

HOUSE BILL NO. 4460

May 06, 2025, Introduced by Reps. Paiz, Edwards, MacDonell, Byrnes, McKinney, Rheingans and Steckloff and referred to Committee on Natural Resources and Tourism.

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding part 198.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **PART 198**

2 **CLEAN MICHIGAN 2 INITIATIVE IMPLEMENTATION**

3 **Sec. 19801. As used in this part:**

4 **(a) "Bonds" means the bonds authorized under the clean**
5 **Michigan 2 initiative act.**

1 (b) "Corrective action" means that term as it is defined in
2 part 213.

3 (c) "Department" means the department of environment, Great
4 Lakes, and energy.

5 (d) "Facility" means that term as it is defined in part 201.

6 (e) "Fund" means the clean Michigan 2 initiative bond fund
7 created in section 19806.

8 (f) "Gaming facility" means a gaming facility regulated under
9 the Michigan Gaming Control and Revenue Act, 1996 IL 1, MCL 432.201
10 to 432.226.

11 (g) "Local unit of government" means a county, city, village,
12 or township, or an agency of a county, city, village, or township;
13 or an authority or other public body created by or pursuant to
14 state law.

15 (h) "Response activity" means that term as defined in part
16 201.

17 (i) "Water infrastructure" means public infrastructure
18 projects that enhance water safety, provide access to clean and
19 safe water, enhance the affordability of drinking water, and
20 provide flood resilience. Water infrastructure includes, but is not
21 limited to, projects to do any of the following:

22 (i) Provide clean, safe, and affordable water and sanitation.

23 (ii) Ensure clean and adequate groundwater and surface water
24 sources for drinking water.

25 (iii) Address public health risks from environmental
26 contamination.

27 (iv) Repair or improve public water supplies.

28 (v) Replace lead pipes or other unsafe water lines associated
29 with public water supplies.

1 (vi) Repair or improve stormwater systems, sewers, septic
2 systems, or other wastewater treatment systems.

3 (vii) Improve efficiency, conservation, and sustainability.

4 Sec. 19802. The legislature finds and declares that the
5 environmental and natural resources programs implemented under this
6 part are a public purpose and of paramount public concern in the
7 interest of the health, safety, and general welfare of the citizens
8 of this state.

9 Sec. 19803. (1) The bonds must be issued in 1 or more series,
10 each series to be in a principal amount, dated, have the maturities
11 that may be either serial, term, or both, bear interest at a rate
12 or rates, be subject or not subject to prior redemption, and if
13 subject to prior redemption with or without call premiums, be
14 payable at a place or places, have or not have provisions for
15 registration as to principal only or as to both principal and
16 interest, and be in a form and be executed in a manner as
17 determined by a resolution to be adopted by the state
18 administrative board and subject to covenants, directions,
19 restrictions, or rights specified by resolution to be adopted by
20 the state administrative board as necessary to ensure the
21 marketability, insurability, or tax-exempt status of the bonds. The
22 state administrative board shall rotate the services of legal
23 counsel when issuing bonds.

24 (2) The state administrative board may refund bonds issued
25 under this part by the issuance of new bonds, whether or not the
26 bonds to be refunded have matured or are subject to prior
27 redemption. The state administrative board may issue bonds partly
28 to refund bonds issued under this part and partly for any other
29 purpose provided by this part. The principal amount of any

1 refunding bonds issued under this section must not be counted
2 against the limitation on principal amount provided in the clean
3 Michigan 2 initiative act. Refunding bonds issued under this
4 section are not subject to the restrictions of section 19807.

5 (3) The state administrative board may approve insurance
6 contracts, agreements for lines of credit, letters of credit,
7 commitments to purchase bonds, and any other transaction to provide
8 security to assure timely payment or purchase of any bond issued
9 under this part.

10 (4) The state administrative board may authorize the state
11 treasurer, but only within limitations contained in the authorizing
12 resolution of the board, to do 1 or more of the following:

13 (a) Sell and deliver and receive payment for the bonds.

14 (b) Deliver bonds partly to refund bonds and partly for other
15 authorized purposes.

