

SUBSTITUTE FOR
SENATE BILL NO. 538

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 14501 and 14513 (MCL 324.14501 and 324.14513),
section 14501 as amended by 2004 PA 333 and section 14513 as
amended by 2004 PA 334.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14501. As used in this part:

2 (A) "AGRICULTURAL BIOMASS" MEANS RESIDUE AND WASTE GENERATED
3 ON A FARM OR BY FARM CO-OPERATIVE MEMBERS FROM THE PRODUCTION AND
4 PROCESSING OF AGRICULTURAL PRODUCTS, ANIMAL WASTES, FOOD PROCESSING
5 WASTES, OR OTHER MATERIALS AS APPROVED BY THE DIRECTOR.

1 **(B)** ~~—(a)—~~ "Department" means the department of environmental
2 quality.

3 **(C)** ~~—(b)—~~ "Director" means the director of the department of
4 environmental quality.

5 **(D)** **"ELIGIBLE FARMER OR AGRICULTURAL PROCESSOR" MEANS A PERSON**
6 **WHO PROCESSES AGRICULTURAL PRODUCTS OR A PERSON WHO IS ENGAGED AS**
7 **AN OWNER-OPERATOR OF A FARM IN THE PRODUCTION OF AGRICULTURAL GOODS**
8 **AS DEFINED BY SECTION 35(1)(H) OF THE SINGLE BUSINESS TAX ACT, 1975**
9 **PA 228, MCL 208.35.**

10 **(E)** ~~—(e)—~~ "Environmental wastes" means all environmental
11 pollutants, wastes, discharges, and emissions, regardless of how
12 they are regulated and regardless of whether they are released to
13 the general environment or the workplace environment.

14 **(F)** ~~—(d)—~~ "Pollution prevention" means all of the following:

15 (i) "Source reduction" as defined in ~~the pollution prevention~~
16 ~~act of 1990, subtitle C of title VI of the omnibus budget~~
17 ~~reconciliation act of 1990, Public Law 101-508, 42 U.S.C. 13101 to~~
18 ~~13109—~~ **42 USC 13102.**

19 (ii) "Pollution prevention" as described in the United States
20 environmental protection agency's pollution prevention statement
21 dated June 15, 1993.

22 (iii) Environmentally sound on-site or off-site reuse or
23 recycling **INCLUDING, BUT NOT LIMITED TO, AGRICULTURAL BIOMASS BY**
24 **QUALIFIED AGRICULTURAL ENERGY PRODUCTION SYSTEMS.**

25 **(G)** **"QUALIFIED AGRICULTURAL ENERGY PRODUCTION SYSTEM" MEANS**
26 **THE STRUCTURES, EQUIPMENT, AND APPARATUS TO BE USED TO PRODUCE A**
27 **GASEOUS FUEL FROM THE NONCOMBUSTIVE DECOMPOSITION OF AGRICULTURAL**

1 BIOMASS AND THE APPARATUS AND EQUIPMENT USED TO GENERATE
 2 ELECTRICITY OR HEAT FROM THE GASEOUS FUEL OR STORE THE GASEOUS FUEL
 3 FOR FUTURE GENERATION OF ELECTRICITY OR HEAT. QUALIFIED
 4 AGRICULTURAL ENERGY PRODUCTION SYSTEM MAY INCLUDE, BUT IS NOT
 5 LIMITED TO, A METHANE DIGESTER, BIOMASS GASIFICATION TECHNOLOGY, OR
 6 THERMAL DEPOLYMERIZATION TECHNOLOGY.

7 (H) ~~—(e)—~~ "RETAP" means the retired engineers technical
 8 assistance program created in section 14511.

9 (I) ~~—(f)—~~ "Retap fund" means the retired engineers technical
 10 assistance program fund created in section 14512.

11 (J) ~~—(g)—~~ "Small business" means a business that is not
 12 dominant in its field as ~~defined~~ **DESCRIBED** in 13 ~~C.F.R.~~ **CFR**
 13 part 121 ~~—~~ and meets both of the following requirements:

14 (i) Is independently owned or operated, by a person that
 15 employs 500 or fewer individuals.

16 (ii) Is a small business concern as defined in ~~the small~~
 17 ~~business act, Public Law 85-536, 72 Stat. 384~~ **15 USC 632.**

18 Sec. 14513. (1) The small business pollution prevention
 19 assistance revolving loan fund is created within the state
 20 treasury.

21 (2) The state treasurer may receive money or other assets from
 22 any source for deposit into the fund. The state treasurer shall
 23 direct the investment of the fund. The state treasurer shall credit
 24 to the fund interest and earnings from fund investments.

25 (3) Money in the fund at the close of the fiscal year shall
 26 remain in the fund and shall not lapse to the general fund.

27 (4) The department shall expend money from the fund, upon

1 appropriation, to provide loans to small businesses to implement
2 pollution prevention projects. For each loan issued under this
3 section, the money shall be disbursed by the department to a
4 lending institution that has entered into a loan participation
5 agreement with the department.

6 (5) TO BE ELIGIBLE FOR A LOAN FROM THE FUND, AN APPLICANT FOR
7 A QUALIFIED AGRICULTURAL ENERGY PRODUCTION SYSTEM SHALL MEET ALL OF
8 THE FOLLOWING REQUIREMENTS:

9 (A) THE APPLICANT SHALL BE AN ELIGIBLE FARMER OR AGRICULTURAL
10 PROCESSOR, OR A FOR-PROFIT FARMER COOPERATIVE CORPORATION ORGANIZED
11 UNDER AND OPERATED IN ACCORDANCE WITH SECTIONS 98 TO 109 OF 1931 PA
12 327, MCL 450.98 TO 450.109.

13 (B) THE APPLICANT SHALL BE VERIFIED UNDER THE APPROPRIATE
14 SYSTEM OF THE MICHIGAN AGRICULTURE ENVIRONMENTAL ASSURANCE PROGRAM
15 ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE.

16 (C) WITHIN A 3-YEAR PERIOD IMMEDIATELY PRECEDING THE DATE THE
17 APPLICATION WAS SUBMITTED, THE APPLICANT SHALL NOT HAVE BEEN FOUND
18 GUILTY OF A CRIMINAL VIOLATION UNDER THIS ACT OR FOUND RESPONSIBLE
19 FOR A CIVIL VIOLATION UNDER THIS ACT THAT RESULTED IN A CIVIL FINE
20 OF \$10,000.00 OR MORE.

21 (6) ~~—(5)—~~ The ~~—maximum—~~ AMOUNT OF A loan from the fund shall
22 ~~be \$150,000.00, and a~~ NOT EXCEED \$200,000.00. A small business
23 shall not receive more than 1 loan in any 3-year period. Interest
24 rates paid by the small business shall be set by the director, but
25 shall not exceed 5%.

26 (7) ~~—(6)—~~ As used in this section, "fund" means the small
27 business pollution prevention assistance revolving loan fund

1 created in subsection (1).