

**SUBSTITUTE FOR**  
**SENATE BILL NO. 904**  
(As amended April 15, 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 CLEAN  
4 MICHIGAN 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 PART 201.  
          (E) "FUND" MEANS THE CLEAN MICHIGAN INITIATIVE BOND FUND  
10 CREATED IN SECTION 19606.  
          (F) "GAMING FACILITY" MEANS A GAMING FACILITY REGULATED UNDER  
THE MICHIGAN GAMING CONTROL AND REVENUE ACT, THE INITIATED LAW OF  
1996, MCL 432.201 TO 432.226.

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1 (G) "LOCAL UNIT OF GOVERNMENT" MEANS A COUNTY, CITY,  
2 VILLAGE, OR TOWNSHIP, OR AN AGENCY OF A COUNTY, CITY, VILLAGE, OR  
3 TOWNSHIP; OR AN AUTHORITY OR OTHER PUBLIC BODY CREATED BY OR PUR-  
4 SUANT TO STATE LAW.

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

7 SEC. 19602. THE LEGISLATURE FINDS AND DECLARES THAT THE  
8 ENVIRONMENTAL AND NATURAL RESOURCES PROTECTION PROGRAMS IMPL-  
9 MENTED UNDER THIS PART ARE A PUBLIC PURPOSE AND OF PARAMOUNT  
10 PUBLIC CONCERN IN THE INTEREST OF THE HEALTH, SAFETY, AND GENERAL  
11 WELFARE OF THE CITIZENS OF THIS STATE.

12 SEC. 19603. (1) THE BONDS SHALL BE ISSUED IN 1 OR MORE  
13 SERIES, EACH SERIES TO BE IN A PRINCIPAL AMOUNT, TO BE DATED, TO  
14 HAVE THE MATURITIES WHICH MAY BE EITHER SERIAL, TERM, OR BOTH, TO  
15 BEAR INTEREST AT A RATE OR RATES, TO BE SUBJECT OR NOT SUBJECT TO  
16 PRIOR REDEMPTION, AND IF SUBJECT TO PRIOR REDEMPTION WITH OR  
17 WITHOUT CALL PREMIUMS, TO BE PAYABLE AT A PLACE OR PLACES, TO  
18 HAVE OR NOT HAVE PROVISIONS FOR REGISTRATION AS TO PRINCIPAL ONLY  
19 OR AS TO BOTH PRINCIPAL AND INTEREST, TO BE IN A FORM AND TO BE  
20 EXECUTED IN A MANNER AS SHALL BE DETERMINED BY RESOLUTION TO BE  
21 ADOPTED BY THE STATE ADMINISTRATIVE BOARD AND SUBJECT TO OR  
22 GRANTING THOSE COVENANTS, DIRECTIONS, RESTRICTIONS, OR RIGHTS  
23 SPECIFIED BY RESOLUTION TO BE ADOPTED BY THE STATE ADMINISTRATIVE  
24 BOARD AS NECESSARY TO INSURE THE MARKETABILITY, INSURABILITY, OR  
25 TAX EXEMPT STATUS OF THE BONDS. THE STATE ADMINISTRATIVE BOARD  
26 SHALL ROTATE THE SERVICES OF LEGAL COUNSEL WHEN ISSUING BONDS.

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1           (2) THE STATE ADMINISTRATIVE BOARD MAY REFUND BONDS ISSUED  
2 UNDER THIS PART BY THE ISSUANCE OF NEW BONDS, WHETHER OR NOT THE  
3 BONDS TO BE REFUNDED HAVE MATURED OR ARE SUBJECT TO PRIOR  
4 REDEMPTION. THE STATE ADMINISTRATIVE BOARD MAY ISSUE BONDS  
5 PARTLY TO REFUND BONDS ISSUED UNDER THIS PART AND PARTLY FOR ANY  
6 OTHER PURPOSE PROVIDED BY THIS PART. THE PRINCIPAL AMOUNT OF ANY  
7 REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION SHALL NOT BE  
8 COUNTED AGAINST THE LIMITATION ON PRINCIPAL AMOUNT PROVIDED IN  
9 THE CLEAN MICHIGAN INITIATIVE ACT. FURTHER, REFUNDING BONDS  
10 ISSUED PURSUANT TO THIS SECTION ARE NOT SUBJECT TO THE RESTRIC-  
11 TIONS OF SECTION 19607.