16 (c) Select which outstanding bonds will be refunded, if any,
17 by the new issue of bonds.

18 (d) Buy issued bonds at not more than their face value.

19 (e) Approve interest rates or methods for fixing interest
20 rates, prices, discounts, maturities, principal amounts, purchase
21 prices, purchase dates, remarketing dates, denominations, dates of
22 issuance, interest payment dates, redemption rights at the option
23 of the state or owner, the place and time of delivery and payment,
24 and other matters and procedures necessary to complete the
25 authorized transactions.

26 (f) Execute, deliver, and pay the cost of remarketing
27 agreements, insurance contracts, agreements for lines of credit,
28 letters of credit, commitments to purchase bonds or notes, and any
29 other transaction to provide security to assure timely payments or

1 purchase of any bond issued under this part.

2 (5) The bonds are not subject to the revised municipal finance
3 act, 2001 PA 34, MCL 141.2101 to 141.2821.

4 (6) The bonds or any series of the bonds must be sold at a
5 price as determined by the state administrative board.

6 (7) The bonds must be sold in accordance with a schedule
7 established by the state administrative board.

8 (8) The issuance of bonds under this section is subject to the
9 agency financing reporting act, 2002 PA 470, MCL 129.171 to
10 129.177.

11 (9) For the purpose of more effectively managing its debt
12 service, the state administrative board may enter into an interest
13 rate exchange or swap, hedge, or similar agreement with respect to
14 its bonds or notes on the terms and payable from the sources and
15 with the security, if any, as determined by a resolution of the
16 state administrative board.

17 Sec. 19804. The bonds are fully negotiable under the uniform
18 commercial code, 1962 PA 174, MCL 440.1101 to 440.9994. The bonds
19 and the interest on the bonds are exempt from all taxation by this
20 state or any political subdivision of this state.

21 Sec. 19805. The bonds are securities in which banks, savings
22 and loan associations, investment companies, credit unions, and
23 other persons carrying on a banking business; all insurance
24 companies, insurance associations, and other persons carrying on an
25 insurance business; and all administrators, executors, guardians,
26 trustees, and other fiduciaries may properly and legally invest
27 funds, including capital, belonging to them or within their
28 control.

29 Sec. 19806. (1) The clean Michigan 2 initiative bond fund is

1 created in the state treasury.

2 (2) The fund consists of all of the following:

3 (a) The proceeds of sales of the bonds and any premium and
4 accrued interest received on the delivery of the bonds.

5 (b) Any interest or earnings generated by the proceeds
6 described in subdivision (a).

7 (c) Any repayment of principal and interest made under a loan
8 program authorized in this part.

9 (d) Any federal or other funds received.

10 (3) The department of treasury may establish restricted
11 subaccounts within the fund as necessary to administer the fund.

12 Sec. 19807. (1) The total proceeds of all bonds shall be
13 deposited into the fund and allocated as follows:

14 (a) Not more than \$410,000,000.00 may be used for cleanup and
15 redevelopment, municipal landfill grants, and brownfield
16 redevelopment loans and grants.

17 (b) Not more than \$1,000,000,000.00 may be used for water
18 infrastructure.

19 (c) Not more than \$25,000,000.00 may be used for remediation
20 of contaminated lake and river sediments.

21 (d) Not more than \$200,000,000.00 may be used for nonpoint
22 source pollution prevention and control projects or wellhead
23 protection projects.

24 (e) Not more than \$25,000,000.00 may be used for water quality
25 monitoring and water resources protection and pollution control
26 activities.

27 (f) Not more than \$40,000,000.00 may be used for pollution
28 prevention programs.

29 (g) Not more than \$300,000,000.00 may be used to abate lead

1 hazards.

2 (2) The state treasurer shall direct the investment of the
3 fund. Except as may be required to maintain the exclusion from
4 gross income of the interest paid on the bonds or to otherwise
5 comply with state or federal law, interest and earnings from
6 investment of the proceeds of any bond issue must be allocated in
7 the same proportion as earned on the investment of the proceeds of
8 the bond issue.

