

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5892**

A bill to amend 1994 PA 451, entitled
"Natural resources and environmental protection act,"
by amending sections 5301 and 5304 (MCL 324.5301 and 324.5304)
and 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) "AUTHORITY" MEANS THE MICHIGAN MUNICIPAL BOND AUTHORITY
4 CREATED IN SECTION 4 OF THE SHARED CREDIT RATING ACT, 1985
5 PA 227, MCL 141.1054.
6 (B) "DEPARTMENT" MEANS THE DEPARTMENT OF ENVIRONMENTAL
7 QUALITY.
8 (C) "FUND" MEANS THE STRATEGIC WATER QUALITY INITIATIVES
9 FUND CREATED IN SECTION 5204.

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1 (D) "LOAN" MEANS A LOAN FROM THE LOAN PROGRAM.

2 (E) "LOAN PROGRAM" MEANS THE STRATEGIC WATER QUALITY
3 INITIATIVES LOAN PROGRAM ESTABLISHED UNDER SECTION 5202.

4 (F) "MUNICIPALITY" MEANS THAT TERM AS IT IS DEFINED IN
5 SECTION 5301.

6 (G) "ON-SITE SEPTIC SYSTEM" MEANS A NATURAL SYSTEM OR
7 MECHANICAL DEVICE USED TO STORE, TREAT, AND DISPOSE OF SEWAGE
8 FROM 1 OR MORE DWELLING UNITS THAT UTILIZE A SUBSURFACE TRENCH OR
9 BED THAT ALLOWS THE EFFLUENT TO BE ABSORBED AND TREATED BY THE
10 SURROUNDING SOIL, INCLUDING A SEPTIC TANK AND TILE FIELD SYSTEM.

11 SEC. 5202. (1) THE AUTHORITY IN CONSULTATION WITH THE
12 DEPARTMENT SHALL ESTABLISH A STRATEGIC WATER QUALITY INITIATIVES
13 LOAN PROGRAM. THIS LOAN PROGRAM SHALL PROVIDE LOW INTEREST LOANS
14 TO MUNICIPALITIES TO PROVIDE ASSISTANCE FOR IMPROVEMENTS TO A
15 SEWAGE SYSTEM FOR 1 OR MORE OF THE FOLLOWING:

16 (A) IMPROVEMENTS TO REDUCE OR ELIMINATE THE AMOUNT OF
17 GROUNDWATER OR STORM WATER ENTERING A SANITARY SEWER LEAD OR A
18 COMBINED SEWER LEAD.

19 (B) UPGRADES OR REPLACEMENTS OF FAILING ON-SITE SEPTIC SYS-
20 TEMS THAT ARE ADVERSELY AFFECTING PUBLIC HEALTH OR THE ENVIRON-
21 MENT, OR BOTH.

22 (2) IN IMPLEMENTING THE LOAN PROGRAM, THE DEPARTMENT SHALL
23 ANNUALLY ESTABLISH THE INTEREST RATE THAT WILL BE CHARGED FOR
24 LOANS.

25 SEC. 5203. (1) A MUNICIPALITY THAT WISHES TO APPLY FOR A
26 LOAN SHALL SUBMIT A LOAN APPLICATION TO THE DEPARTMENT IN

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1 ACCORDANCE WITH THE APPLICATION REQUIREMENTS PROVIDED IN
2 PART 53.

3 (2) THE DEPARTMENT SHALL PROCESS THE LOAN APPLICATIONS SUB-
4 MITTED UNDER THIS PART AND OTHERWISE ADMINISTER THE FUND IN
5 ACCORDANCE WITH THE PROCEDURES ESTABLISHED PURSUANT TO PART 53.

6 (3) PRIOR TO RELEASING A LOAN, THE AUTHORITY IN CONSULTATION
7 WITH THE DEPARTMENT SHALL ENTER INTO A LOAN AGREEMENT WITH THE
8 LOAN RECIPIENT IN ACCORDANCE WITH PART 53.

