

# HOUSE BILL No. 5395

February 24, 2016, Introduced by Rep. Johnson and referred to the Committee on Natural Resources.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending section 5204e (MCL 324.5204e), as added by 2012 PA 511.

**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 provide grants to municipalities for  
3 sewage collection and treatment systems or storm water or nonpoint  
4 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 provide grants in accordance with  
7 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 financial manager appointed under state law.

15 (D) The municipality is operating under a consent agreement as  
16 provided under the local ~~government fiscal responsibility act, 1990~~  
17 ~~PA 72, MCL 141.1201 to 141.1291.~~ **FINANCIAL STABILITY AND CHOICE ACT,**  
18 **2012 PA 436, MCL 141.1541 TO 141.1575.**

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

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

1 a disadvantaged community may expend not more than \$500,000.00 in  
2 grant funds to implement projects identified in the asset  
3 management program.

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

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

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

13 (v) **UP TO 50% OF THE PROJECT COSTS RELATED TO THE PLANNING,**  
14 **DESIGN, AND CONSTRUCTION OF A SEWAGE COLLECTION AND TREATMENT**  
15 **SYSTEM IF THE MUNICIPALITY MEETS THE CRITERIA DEVELOPED BY THE**  
16 **DEPARTMENT FOR A SUBSTANTIAL PUBLIC HEALTH RISK FROM TREATMENT**  
17 **SYSTEM FAILURE.**

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

20 (d) Grant funds shall not be used for general local government  
21 administrative activities or activities performed by municipal  
22 employees that are unrelated to the project.

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

25 (3) The department shall establish an application and review  
26 process for considering grant applications under this section. The  
27 application shall contain the information required by the

1 department and the authority. Within 60 days after receipt of an  
2 application, the department shall publish notice of the application  
3 on the department's calendar. Within 120 days after receipt of an  
4 administratively complete grant application, the department shall,  
5 in writing, notify the applicant whether the application is  
6 approved or rejected. If the department approves a grant under this  
7 section, the department and the authority shall enter into a grant  
8 agreement with the recipient prior to transferring funds. The grant  
9 agreement shall contain terms established by the department and the  
10 authority, including both of the following:

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

17 (b) A requirement that the grant recipient repay the grant,  
18 within 90 days of being informed to do so, with interest at a rate  
19 not to exceed 8% per year, to the authority for deposit into the  
20 fund if the applicant is unable to, or decides not to, proceed with  
21 a construction project or begin implementation of an asset  
22 management program for which grant funding is provided.

23 (4) For each year in which the department receives grant  
24 applications under this section, the department shall report by  
25 October 1 of that year to the standing committees of the senate and  
26 the house of representatives with primary jurisdiction over issues  
27 pertaining to natural resources and the environment and to the

1 senate and house of representatives appropriations committees on  
2 the utilization of funds under this part that were received from  
3 the Great Lakes water quality bond fund created in section 19706.

4 The report shall include, at a minimum, all of the following:

5 (a) The number of grant applications received under this  
6 section.

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

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

9 (d) The number of users potentially affected by each grant  
10 awarded.

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

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