9 (3) Except as may be required to maintain the exclusion from
10 gross income of the interest paid on the bonds or to otherwise
11 comply with state or federal law, all repayments of principal and
12 interest earned under a loan program authorized by this part must
13 be credited to the appropriate restricted subaccount of the fund
14 and used for the purposes authorized for that subaccount or to pay
15 debt service on any obligation issued which pledges the loan
16 repayments and the proceeds of which are deposited in that
17 subaccount.

18 (4) The bond proceeds must be expended in an appropriate
19 manner that maintains the tax-exempt status of the bonds.

20 (5) The unencumbered balance in the fund at the close of the
21 fiscal year remains in the fund and does not lapse to the general
22 fund.

23 (6) The department shall provide an annual accounting of bond
24 proceeds spending on a cash basis to the department of treasury in
25 order for this state to comply with requirements set forth for
26 issuing tax-exempt bonds, including arbitrage rebate calculations.
27 This accounting must be submitted to the governor, the standing
28 committees of the house of representatives and the senate that
29 primarily address issues pertaining to the protection of natural

1 resources and the environment, and the appropriations committees in
2 the house of representatives and the senate.

3 Sec. 19808. (1) Money in the fund that is allocated under
4 section 19807 must be used for the following purposes:

5 (a) Money allocated under section 19807(1)(a) must be used by
6 the department to fund all of the following:

7 (i) Corrective actions undertaken by the department to address
8 releases from leaking underground storage tanks in accordance with
9 part 213.

10 (ii) Response activities undertaken by the department at
11 facilities in accordance with part 201 to address public health and
12 environmental problems or to promote redevelopment.

13 (iii) Assessment activities undertaken by the department to
14 determine whether a property is a facility.

15 (iv) Of the money provided for in this subparagraph, not more
16 than \$40,000,000.00 may be used to provide grants to environmental
17 justice communities and not more than \$60,000,000.00 may be used to
18 provide loans in accordance with the clean Michigan 2 initiative
19 grant and revolving loan program created in section 19808a.
20 However, grants or loans provided for in this subparagraph must not
21 be made to a local unit of government that is responsible for
22 causing a release or threat of release under part 201 or part 213
23 at the site proposed for grant or loan funding, except as provided
24 in section 19808b(f).

25 (b) Money allocated under section 19807(1)(b) must be used for
26 waterfront redevelopment grants in accordance with part 795.

27 (c) Money allocated under section 19807(1)(c) must be used for
28 response activities for the remediation of contaminated lake and
29 river sediments in accordance with part 201.

1 (d) Money allocated under section 19807(1)(d) must be used for
2 nonpoint source pollution prevention and control grants or wellhead
3 protection grants in accordance with part 88.

4 (e) Money allocated under section 19807(1)(e) must be
5 deposited into the clean water fund created in section 8807.

6 (f) Of the money allocated under section 19807(1)(f),
7 \$25,000,000.00 must be deposited into the small business pollution
8 prevention assistance revolving loan fund created in section 14513.

9 (g) Money allocated under section 19807(1)(g) must be used by
10 the department of health and human services for remediation and
11 physical improvements to structures to abate or minimize exposure
12 of persons to lead hazards.

13 (2) Of the money allocated under section 19807(1)(a),
14 \$100,000,000.00 must be used for facilities or part 213 properties
15 that pose an imminent or substantial endangerment to the public
16 health, safety, or welfare, or to the environment. For purposes of
17 this subsection, facilities or part 213 properties that pose an
18 imminent or substantial endangerment shall include, but are not
19 limited to, those where public access poses hazards because of
20 potential exposure to chemicals or safety risks and where drinking
21 water supplies are threatened by contamination.

22 (3) Before expending any funds allocated under subsection
23 (1)(c) at a site that is an area of concern as designated by the
24 parties to the Great Lakes water quality agreement of 1978, the
25 department shall notify the public advisory council established to
26 oversee that area of concern regarding the development,
27 implementation, and evaluation of response activities to be
28 conducted with money in the fund at that area of concern.