9 (4) ALL MONEY THAT IS RECEIVED FOR THE REPAYMENT OF A LOAN
10 SHALL BE FORWARDED TO THE STATE TREASURER FOR DEPOSIT INTO THE
11 FUND.

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

14 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS
15 FROM ANY SOURCE FOR DEPOSIT INTO THE FUND. THE STATE TREASURER
16 SHALL DIRECT THE INVESTMENT OF THE FUND. THE STATE TREASURER
17 SHALL CREDIT TO THE FUND INTEREST AND EARNINGS FROM FUND
18 INVESTMENTS. THE AUTHORITY SHALL ACT AS FISCAL AGENT FOR THE
19 FUND IN ACCORDANCE WITH THE SHARED CREDIT RATING ACT, 1985
20 PA 227, MCL 141.1051 TO 141.1076.

21 (3) MONEY IN THE FUND AT THE CLOSE OF THE FISCAL YEAR SHALL
22 REMAIN IN THE FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

23 (4) THE AUTHORITY IN CONSULTATION WITH THE DEPARTMENT SHALL
24 EXPEND MONEY FROM THE FUND, UPON APPROPRIATION, ONLY FOR LOANS
25 AND FOR THE COSTS OF THE AUTHORITY AND THE DEPARTMENT IN ADMINIS-
26 TERING THE FUND.

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1 (5) THE FUND MAY BE PLEDGED AS SECURITY FOR BONDS TO BE
2 ISSUED BY THE AUTHORITY FOR THE PURPOSE OF FUNDING LOANS IF
3 AUTHORIZED BY THE STATE ADMINISTRATIVE BOARD.

4 SEC. 5205. THE DEPARTMENT MAY PROMULGATE RULES TO IMPLEMENT
5 THIS PART.

6 SEC. 5206. THE LEGISLATURE FINDS AND DECLARES THAT THE
7 ENVIRONMENTAL, NATURAL RESOURCES, AND WATER QUALITY PROTECTION
8 PROGRAMS IMPLEMENTED UNDER THIS PART ARE A PUBLIC PURPOSE AND OF
9 PARAMOUNT PUBLIC CONCERN IN THE INTEREST OF THE HEALTH, SAFETY,
10 AND GENERAL WELFARE OF THE CITIZENS OF THIS STATE.

11 Sec. 5301. As used in this part:

12 (a) "Assistance" means 1 or more of the following activities
13 to the extent authorized by the federal water pollution control
14 act:

15 (i) Provision of loans to municipalities for construction of
16 sewage treatment works projects, stormwater treatment projects,
17 or nonpoint source projects.

18 (ii) Project refinancing assistance.

19 (iii) The guarantee or purchase of insurance for local obli-
20 gations, if the guarantee or purchase action would improve credit
21 market access or reduce interest rates.

22 (iv) Use of the proceeds of the fund as a source of revenue
23 or security for the payment of principal and interest on revenue
24 or general obligation bonds issued by this state, if the proceeds
25 of the sale of the bonds will be deposited into the fund.

26 (v) Provision of loan guarantees for similar revolving funds
27 established by municipalities.

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1 (vi) The use of deposited funds to earn interest on fund
2 accounts.

3 (vii) Provision for reasonable costs of administering and
4 conducting activities under title VI of the federal water pollu-
5 tion control act, chapter 758, 101 Stat. 22, 33 U.S.C. 1381 to
6 1387.

7 (b) "Authority" means the Michigan municipal bond authority
8 created in the shared credit rating act, ~~Act No. 227 of the~~
9 ~~Public Acts of 1985, being sections 141.1051 to 141.1078 of the~~
10 ~~Michigan Compiled Laws~~ 1985 PA 227, MCL 141.1051 TO 141.1076.

11 (c) "Capitalization grant" means the federal grant made to
12 this state by the United States environmental protection agency
13 for the purpose of establishing a state water pollution control
14 revolving fund, as provided in title VI of the federal water pol-
15 lution control act, chapter 758, 101 Stat. 22, 33 U.S.C. 1381 to
16 1387.

