

**SUBSTITUTE FOR
HOUSE BILL NO. 5892**

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
(MCL 324.101 to 324.90106) by adding parts 52 and 197.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 52 STRATEGIC WATER QUALITY INITIATIVES

2 SEC. 5201. AS USED IN THIS PART:

3 (A) "DEPARTMENT" MEANS THE DEPARTMENT OF ENVIRONMENTAL
4 QUALITY.

5 (B) "FUND" MEANS THE STRATEGIC WATER QUALITY INITIATIVES
6 FUND CREATED IN SECTION 5204.

7 (C) "LOAN" MEANS A LOAN FROM THE LOAN PROGRAM.

8 (D) "LOAN PROGRAM" MEANS THE STRATEGIC WATER QUALITY INITIA-
9 TIVES LOAN PROGRAM ESTABLISHED UNDER SECTION 5202.

10 (E) "MUNICIPALITY" MEANS THAT TERM AS IT IS DEFINED IN
11 SECTION 5301.

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1 (F) "ON-SITE DISPOSAL SYSTEM" MEANS A NATURAL SYSTEM OR
2 MECHANICAL DEVICE USED TO COLLECT, TREAT, AND DISCHARGE OR
3 RECLAIM WASTEWATER FROM 1 OR MORE DWELLING UNITS WITHOUT THE USE
4 OF COMMUNITYWIDE SEWERS OR A CENTRALIZED TREATMENT FACILITY.

5 SEC. 5202. (1) THE DEPARTMENT SHALL ESTABLISH A STRATEGIC
6 WATER QUALITY INITIATIVES LOAN PROGRAM. THIS LOAN PROGRAM SHALL
7 PROVIDE LOW INTEREST LOANS TO MUNICIPALITIES TO PROVIDE ASSIST-
8 ANCE FOR 1 OR MORE OF THE FOLLOWING:

9 (A) IMPROVEMENTS TO REDUCE OR ELIMINATE THE AMOUNT OF
10 GROUNDWATER OR STORM WATER ENTERING A SANITARY SEWER LEAD OR A
11 COMBINED SEWER SYSTEM.

12 (B) UPGRADES OR REPLACEMENTS OF FAILING ON-SITE DISPOSAL
13 SYSTEMS THAT ARE ADVERSELY AFFECTING PUBLIC HEALTH OR THE ENVI-
14 RONMENT, OR BOTH.

15 (C) IMPROVEMENTS TO A SEWER SYSTEM TO ALLOW FOR SEPTAGE
16 WASTE ACCEPTANCE.

17 (D) OTHER IMPROVEMENTS TO A SEWER SYSTEM THAT WILL RESULT IN
18 IMPROVEMENTS TO WATER QUALITY.

19 (2) IN IMPLEMENTING THE LOAN PROGRAM, THE DEPARTMENT SHALL
20 PERIODICALLY ESTABLISH THE INTEREST RATE THAT WILL BE CHARGED FOR
21 LOANS.

22 SEC. 5203. (1) A MUNICIPALITY THAT WISHES TO APPLY FOR A
23 LOAN SHALL SUBMIT A LOAN APPLICATION TO THE DEPARTMENT IN A FORM
24 AND CONTAINING INFORMATION REQUIRED BY THE DEPARTMENT.

25 (2) THE DEPARTMENT SHALL REVIEW ADMINISTRATIVELY COMPLETE
26 APPLICATIONS SUBMITTED UNDER SUBSECTION (1) AND SHALL PRIORITIZE
27 LOAN APPLICATIONS BASED ON THE WATER QUALITY BENEFIT THAT WILL BE

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1 ACHIEVED BY THE PROJECT FOR WHICH THE LOAN APPLICATION WAS
2 SUBMITTED. TO THE EXTENT MONEY IS AVAILABLE FOR THE LOAN PRO-
3 GRAM, THE DEPARTMENT SHALL ISSUE LOANS IN THE ORDER THAT THEY
4 APPEAR ON THE PRIORITY LIST.