29 (4) Money provided in the fund may be used by the department

1 of treasury to pay for the cost of issuing bonds and by the
2 department to pay department costs as provided in this subsection.
3 Not more than 3% of the total amount specified in section
4 19807(1)(a) to (f) is available for appropriation to the department
5 to pay its costs directly associated with the completion of a
6 project authorized by section 19807(1)(a) to (f). It is the intent
7 of the legislature that general fund appropriations to the
8 department must not be reduced as a result of costs funded in
9 accordance with this subsection.

10 (5) A grant must not be provided under this part for a project
11 that is located at any of the following:

12 (a) Land sited for use as a gaming facility or stadium or
13 arena for use by a professional sports team.

14 (b) Land or other facilities owned or operated by a gaming
15 facility or stadium or arena for use by a professional sports team.

16 (c) Land within a project area described in a project plan
17 pursuant to the economic development corporations act, 1974 PA 338,
18 MCL 125.1601 to 125.1636, for a gaming facility.

19 (6) The department, the department of natural resources, and
20 the department of health and human services shall each submit
21 annually a list of all projects that will be undertaken by that
22 department that are recommended to be funded under this part. The
23 list must be submitted to the governor, the standing committees of
24 the house of representatives and the senate that primarily address
25 issues pertaining to the protection of natural resources and the
26 environment, and the appropriations committees in the house of
27 representatives and the senate. The list must be submitted to the
28 legislative committees not later than February 15 of each year. The
29 list must also be submitted before any request for supplemental

1 appropriation of bond funds. For each eligible project, the list
2 must include all of the following information:

3 (a) The nature of the eligible project.

4 (b) The county in which the eligible project is located.

5 (c) An estimate of the total cost of the eligible project.

6 (d) Any other information considered pertinent by the
7 administering state department.

8 (7) A project that is funded by a grant or loan with money
9 from the fund does not need to be included on the list submitted
10 under subsection (6). However, money in the fund that is
11 appropriated for grants and loans must not be encumbered or
12 expended until the administering state department has reported
13 those projects that have been approved for a grant or a loan to the
14 standing committees of the house of representatives and the senate
15 that primarily address issues pertaining to the protection of
16 natural resources and the environment and to the appropriations
17 subcommittees in the house of representatives and the senate on
18 natural resources and environmental quality. Before submitting the
19 first cycle of recommended projects under subsection (1)(a), the
20 department shall publish and disseminate the criteria it will use
21 in evaluating and recommending these projects for funding.

22 (8) The legislature shall appropriate prospective or actual
23 bond proceeds for projects proposed to be funded. Appropriations
24 must be carried over to succeeding fiscal years until the project
25 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 health and human services shall each submit a
28 list of the projects financed under this part by that department to
29 the governor, the standing committees of the house of

1 representatives and the senate that primarily address issues
2 pertaining to the protection of natural resources and the
3 environment, and the subcommittees of the house of representatives
4 and the senate on appropriations on natural resources and
5 environmental quality. Each list shall include all of the following
6 information:

7 (a) The name, address, and telephone number of the recipient
8 or participant, if appropriate.

9 (b) The name and location of the project.

10 (c) The nature of the project.

11 (d) The amount of money allocated to the project.

12 (e) The county in which the project is located.

13 (f) A brief summary of what has been accomplished by the
14 project.

15 (g) Any other information considered relevant by the
16 administering state department.

17 Sec. 19808a. (1) The department shall create a clean Michigan
18 2 initiative grant and revolving loan program for the purpose of
19 making loans to local units of government under section
20 19808(1)(a)(iv) for eligible activities at eligible properties with
21 redevelopment potential.

22 (2) Grants provided under the clean Michigan 2 initiative
23 grant and revolving loan program that are used solely to determine
24 whether a property is a site or a facility and, if so, to
25 characterize the nature and extent of the contamination by means of
26 an assessment or investigation must be issued only if the following
27 conditions are met:

28 (a) The characterization of the nature and extent of
29 contamination includes an estimate of response activity costs in

1 relation to the value of the property in an uncontaminated state
2 and identifies future potential limitations on the use of the
3 property based on current environmental conditions.

4 (b) The property has demonstrable economic development
5 potential. This subdivision does not require a specific development
6 proposal to be identified.