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

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

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

21           (B) DELIVER BONDS PARTLY TO REFUND BONDS AND PARTLY FOR  
22 OTHER AUTHORIZED PURPOSES.

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

25           (D) BUY BONDS SO ISSUED AT NOT MORE THAN THEIR FACE VALUE.

26           (E) APPROVE INTEREST RATES OR METHODS FOR FIXING INTEREST  
27 RATES, PRICES, DISCOUNTS, MATURITIES, PRINCIPAL AMOUNTS, PURCHASE

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1 PRICES, PURCHASE DATES, REMARKETING DATES, DENOMINATIONS, DATES  
2 OF ISSUANCE, INTEREST PAYMENT DATES, REDEMPTION RIGHTS AT THE  
3 OPTION OF THE STATE OR THE OWNER, THE PLACE AND TIME OF DELIVERY  
4 AND PAYMENT, AND OTHER MATTERS AND PROCEDURES NECESSARY TO COM-  
5 PLETE THE AUTHORIZED TRANSACTIONS.

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

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

14 (6) THE BONDS OR ANY SERIES OF THE BONDS SHALL BE SOLD AT  
15 SUCH PRICE AND AT A PUBLICLY ADVERTISED SALE OR A NEGOTIATED SALE  
16 AS DETERMINED BY THE STATE ADMINISTRATIVE BOARD. IF BONDS ARE  
17 ISSUED AT A NEGOTIATED SALE, THE STATE ADMINISTRATIVE BOARD SHALL  
18 USE ITS BEST EFFORTS TO INCLUDE FIRMS BASED IN THIS STATE IN THE  
19 SALE OF THE BONDS.

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

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

26 SEC. 19605. THE BONDS ARE SECURITIES IN WHICH BANKS,  
27 SAVINGS AND LOAN ASSOCIATIONS, INVESTMENT COMPANIES, CREDIT

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1 UNIONS, AND OTHER PERSONS CARRYING ON A BANKING BUSINESS; ALL  
2 INSURANCE COMPANIES, INSURANCE ASSOCIATIONS, AND OTHER PERSONS  
3 CARRYING ON AN INSURANCE BUSINESS; AND ALL ADMINISTRATORS, EXECU-  
4 TORS, GUARDIANS, TRUSTEES, AND OTHER FIDUCIARIES MAY PROPERLY AND  
5 LEGALLY INVEST FUNDS, INCLUDING CAPITAL, BELONGING TO THEM OR  
6 WITHIN THEIR CONTROL.

7 SEC. 19606. (1) THE CLEAN MICHIGAN INITIATIVE BOND FUND IS  
8 CREATED IN THE STATE TREASURY.

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

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

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

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

16 (D) ANY FEDERAL OR OTHER FUNDS RECEIVED.

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

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

21 (A) NOT MORE THAN \$325,000,000.00 SHALL BE USED FOR RESPONSE  
22 ACTIVITIES AT FACILITIES.

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

25 (C) NOT MORE THAN \$25,000,000.00 SHALL BE USED FOR REMEDIA-  
26 TION OF CONTAMINATED LAKE AND RIVER SEDIMENTS.

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1 (D) NOT MORE THAN \$50,000,000.00 SHALL BE USED FOR NONPOINT  
2 SOURCE POLLUTION PREVENTION AND CONTROL.

3 (E) NOT MORE THAN \$50,000,000.00 SHALL BE USED FOR STATE  
4 PARK INFRASTRUCTURE IMPROVEMENTS.

5 (F) NOT MORE THAN \$50,000,000.00 SHALL BE USED FOR LOCAL  
6 PUBLIC RECREATION PROJECTS.