5 (3) A MUNICIPALITY SHALL NOT RECEIVE MORE THAN 1 LOAN IN ANY
6 STATE FISCAL YEAR.

7 (4) PRIOR TO RELEASING A LOAN, THE DEPARTMENT SHALL ENTER
8 INTO A LOAN AGREEMENT WITH THE LOAN RECIPIENT. THE LOAN AGREE-
9 MENT SHALL CONTAIN TERMS THAT DETAIL THE LOAN AMOUNT, THE INTER-
10 EST RATE BEING CHARGED, THE LENGTH OF THE LOAN, THE LOAN REPAY-
11 MENT SCHEDULE, AND ANY OTHER TERMS OR CONDITIONS THAT THE DEPART-
12 MENT CONSIDERS APPROPRIATE.

13 (5) ALL MONEY THAT IS RECEIVED BY THE DEPARTMENT FOR THE
14 REPAYMENT OF A LOAN SHALL BE FORWARDED TO THE STATE TREASURER FOR
15 DEPOSIT INTO THE FUND.

16 SEC. 5204. (1) THE STRATEGIC WATER QUALITY INITIATIVES FUND
17 IS CREATED WITHIN THE STATE TREASURY.

18 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS
19 FROM ANY SOURCE FOR DEPOSIT INTO THE FUND. THE STATE TREASURER
20 SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE TREASURER
21 SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND
22 INVESTMENTS.

23 (3) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL
24 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.
25 HOWEVER, IF THE STATE TREASURER DETERMINES THAT THE FUND CONTAINS
26 MORE MONEY THAN IS NEEDED TO OPERATE THE LOAN PROGRAM BASED UPON
27 THE LOAN APPLICATIONS RECEIVED BY THE DEPARTMENT, THE STATE

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1 TREASURER MAY TRANSFER EXCESS MONEY TO THE STATE WATER POLLUTION
2 CONTROL REVOLVING FUND CREATED IN SECTION 16A OF THE SHARED
3 CREDIT RATING ACT, 1985 PA 227, MCL 141.1066A.

4 (4) THE DEPARTMENT SHALL EXPEND MONEY FROM THE FUND, UPON
5 APPROPRIATION, ONLY FOR THE LOAN PROGRAM.

6 SEC. 5205. THE DEPARTMENT MAY PROMULGATE RULES TO IMPLEMENT
7 THIS PART.

8 PART 197 GREAT LAKES WATER QUALITY BOND IMPLEMENTATION

9 SEC. 19701. AS USED IN THIS PART:

10 (A) "BONDS" MEANS THE BONDS AUTHORIZED UNDER THE GREAT LAKES
11 WATER QUALITY BOND AUTHORIZATION ACT.

12 (B) "DEPARTMENT" MEANS THE DEPARTMENT OF ENVIRONMENTAL
13 QUALITY.

14 (C) "FUND" MEANS THE GREAT LAKES WATER QUALITY BOND FUND
15 CREATED IN SECTION 19706.

16 SEC. 19702. THE LEGISLATURE FINDS AND DECLARES THAT THE
17 ENVIRONMENTAL AND NATURAL RESOURCES PROTECTION PROGRAMS IMPL-
18 MENTED UNDER THIS PART ARE A PUBLIC PURPOSE AND OF PARAMOUNT
19 PUBLIC CONCERN IN THE INTEREST OF THE HEALTH, SAFETY, AND GENERAL
20 WELFARE OF THE CITIZENS OF THIS STATE.