7 (3) The department shall not make a grant or a loan under the
8 clean Michigan 2 initiative grant and revolving loan program unless
9 all of the following conditions are met:

10 (a) The applicant demonstrates that the proposed project is
11 in, or will result in, compliance with all applicable state laws
12 and rules.

13 (b) The applicant demonstrates to the department the
14 capability to carry out the proposed project.

15 (c) The applicant demonstrates to the department that there is
16 an identifiable source of funds for the future maintenance and
17 operation of the activities funded with money from the fund, if
18 appropriate.

19 (d) Within the last 24 months, the applicant has successfully
20 undergone an audit conducted in accordance with generally accepted
21 auditing standards or an emergency manager has been appointed for
22 the applicant under the local financial stability and choice act,
23 2012 PA 436, MCL 141.1541 to 141.1575.

24 (e) Within the last 24 months, the department has not revoked
25 or terminated a grant to the applicant and the administering state
26 department has not determined that the applicant demonstrated an
27 inability to manage a grant.

28 Sec. 19808b. With respect to the grants and loans under
29 section 19808(1)(a)(iv), all of the following conditions apply:

1 (a) An applicant must be a local unit of government.

2 (b) A recipient is not eligible to receive more than the
3 following:

4 (i) Except as provided in subparagraphs (iii) and (iv), 1 grant
5 per year, not to exceed \$25,000,000.00 per grant.

6 (ii) Except as provided in subparagraphs (iii) and (iv), 1 loan
7 per year, not to exceed \$50,000,000.00 per loan.

8 (iii) Brownfield projects that have significant economic and
9 environmental benefit may be considered for more than 1 grant or
10 loan over consecutive years, provided that the loan or grant
11 agreement includes project-specific benchmarks for eligible
12 activities and failure to satisfy a benchmark would terminate the
13 project's eligibility for additional grant or loan funding, as
14 applicable.

15 (iv) A local unit of government may be considered for and
16 awarded more than 1 grant or loan in a single year relating to
17 multiple unrelated brownfield projects if the projects are
18 determined to have significant environmental or economic benefits
19 to the recipient's municipality or region.

20 (c) Except for a grant described in section 19808a(2), the
21 department may award a grant only if it determines that both of the
22 following apply:

23 (i) The property is an eligible property.

24 (ii) The proposed development of the property is expected to
25 result in measurable economic benefit in excess of the grant amount
26 requested by the applicant.

27 (d) The department may award a loan only if it determines that
28 both of the following apply:

29 (i) The property is known or suspected to be an eligible

1 property.

2 (ii) The property has economic development potential based on
3 the applicant's planned use of the property.

4 (e) The department may approve funding for response activities
5 that are more protective of the public health, safety, and welfare
6 and the environment than required by section 20107a or 21304c if
7 those activities provide public health or environmental benefit. In
8 its review of a work plan that includes activities that are more
9 protective of the public health, safety, and welfare and the
10 environment, the department may consider, but is not limited to,
11 all of the following:

12 (i) Proposed new land use and reliability of restrictions to
13 prevent exposure to contamination.

14 (ii) Cost of implementation activities minimally necessary to
15 satisfy due care requirements, the incremental cost of response
16 activities relative to the cost of activities minimally necessary
17 to satisfy due care requirements, and the total cost of all
18 response activities.

19 (iii) Long-term obligations associated with leaving
20 contamination in place and the value of reducing or eliminating
21 these obligations.

22 (f) A grant or loan must not be used to fund response
23 activities that benefit a party that is responsible for an activity
24 causing a release at the eligible property, except that a loan may
25 be used to fund appropriate response activities related to
26 redevelopment and due care activities necessary to facilitate
27 redevelopment of the property if the party that is responsible for
28 an activity causing a release at the eligible property meets all of
29 the following:

1 (i) Is a local unit of government.

2 (ii) Has a proposed redevelopment for the property with
3 measurable economic benefit.

4 (iii) Provides a minimum of 50% local matching funds for the
5 project.

6 (g) A grant or loan may be used to fund due care activities
7 necessary to facilitate redevelopment if the party responsible for
8 an activity causing a release is not the developer of proposed
9 redevelopment.

