

# SENATE BILL No. 402

May 24, 2017, Introduced by Senators PAVLOV and GREEN 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 amended by 2016 PA  
164.

**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~~**STORMWATER**  
4 or nonpoint source pollution control as provided for in this  
5 section.

6           (2) The grant program is subject to all of the following:

7           (a) The grant program shall provide grants **TO A MUNICIPALITY**  
8 in accordance with the following:

1 (i) Subject to subparagraph (iii), for **TOTAL** grants of up to  
2 \$1,000,000.00, not more than 90% of the costs incurred by the  
3 municipality.

4 (ii) Subject to subparagraph (iii), for **TOTAL** grants of more  
5 than \$1,000,000.00, ~~and less than \$2,000,000.00,~~ not more than 90%  
6 of the costs incurred by the municipality **FOR** up to \$1,000,000.00  
7 **OF THE GRANT AMOUNT** and not more than 75% of the **REMAINING** costs  
8 ~~above \$1,000,000.00~~ incurred by the municipality **FOR THE BALANCE OF**  
9 **THE GRANT AMOUNT.**

10 (iii) If any of the following conditions are met, a grant may  
11 be issued to cover 100% of the costs incurred by the municipality:

12 (A) The municipality is a disadvantaged community as defined  
13 in ~~part 53.~~ **SECTION 5301.**

14 (B) The municipality is in receivership.

15 (C) The municipality is operating under an emergency manager  
16 or an emergency financial manager appointed under state law.

17 (D) The municipality is operating under a consent agreement as  
18 provided under the local financial stability and choice act, 2012  
19 PA 436, MCL 141.1541 to 141.1575.

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

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

1 infrastructure activities in the same geographic area. In addition,  
2 a disadvantaged community may expend not more than \$500,000.00 in  
3 grant funds to implement projects identified in the asset  
4 management program.

5 (ii) Development of management plans for the treatment of  
6 ~~storm water~~. **STORMWATER**.

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

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

14 (v) For projects to address a substantial public health risk  
15 from treatment system failure, up to 50% of the project costs  
16 related to the planning, design, and construction of a sewage  
17 collection and treatment system. To be eligible for a grant under  
18 this subparagraph, a municipality shall apply on or after June 1,  
19 2016, meet criteria developed by the department, and provide a  
20 demonstration of financial need, including an economic feasibility  
21 study with which the department of treasury concurs. Construction  
22 funding under this subparagraph shall not exceed \$10,000,000.00 and  
23 shall be allocated from wetland mitigation bank funding authorized  
24 in section 5204f(1).

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

27 (d) Grant funds shall not be used for general local government

1 administrative activities or activities performed by municipal  
2 employees that are unrelated to the project.

3 (e) A municipality shall not receive more than \$2,000,000.00  
4 in ~~total grant assistance under this section.~~ **FOR PURPOSES DESCRIBED**  
5 **IN SUBSECTION (2) (B) (i) TO (iv) AND NOT RECEIVE MORE THAN**  
6 **\$2,000,000.00 IN GRANT ASSISTANCE FOR THE PURPOSES DESCRIBED IN**  
7 **SUBSECTION (2) (B) (v) .**

8 (3) The department shall establish an application and review  
9 process for considering grant applications under this section. The  
10 application shall contain the information required by the  
11 department and the authority. Within 60 days after receipt of an  
12 application, the department shall publish notice of the application  
13 on the department's calendar. Within 120 days after receipt of an  
14 administratively complete grant application, the department shall,  
15 in writing, notify the applicant whether the application is  
16 approved or rejected. If the department approves a grant under this  
17 section, the department and the authority shall enter into a grant  
18 agreement with the recipient prior to transferring funds. The grant  
19 agreement shall contain terms established by the department and the  
20 authority, including both of the following:

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

27 (b) A requirement that the grant recipient repay the grant,

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1 within 90 days of being informed to do so, with interest at a rate  
2 not to exceed 8% per year, to the authority for deposit into the  
3 fund if the applicant is unable to, or decides not to, proceed with  
4 a construction project or begin implementation of an asset  
5 management program for which grant funding is provided.

6 (4) For each year in which the department receives grant  
7 applications under this section, the department shall report by  
8 October 1 of that year to the standing committees of the senate and  
9 the house of representatives with primary jurisdiction over issues  
10 pertaining to natural resources and the environment and to the  
11 senate and house of representatives appropriations committees on  
12 the utilization of funds under this part that were received from  
13 the Great Lakes water quality bond fund created in section 19706.  
14 The report shall include, at a minimum, all of the following:

15 (a) The number of grant applications received under this  
16 section.

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

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

19 (d) The number of users potentially affected by each grant  
20 awarded.

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

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

26 ~~[Enacting section 1. This amendatory act takes effect 90 days~~  
27 ~~after the date it is enacted into law.]~~