASSESSMENTS, AND ALL OTHER RECOVERABLE COSTS
26 UNDER PART 201 FROM PERSONS WHO ARE LIABLE UNDER PART 201.

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1 ACTIONS TO RECOVER COSTS SHALL BE DONE IN THE MANNER PROVIDED IN
2 PART 201.

3 SEC. 19615. EVERY 2 YEARS THAT STATE PROGRAMS FUNDED WITH
4 MONEY FROM THE FUND CONTINUE TO BE ADMINISTERED, THE AUDITOR GEN-
5 ERAL SHALL CONDUCT A PERFORMANCE AUDIT OF THESE PROGRAMS. UPON
6 COMPLETION OF A PERFORMANCE AUDIT UNDER THIS SECTION, THE AUDITOR
7 GENERAL SHALL SUBMIT A COPY OF THE PERFORMANCE AUDIT TO THE
8 AUDITED DEPARTMENT AND TO THE LEGISLATURE.

9 SEC. 19616. THE DEPARTMENT MAY PROMULGATE RULES AS ARE NEC-
10 ESSARY TO IMPLEMENT THIS PART.

11 Enacting section 1. This amendatory act takes effect
12 December 1, 1998.

13 Enacting section 2. This amendatory act does not take
14 effect unless the question provided for in the [Michigan's economic,
environment, and recreation]
15 initiative act is approved by a majority of the registered elec-
16 tors voting on the question at the November 1998 general
17 election.

18 Enacting section 3. This amendatory act does not take
19 effect unless all of the following bills of the 89th Legislature
20 are enacted into law:

21 (a) Senate Bill No. 902.

22 (b) House Bill No. 5620.

23 (c) House Bill No. 5622.

24 (d) House Bill No. 5719.