10 (h) A loan may be used to fund response activities if both of
11 the following are met:

12 (i) A party responsible for an activity causing a release is
13 neither the seller nor the developer of the property to receive
14 funding.

15 (ii) The recipient can show that response activities are
16 appropriate in relation to the redevelopment.

17 Sec. 19809. An application for a grant or loan from the fund
18 must be made on a form and in a manner prescribed by the
19 administering state department. The administering state department
20 may require the applicant to provide any information reasonably
21 necessary to allow the administering state department to make a
22 determination required by this part.

23 Sec. 19810. (1) On receipt of a grant or loan application, for
24 funding provided under section 19808(1)(a)(iv), the department shall
25 review the application based on the following considerations:

26 (a) Whether the brownfield project proposed to be funded is
27 authorized by this part.

28 (b) Whether the brownfield project is consistent with the
29 local planning and zoning for the area in which the project is

1 located.

2 (c) Whether the brownfield project provides measurable
3 environmental benefit.

4 (d) Whether the brownfield project provides measurable
5 economic benefit or will significantly contribute to the local unit
6 of government's economic and community redevelopment or the
7 revitalization of adjacent neighborhoods.

8 (e) The viability of the redevelopment plan.

9 (f) The level of public and private commitment and other
10 resources available for the project.

11 (g) How the brownfield project relates to a broader economic
12 and community development plan for the local unit of government as
13 a whole.

14 (h) Other criteria that the department considers relevant.

15 (2) The department shall issue grants under section
16 19808(1)(a)(iv) for brownfield projects that the department
17 determines meet the requirements of this part and will contribute
18 to the revitalization of underutilized properties.

19 Sec. 19810a. For the funds to be used to provide grants and
20 loans under section 19808(1)(a)(iv), all of the following apply:

21 (a) To receive grant or loan funds, approved applicants must
22 enter into a grant or loan agreement with the department. At a
23 minimum, the grant or loan agreement must contain all of the
24 following:

25 (i) The approved eligible activities to be undertaken with
26 grant or loan funds.

27 (ii) An implementation schedule for the approved eligible
28 activities.

29 (iii) Reporting requirements, including, at a minimum, the

1 following:

2 (A) The grant or loan recipient shall submit progress status
3 reports to the department during the implementation of the
4 brownfield project that include documentation of project costs and
5 expenditures, at a frequency determined by the department.

6 (B) The grant or loan recipient shall provide a final report
7 on completion of the grant- or loan-funded activities within a time
8 frame determined by the department.

9 (iv) When entering into a loan agreement, the loan recipient
10 shall provide financial assurance of repayment of the loan,
11 including pledges of revenue sharing, escrow account, letter of
12 credit, or other acceptable mechanism negotiated with the
13 department. Use of real property as a means to secure a loan is not
14 considered an acceptable mechanism. The department is authorized to
15 include in the loan agreement a provision that permits the release
16 of the financial assurance in favor of a pledge of the right of
17 first refusal of the tax increment revenue to the department under
18 the brownfield redevelopment financing act, 1996 PA 381, MCL
19 125.2651 to 125.2670, if the brownfield project has been
20 substantially completed and the annual tax increment being captured
21 relative to the brownfield project is equal to or greater than 125%
22 of the annual loan reimbursement payment.

23 (v) Other provisions as considered appropriate by the
24 department.

25 (b) All eligible activities must be consistent with an
26 approved grant or loan work plan.

27 (c) Unless otherwise approved by the department, only
28 activities carried out and costs incurred after execution of a
29 grant or loan agreement are eligible.

1 (d) Grant funds must be disbursed on a reimbursement basis
2 upon receipt of appropriate documentation.

3 (e) Loan funds must be disbursed in draws based on an approved
4 work plan, and supporting documentation must be submitted after
5 expenses are incurred.

6 (f) The department shall specify documentation requirements
7 for grants and loans on a form prescribed for requesting
8 reimbursement or draws.

9 Sec. 19811. Before making a grant or loan with money from the
10 fund, the administering state department shall consider the extent
11 to which the making of the grant or loan contributes to the
12 achievement of a balanced distribution of grants and loans
13 throughout the state.