7 (2) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE  
8 FUND. EXCEPT AS MAY BE REQUIRED TO MAINTAIN THE EXCLUSION FROM  
9 GROSS INCOME OF THE INTEREST PAID ON THE BONDS OR TO COMPLY OTH-  
10 ERWISE WITH STATE OR FEDERAL LAW, INTEREST AND EARNINGS FROM  
11 INVESTMENT OF THE PROCEEDS OF ANY BOND ISSUE SHALL BE ALLOCATED  
12 IN THE SAME PROPORTION AS EARNED ON THE INVESTMENT OF THE PRO-  
13 CEEDS OF THE BOND ISSUE.

14 (3) EXCEPT AS MAY BE REQUIRED TO MAINTAIN THE EXCLUSION FROM  
15 GROSS INCOME OF THE INTEREST PAID ON THE BONDS OR TO COMPLY OTH-  
16 ERWISE WITH STATE OR FEDERAL LAW, ALL REPAYMENTS OF PRINCIPAL AND  
17 INTEREST EARNED UNDER A LOAN PROGRAM AUTHORIZED BY THIS PART  
18 SHALL BE CREDITED TO THE APPROPRIATE RESTRICTED SUBACCOUNTS OF  
19 THE FUND AND USED FOR THE PURPOSES AUTHORIZED FOR THAT SUBACCOUNT  
20 OR TO PAY DEBT SERVICE ON ANY OBLIGATION ISSUED WHICH PLEDGES THE  
21 LOAN REPAYMENTS AND THE PROCEEDS OF WHICH ARE DEPOSITED IN THAT  
22 SUBACCOUNT.

23 (4) THE BOND PROCEEDS SHALL BE EXPENDED IN AN APPROPRIATE  
24 MANNER THAT MAINTAINS THE TAX EXEMPT STATUS OF THE BONDS.

25 (5) THE UNENCUMBERED BALANCE IN THE FUND AT THE CLOSE OF THE  
26 FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT REVERT TO THE  
27 GENERAL FUND.

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1 (6) THE DEPARTMENT SHALL PROVIDE AN ANNUAL ACCOUNTING OF  
2 BOND PROCEEDS SPENDING ON A CASH BASIS IN ORDER TO COMPLY WITH  
3 REQUIREMENTS SET FORTH FOR ISSUING TAX EXEMPT BONDS, INCLUDING  
4 ARBITRAGE REBATE CALCULATIONS.

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

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

9 (i) CORRECTIVE ACTIONS UNDERTAKEN BY THE DEPARTMENT TO  
10 ADDRESS RELEASES FROM LEAKING UNDERGROUND STORAGE TANKS PURSUANT  
11 TO PART 213.

12 (ii) RESPONSE ACTIVITIES UNDERTAKEN BY THE DEPARTMENT AT  
13 FACILITIES PURSUANT TO PART 201 TO  
14 ADDRESS PUBLIC HEALTH AND ENVIRONMENTAL PROBLEMS OR TO PROMOTE  
15 REDEVELOPMENT.

16 (iii) ASSESSMENT ACTIVITIES UNDERTAKEN BY THE DEPART-  
17 MENT TO DETERMINE WHETHER A PROPERTY IS A FACILITY.

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19 (iv) NOT MORE THAN \$20,000,000.00 SHALL BE USED TO PROVIDE  
20 GRANTS AND LOANS TO LOCAL UNITS OF GOVERNMENT AND BROWNFIELD  
21 REDEVELOPMENT AUTHORITIES CREATED UNDER THE BROWNFIELD REDEVELOP-  
22 MENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672, FOR  
23 RESPONSE ACTIVITIES AT KNOWN OR SUSPECTED FACILITIES  
24 WITH REDEVELOPMENT POTENTIAL.

25 (v) NOT MORE THAN \$12,000,000.00 SHALL BE USED FOR GRANTS  
26 PURSUANT TO THE MUNICIPAL LANDFILL GRANT PROGRAM UNDER SECTION  
27 20109A.