21 SEC. 19703. (1) SUBJECT TO SUBSECTION (2), THE BONDS SHALL
22 BE ISSUED IN 1 OR MORE SERIES, EACH SERIES TO BE IN A PRINCIPAL
23 AMOUNT, TO BE DATED, TO HAVE THE MATURITIES WHICH MAY BE EITHER
24 SERIAL, TERM, OR BOTH, TO BEAR INTEREST AT A RATE OR RATES, TO BE
25 SUBJECT OR NOT SUBJECT TO PRIOR REDEMPTION, AND IF SUBJECT TO
26 PRIOR REDEMPTION WITH OR WITHOUT CALL PREMIUMS, TO BE PAYABLE AT
27 A PLACE OR PLACES, TO HAVE OR NOT HAVE PROVISIONS FOR

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1 REGISTRATION AS TO PRINCIPAL ONLY OR AS TO BOTH PRINCIPAL AND
2 INTEREST, TO BE IN A FORM AND TO BE EXECUTED IN A MANNER AS SHALL
3 BE DETERMINED BY RESOLUTION TO BE ADOPTED BY THE STATE ADMINIS-
4 TRATIVE BOARD AND SUBJECT TO OR GRANTING THOSE COVENANTS, DIREC-
5 TIONS, RESTRICTIONS, OR RIGHTS SPECIFIED BY RESOLUTION TO BE
6 ADOPTED BY THE STATE ADMINISTRATIVE BOARD AS NECESSARY TO ENSURE
7 THE MARKETABILITY, INSURABILITY, OR TAX EXEMPT STATUS OF THE
8 BONDS. THE STATE ADMINISTRATIVE BOARD SHALL ROTATE THE SERVICES
9 OF LEGAL COUNSEL WHEN ISSUING BONDS.

10 (2) THE STATE ADMINISTRATIVE BOARD MAY REFUND BONDS ISSUED
11 UNDER THIS PART BY THE ISSUANCE OF NEW BONDS, WHETHER OR NOT THE
12 BONDS TO BE REFUNDED HAVE MATURED OR ARE SUBJECT TO PRIOR
13 REDEMPTION. THE STATE ADMINISTRATIVE BOARD MAY ISSUE BONDS
14 PARTLY TO REFUND BONDS ISSUED UNDER THIS PART AND PARTLY FOR ANY
15 OTHER PURPOSE PROVIDED BY THIS PART. THE PRINCIPAL AMOUNT OF ANY
16 REFUNDING BONDS ISSUED PURSUANT TO THIS SECTION SHALL NOT BE
17 COUNTED AGAINST THE LIMITATION ON PRINCIPAL AMOUNT PROVIDED IN
18 THE GREAT LAKES WATER QUALITY BOND AUTHORIZATION ACT.

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

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

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

2 (B) DELIVER BONDS PARTLY TO REFUND BONDS AND PARTLY FOR
3 OTHER AUTHORIZED PURPOSES.

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

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

7 (E) APPROVE INTEREST RATES OR METHODS FOR FIXING INTEREST
8 RATES, PRICES, DISCOUNTS, MATURITIES, PRINCIPAL AMOUNTS, PURCHASE
9 PRICES, PURCHASE DATES, REMARKETING DATES, DENOMINATIONS, DATES
10 OF ISSUANCE, INTEREST PAYMENT DATES, REDEMPTION RIGHTS AT THE
11 OPTION OF THE STATE OR THE OWNER, THE PLACE AND TIME OF DELIVERY
12 AND PAYMENT, AND OTHER MATTERS AND PROCEDURES NECESSARY TO COM-
13 PLETE THE AUTHORIZED TRANSACTIONS.

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

19 (5) THE BONDS SHALL BE APPROVED BY THE DEPARTMENT OF TREA-
20 SURY BEFORE THEIR ISSUANCE BUT ARE NOT OTHERWISE SUBJECT TO THE
21 REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL 141.2101 TO
22 141.2821.

23 (6) THE BONDS OR ANY SERIES OF THE BONDS SHALL BE SOLD AT
24 SUCH PRICE AND AT A PUBLICLY ADVERTISED SALE AS DETERMINED BY THE
25 STATE ADMINISTRATIVE BOARD.

26 (7) NOT MORE THAN 10% OF THE BONDS SHALL BE SOLD IN ANY
27 YEAR.