14 Sec. 19812. (1) A recipient of a grant or loan made with money
15 from the fund shall do both of the following:

16 (a) Keep an accounting of the money spent on the project or
17 facility in a generally accepted manner. The accounting must be
18 subject to a post audit.

19 (b) Obtain authorization from the administering state
20 department before implementing a change that significantly alters
21 the proposed project.

22 (2) The administering state department may revoke a grant or
23 loan made with money from the fund or withhold payment if the
24 recipient fails to comply with the terms and conditions of the
25 grant or loan agreement or with the requirements of this part or
26 the rules promulgated under this part, or with other applicable law
27 or rules. If a grant or loan is revoked, the administering state
28 department may recover all funds awarded.

29 (3) The administering state department may withhold a grant or

1 loan until the administering state department determines that the
2 recipient is able to proceed with the proposed project.

3 (4) To assure timely completion of a project, the
4 administering state department may withhold 10% of the grant or
5 loan amount until the project is complete.

6 (5) If an approved applicant fails to sign a grant or loan
7 agreement within 90 days after receipt of a written grant or loan
8 offer by the administering state department, the administering
9 state department may cancel the grant or loan offer. The applicant
10 may not appeal or contest a cancellation in accordance with this
11 subsection.

12 (6) The administering state department may terminate a grant
13 or loan agreement and require immediate repayment of the grant or
14 loan if the recipient uses grant or loan funds for any purpose
15 other than for the approved activities specified in the grant or
16 loan agreement. The administering state department shall provide
17 the recipient written notice of the termination 30 days before the
18 termination.

19 (7) A loan recipient shall enter into a loan agreement with
20 the administering state department, and the loan must include the
21 following terms:

22 (a) An interest rate of not more than 50% of the prime rate as
23 determined by the administering state department as of the date of
24 approval of the loan.

25 (b) A repayment schedule of equal annual installments of
26 principal and interest beginning not later than 5 years after
27 execution of the loan agreement and concluding not later than 15
28 years after execution of a loan agreement.

29 (8) On default of a loan, as determined by the administering

1 state department, or on the request of the loan recipient as a
2 method to repay the loan, the department of treasury shall withhold
3 state payments from the loan recipient in amounts consistent with
4 the repayment schedule in the loan agreement until the loan is
5 repaid. The department of treasury shall deposit these withheld
6 funds into the fund until the loan is repaid.

7 (9) On request of a loan recipient and a showing of financial
8 hardship related to the project that was financed in whole or in
9 part by the loan, the administering state department may
10 renegotiate the terms of any outstanding loan, including the length
11 of the loan, interest rate, and repayment terms. The administering
12 state department shall not reduce or eliminate the amount of the
13 outstanding loan principal. The department shall report to the
14 legislature the number of loans refinanced under this subsection,
15 the local unit of government or authority responsible for each loan
16 refinanced, and the change in the terms of the loan, as
17 appropriate. This information may be included in the report
18 prepared by the department under section 16 of the brownfield
19 redevelopment financing act, 1996 PA 381, MCL 125.2666.

20 (10) Loan payments and interest must be deposited in the fund.

21 Sec. 19814. The department and the department of the attorney
22 general may recover costs expended in accordance with section
23 19808(1)(a)(i) to (iv) for corrective actions, response activities,
24 site assessments, and all other recoverable costs under part 201
25 from persons who are liable under part 201. Actions to recover
26 costs must be undertaken in the manner provided in part 201.

27 Sec. 19815. Every 2 years that state programs funded with
28 money from the fund continue to be administered, the auditor
29 general shall conduct a performance audit of these programs. On

1 completion of a performance audit under this section, the auditor
2 general shall submit a copy of the performance audit to the audited
3 department and the legislature.

4 Sec. 19816. The department may promulgate rules as are
5 necessary to implement this part in accordance with the
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
7 24.328.

8 Enacting section 1. This amendatory act does not take effect
9 unless Senate Bill No. ____ (request no. S01376'25) or House Bill
10 No. 4459 (request no. H01376'25) of the 103rd Legislature is
11 enacted into law.