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

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

6 (D) MONEY ALLOCATED UNDER SECTION 19607(1)(D) SHALL BE USED  
7 FOR NONPOINT SOURCE POLLUTION PREVENTION AND CONTROL PROJECTS  
8 PURSUANT TO PART 88.

9 (E) MONEY ALLOCATED UNDER SECTION 19607(1)(E) SHALL BE USED  
10 FOR INFRASTRUCTURE IMPROVEMENTS AT MICHIGAN STATE PARKS AS DETER-  
11 MINED BY THE DEPARTMENT OF NATURAL RESOURCES.

12 (F) MONEY ALLOCATED UNDER SECTION 19607(1)(F) SHALL BE USED  
13 TO PROVIDE GRANTS AND LOANS TO LOCAL UNITS OF GOVERNMENT FOR  
14 LOCAL PUBLIC RECREATION PROJECTS PURSUANT TO PART 716.

15 (2) OF THE MONEY ALLOCATED UNDER SECTION 19607(1)(A), UP TO  
16 \$60,000,000.00 SHALL BE USED FOR FACILITIES THAT POSE AN IMMINENT  
17 AND SUBSTANTIAL ENDANGERMENT TO THE PUBLIC HEALTH, SAFETY, OR  
18 WELFARE, OR TO THE ENVIRONMENT.

19 (3) MONEY PROVIDED IN THE FUND MAY BE USED BY THE DEPARTMENT  
20 OF TREASURY TO PAY FOR THE COST OF ISSUING BONDS AND BY THE  
21 DEPARTMENT TO PAY DEPARTMENT COSTS AS PROVIDED IN THIS  
22 SUBSECTION. NOT MORE THAN 5% OF THE TOTAL AMOUNT SPECIFIED IN  
23 SECTION 19607(1)(A) TO (D) SHALL BE AVAILABLE FOR APPROPRIATION  
24 TO THE DEPARTMENT TO PAY ITS COSTS DIRECTLY ASSOCIATED WITH THE  
25 COMPLETION OF A PROJECT AUTHORIZED BY SECTION 19607(1)(A) TO  
26 (D). NOT MORE THAN 3% OF THE TOTAL AMOUNT SPECIFIED IN SECTION  
27 19607(1)(E) AND (F) SHALL BE AVAILABLE FOR APPROPRIATION TO THE  
DEPARTMENT OF NATURAL RESOURCES TO PAY ITS COSTS DIRECTLY

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1 ASSOCIATED WITH THE COMPLETION OF A PROJECT AUTHORIZED BY SECTION  
2 19607(1)(E) AND (F). IT IS THE INTENT OF THE LEGISLATURE THAT  
3 GENERAL FUND APPROPRIATIONS TO THE DEPARTMENT AND TO THE DEPART-  
4 MENT OF NATURAL RESOURCES SHALL NOT BE REDUCED AS A RESULT OF  
5 COSTS FUNDED PURSUANT TO THIS SUBSECTION.

6 (4) A GRANT SHALL NOT BE PROVIDED UNDER THIS PART FOR A PROJECT  
7 THAT IS LOCATED AT ANY OF THE FOLLOWING:

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

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

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

9 (5) THE DEPARTMENT AND THE DEPARTMENT OF NATURAL RESOURCES  
10 SHALL EACH SUBMIT ANNUALLY A LIST OF ALL PROJECTS THAT WILL BE  
11 UNDERTAKEN BY THAT DEPARTMENT THAT ARE RECOMMENDED TO BE FUNDED  
12 UNDER THIS PART. THE LIST SHALL BE SUBMITTED TO THE GOVERNOR,  
13 THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE  
14 SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO THE PROTECTION  
15 OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE APPROPRIATIONS  
16 COMMITTEES IN THE HOUSE OF REPRESENTATIVES AND THE SENATE. THE  
17 LIST SHALL BE SUBMITTED TO THE LEGISLATIVE COMMITTEES NOT LATER  
18 THAN FEBRUARY 15 OF EACH YEAR. THIS LIST SHALL ALSO BE SUBMITTED  
19 BEFORE ANY REQUEST FOR SUPPLEMENTAL APPROPRIATION OF BOND FUNDS.  
20 THE LIST SHALL INCLUDE THE NATURE OF THE ELIGIBLE PROJECT; THE  
21 COUNTY IN WHICH THE ELIGIBLE PROJECT IS LOCATED; AN ESTIMATE OF  
22 THE TOTAL COST OF THE ELIGIBLE PROJECT; AND OTHER INFORMATION  
23 CONSIDERED PERTINENT BY THE DEPARTMENT. A PROJECT THAT IS FUNDED  
24 BY A GRANT OR LOAN WITH MONEY FROM THE FUND DOES NOT NEED TO BE  
25 INCLUDED ON THE LIST SUBMITTED UNDER THIS SUBSECTION. HOWEVER,  
26 MONEY IN THE FUND THAT IS APPROPRIATED FOR GRANTS AND LOANS SHALL  
27 NOT BE ENCUMBERED OR EXPENDED UNTIL THE ADMINISTERING DEPARTMENT

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1 HAS REPORTED THOSE PROJECTS THAT HAVE BEEN APPROVED FOR A GRANT  
2 OR A LOAN TO 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 TO  
5 THE APPROPRIATIONS SUBCOMMITTEES IN THE HOUSE OF REPRESENTATIVES  
6 AND THE SENATE ON NATURAL RESOURCES AND ENVIRONMENTAL QUALITY.

7 (6) THE LEGISLATURE SHALL APPROPRIATE PROSPECTIVE OR ACTUAL  
8 BOND PROCEEDS FOR PROJECTS PROPOSED TO BE FUNDED. APPROPRIATIONS  
9 SHALL BE CARRIED OVER TO SUCCEEDING FISCAL YEARS UNTIL THE  
10 PROJECT FOR WHICH THE FUNDS ARE APPROPRIATED IS COMPLETED.

11 (7) NOT LATER THAN DECEMBER 31 OF EACH YEAR, THE DEPARTMENT  
12 AND THE DEPARTMENT OF NATURAL RESOURCES SHALL EACH SUBMIT A LIST  
13 OF THE PROJECTS FINANCED UNDER THIS PART BY THAT DEPARTMENT TO  
14 THE GOVERNOR, THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTA-  
15 TIVES AND THE SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO  
16 THE PROTECTION OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE  
17 SUBCOMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE SENATE ON  
18 APPROPRIATIONS ON NATURAL RESOURCES AND ENVIRONMENTAL QUALITY.  
19 EACH LIST SHALL INCLUDE THE NAME, ADDRESS, AND TELEPHONE NUMBER  
20 OF THE RECIPIENT OR PARTICIPANT, IF APPROPRIATE; THE NAME AND  
21 LOCATION OF THE PROJECT; THE NATURE OF THE PROJECT; THE AMOUNT OF  
22 MONEY ALLOCATED TO THE PROJECT; THE COUNTY IN WHICH THE PROJECT  
23 IS LOCATED; A BRIEF SUMMARY OF WHAT HAS BEEN ACCOMPLISHED BY THE  
24 PROJECT; AND OTHER INFORMATION CONSIDERED PERTINENT BY THE APPRO-  
25 PRIATE DEPARTMENT.

26 SEC. 19609. AN APPLICATION FOR A GRANT OR A LOAN FROM THE  
27 FUND SHALL BE MADE ON A FORM OR IN A FORMAT PRESCRIBED BY THE

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1 ADMINISTERING STATE DEPARTMENT. THE ADMINISTERING STATE  
2 DEPARTMENT MAY REQUIRE THE APPLICANT TO PROVIDE ANY INFORMATION  
3 REASONABLY NECESSARY TO ALLOW THE ADMINISTERING STATE DEPARTMENT  
4 TO MAKE A DETERMINATION REQUIRED BY THIS PART.