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1 SEC. 19704. THE BONDS SHALL BE FULLY NEGOTIABLE UNDER THE
2 UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.11102.
3 THE BONDS AND THE INTEREST ON THE BONDS SHALL BE EXEMPT FROM ALL
4 TAXATION BY THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE.

5 SEC. 19705. THE BONDS ARE SECURITIES IN WHICH BANKS, SAV-
6 INGS AND LOAN ASSOCIATIONS, INVESTMENT COMPANIES, CREDIT UNIONS,
7 AND OTHER PERSONS CARRYING ON A BANKING BUSINESS; ALL INSURANCE
8 COMPANIES, INSURANCE ASSOCIATIONS, AND OTHER PERSONS CARRYING ON
9 AN INSURANCE BUSINESS; AND ALL ADMINISTRATORS, EXECUTORS, GUARDI-
10 ANS, TRUSTEES, AND OTHER FIDUCIARIES MAY PROPERLY AND LEGALLY
11 INVEST FUNDS, INCLUDING CAPITAL, BELONGING TO THEM OR WITHIN
12 THEIR CONTROL.

13 SEC. 19706. (1) THE GREAT LAKES WATER QUALITY BOND FUND IS
14 CREATED IN THE STATE TREASURY.

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

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

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

20 (C) ANY FEDERAL OR OTHER FUNDS RECEIVED.

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

23 SEC. 19707. (1) THE TOTAL PROCEEDS OF ALL BONDS SHALL BE
24 DEPOSITED INTO THE FUND.

25 (2) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE
26 FUND.

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1 (3) THE BOND PROCEEDS SHALL BE EXPENDED IN AN APPROPRIATE
2 MANNER THAT MAINTAINS THE TAX EXEMPT STATUS OF THE BONDS.

3 (4) THE UNENCUMBERED BALANCE IN THE FUND AT THE CLOSE OF THE
4 FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE
5 GENERAL FUND.

6 (5) THE DEPARTMENT SHALL PROVIDE AN ANNUAL ACCOUNTING OF
7 BOND PROCEEDS SPENDING ON A CASH BASIS TO THE DEPARTMENT OF TREA-
8 SURY IN ORDER FOR THE STATE TO COMPLY WITH REQUIREMENTS SET FORTH
9 FOR ISSUING TAX EXEMPT BONDS, INCLUDING ARBITRAGE REBATE
10 CALCULATIONS. THIS ACCOUNTING SHALL BE SUBMITTED TO THE GOVER-
11 NOR, THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND
12 THE SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO THE PRO-
13 TECTION OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE APPRO-
14 PRIATIONS COMMITTEES IN THE HOUSE OF REPRESENTATIVES AND THE
15 SENATE.

16 SEC. 19708. (1) SUBJECT TO SUBSECTION (2), THE STATE TREA-
17 SURER SHALL TRANSFER MONEY IN THE FUND AS FOLLOWS:

18 (A) NINETY PERCENT OF THE MONEY IN THE FUND SHALL BE DEPOS-
19 ITED INTO THE STATE WATER POLLUTION CONTROL REVOLVING FUND CRE-
20 ATED IN SECTION 16A OF THE SHARED CREDIT RATING ACT, 1985 PA 227,
21 MCL 141.1066A.

22 (B) TEN PERCENT OF THE MONEY IN THE FUND SHALL BE DEPOSITED
23 INTO THE STRATEGIC WATER QUALITY INITIATIVES FUND CREATED IN SEC-
24 TION 5204.

25 (2) MONEY IN THE FUND MAY BE USED BY THE DEPARTMENT OF TREA-
26 SURY TO PAY FOR THE COST OF ISSUING BONDS.

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1 Enacting section 1. This amendatory act does not take
2 effect unless all of the following bills of the 91st Legislature
3 are enacted into law:

4 (a) House Bill No. 4625.

5 (b) House Bill No. 5893.

6 Enacting section 2. This amendatory act does not take
7 effect unless the question provided for in the Great Lakes water
8 quality bond authorization act is approved by a majority of the
9 registered electors voting on the question at the November 2002
10 general election.