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

8 (A) THE APPLICANT DEMONSTRATES THAT THE PROPOSED PROJECT IS  
9 IN COMPLIANCE WITH ALL APPLICABLE STATE LAWS AND RULES OR WILL  
10 RESULT IN COMPLIANCE WITH STATE LAWS AND RULES.

11 (B) THE APPLICANT DEMONSTRATES TO THE DEPARTMENT THE CAPA-  
12 BILITY TO CARRY OUT THE PROPOSED PROJECT.

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

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

19 (E) WITHIN THE LAST 24 MONTHS, THE APPLICANT HAS NOT HAD A  
20 GRANT FROM THE DEPARTMENT REVOKED OR TERMINATED OR HAD THE  
21 DEPARTMENT DETERMINE THAT THE APPLICANT DEMONSTRATED AN INABILITY  
22 TO MANAGE A GRANT.

23 SEC. 19611. PRIOR TO MAKING A GRANT OR LOAN WITH MONEY FROM  
24 THE FUND, THE ADMINISTERING STATE DEPARTMENT SHALL CONSIDER THE  
25 EXTENT TO WHICH THE MAKING OF THE GRANT OR LOAN CONTRIBUTES TO  
26 THE ACHIEVEMENT OF A BALANCED DISTRIBUTION OF GRANTS AND LOANS  
27 THROUGHOUT THE STATE.

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

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

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

9 (2) THE ADMINISTERING STATE DEPARTMENT MAY REVOKE A GRANT OR  
10 A LOAN MADE WITH MONEY FROM THE FUND OR WITHHOLD PAYMENT IF THE  
11 RECIPIENT FAILS TO COMPLY WITH THE TERMS AND CONDITIONS OF THE  
12 GRANT OR LOAN AGREEMENT OR WITH THE REQUIREMENTS OF THIS PART OR  
13 THE RULES PROMULGATED UNDER THIS PART, OR WITH OTHER APPLICABLE  
14 LAW OR RULES. IF A GRANT OR LOAN IS REVOKED, THE ADMINISTERING  
15 STATE DEPARTMENT MAY RECOVER ALL FUNDS AWARDED.

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

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

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

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1 (6) THE ADMINISTERING STATE DEPARTMENT MAY TERMINATE A GRANT  
2 OR LOAN AGREEMENT AND REQUIRE IMMEDIATE REPAYMENT OF THE GRANT OR  
3 LOAN IF THE RECIPIENT USES GRANT OR LOAN FUNDS FOR ANY PURPOSE  
4 OTHER THAN FOR THE APPROVED ACTIVITIES SPECIFIED IN THE GRANT OR  
5 LOAN AGREEMENT. THE ADMINISTERING STATE DEPARTMENT SHALL PROVIDE  
6 THE RECIPIENT WRITTEN NOTICE OF THE TERMINATION 30 DAYS PRIOR TO  
7 THE TERMINATION.

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

10 (A) A LOAN INTEREST RATE OF NOT MORE THAN 50% OF THE PRIME  
11 RATE AS DETERMINED BY THE ADMINISTERING STATE DEPARTMENT AS OF  
12 THE DATE OF APPROVAL OF THE LOAN.

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

17 (C) A LOAN RECIPIENT SHALL ENTER INTO A LOAN AGREEMENT WITH  
18 THE ADMINISTERING STATE DEPARTMENT. AT A MINIMUM, THE LOAN  
19 AGREEMENT SHALL CONTAIN A COMMITMENT THAT THE LOAN IS SECURED BY  
20 A FULL FAITH AND CREDIT PLEDGE OF THE APPLICANT, OR IF THE APPLI-  
21 CANT IS AN AUTHORITY ESTABLISHED PURSUANT TO THE BROWNFIELD REDE-  
22 VELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2651 TO 125.2672,  
23 THE COMMITMENT SHALL BE FROM THE MUNICIPALITY THAT CREATED THE  
24 AUTHORITY PURSUANT TO THAT ACT.

25 (D) UPON DEFAULT OF A LOAN, AS DETERMINED BY THE ADMINISTER-  
26 ING STATE DEPARTMENT, OR UPON THE REQUEST OF THE LOAN RECIPIENT  
27 AS A METHOD TO REPAY THE LOAN, THE DEPARTMENT OF TREASURY SHALL

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1 WITHHOLD STATE PAYMENTS FROM THE LOAN RECIPIENT IN AMOUNTS  
2 CONSISTENT WITH THE REPAYMENT SCHEDULE IN THE LOAN AGREEMENT  
3 UNTIL THE LOAN IS REPAYED. THE DEPARTMENT OF TREASURY SHALL  
4 DEPOSIT THESE WITHHELD FUNDS INTO THE FUND UNTIL THE LOAN IS  
5 REPAYED.

6 (8) LOAN PAYMENTS AND INTEREST SHALL BE DEPOSITED IN THE  
7 FUND.

8 (9) UPON DEFAULT OF A LOAN, AS DETERMINED BY THE ADMINISTER-  
9 ING STATE DEPARTMENT, OR UPON THE REQUEST OF THE LOAN RECIPIENT  
10 AS A METHOD TO REPAY THE LOAN, THE DEPARTMENT OF TREASURY SHALL  
11 WITHHOLD FROM THE LOAN RECIPIENT STATE PAYMENTS IN AMOUNTS CON-  
12 SISTENT WITH THE REPAYMENT SCHEDULE IN THE LOAN AGREEMENT UNTIL  
13 THE LOAN IS REPAYED. THE DEPARTMENT OF TREASURY SHALL DEPOSIT  
14 THESE WITHHELD FUNDS INTO THE FUND UNTIL THE LOAN IS REPAYED.

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

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

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

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

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

25 (ii) THE PROPOSED DEVELOPMENT OF THE PROPERTY WILL RESULT IN  
26 MEASURABLE ECONOMIC BENEFIT IN EXCESS OF THE GRANT AMOUNT  
27 REQUESTED BY THE APPLICANT.

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1 (D) A LOAN SHALL BE AWARDED ONLY IF THE DEPARTMENT  
2 DETERMINES THAT BOTH OF THE FOLLOWING APPLY:

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

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

7 SEC. 19614. THE DEPARTMENT AND THE DEPARTMENT OF THE ATTOR-  
8 NEY GENERAL MAY RECOVER COSTS EXPENDED PURSUANT TO  
9 SECTION 19608(1)(A)(i) TO (iv) FOR CORRECTIVE ACTIONS, RESPONSE  
10 ACTIVITIES, SITE ASSESSMENTS, AND ALL OTHER RECOVERABLE COSTS  
11 UNDER PART 201 FROM PERSONS WHO ARE LIABLE UNDER PART 201.  
12 ACTIONS TO RECOVER COSTS SHALL BE DONE IN THE MANNER PROVIDED IN  
13 PART 201.

14 SEC. 19615. EVERY 2 YEARS THAT STATE PROGRAMS FUNDED WITH  
15 MONEY FROM THE FUND CONTINUE TO BE ADMINISTERED, THE AUDITOR GEN-  
16 ERAL SHALL CONDUCT A PERFORMANCE AUDIT OF THESE PROGRAMS. UPON  
17 COMPLETION OF A PERFORMANCE AUDIT UNDER THIS SECTION, THE AUDITOR  
18 GENERAL SHALL SUBMIT A COPY OF THE PERFORMANCE AUDIT TO THE  
19 AUDITED DEPARTMENT AND TO THE LEGISLATURE.

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

22 Enacting section 1. This amendatory act takes effect  
23 December 1, 1998.

24 Enacting section 2. This amendatory act does not take  
25 effect unless the question provided for in the clean Michigan  
26 initiative act is approved by a majority of the registered

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1 electors voting on the question at the November 1998 general  
2 election.

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

6 (a) Senate Bill No. 902.

7 (b) House Bill No. 5620.

8 (c) House Bill No. 5622.

9 (d) House Bill No. 5719.

10