17 (d) "Construction activities" means any actions undertaken
18 in the designing or building of sewage treatment works projects,
19 stormwater treatment projects, or nonpoint source projects.
20 Construction activities include, but are not limited to, all of
21 the following:

22 (i) Engineering services.

23 (ii) Legal services.

24 (iii) Financial services.

25 (iv) Design of plans and specifications.

26 (v) Acquisition of land or structural components, or both.

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1 (vi) Building, erection, alteration, remodeling, or
2 extension of a sewage treatment works.

3 (vii) Building, erection, alteration, remodeling, or exten-
4 sion of projects designed to control nonpoint source pollution,
5 consistent with section 319 of title III of the federal water
6 pollution control act, chapter 758, 101 Stat. 52, 33
7 U.S.C. 1329.

8 (viii) Building, erection, alteration, or remodeling of a
9 stormwater treatment project.

10 (ix) Municipal supervision of the project activities
11 described in subparagraphs (i) to (viii).

12 (e) "Federal water pollution control act" means chapter 758,
13 86 Stat. 816, 33 U.S.C. 1251 to 1252, 1253 to 1254, 1255 to 1257,
14 1258 to 1263, 1265 to 1270, 1273 TO 1274, 1281, 1282 to 1293,
15 1294 to ~~1299~~ 1301, 1311 to 1313, 1314 to 1326, 1328 to 1330,
16 1341 to ~~1345~~ 1346, 1361 to ~~1377~~ 1375, 1376 TO 1377, and 1381
17 to 1387.

18 (f) "Fund" means the state water pollution control revolving
19 fund created in the shared credit rating act, ~~Act No. 227 of the~~
20 ~~Public Acts of 1985, being sections 141.1051 to 141.1078 of the~~
21 ~~Michigan Compiled Laws~~ 1985 PA 227, MCL 141.1051 TO 141.1076,
22 established pursuant to title VI of the federal water pollution
23 control act.

24 (g) "Fundable range" means those projects, taken in descend-
25 ing order on the priority lists, for which sufficient funds are
26 estimated by the department to exist to provide assistance at the
27 beginning of each annual funding cycle.

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1 (h) "Municipality" means a city, village, county, township,
2 authority, or other public body, including an intermunicipal
3 agency of 2 or more municipalities, authorized or created under
4 state law; or an Indian tribe that has jurisdiction over con-
5 struction and operation of sewage treatment works or other
6 projects qualifying under section 319 of title III of the federal
7 water pollution control act, chapter 758, 101 Stat. 52, 33
8 U.S.C. 1329.

9 (i) "Nonpoint source project" means construction activities
10 designed to reduce nonpoint source pollution consistent with the
11 state nonpoint source management plan pursuant to section 319 of
12 title III of the federal water pollution control act, chapter
13 758, 101 Stat. 52, 33 U.S.C. 1329.

14 (j) "Priority list" means the annual ranked listing of
15 projects developed by the department in section 5303 or used by
16 the department pursuant to section 5315.

17 (k) "Project" means a sewage treatment works project, a
18 stormwater treatment project, or a nonpoint source project, or a
19 combination of these.

20 (l) "Project refinancing assistance" means buying or refi-
21 nancing the debt obligations of municipalities within the state
22 if construction activities commenced after March 7, 1985 and the
23 debt obligation was incurred after March 7, 1985.

24 (m) "Sewage treatment works project" means construction
25 activities on any device or system for the treatment, storage,
26 collection, conveyance, recycling, or reclamation of the sewage

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1 of a municipality, including combined sewer overflow correction
2 and major rehabilitation of sewers.

3 (n) "Stormwater treatment project" means construction activ-
4 ities of a municipality on any device or system for the treat-
5 ment, storage, recycling, or reclamation of stormwater that is
6 conveyed by a storm sewer that is separate from a sanitary
7 sewer.

8 (o) "Tier I project" means a project for which assistance is
9 sought or provided from funds made directly available from the
10 federal capitalization grant OR FROM THE GREAT LAKES WATER QUAL-
11 ITY BOND FUND PURSUANT TO SECTION 19708(1)(A).

12 (p) "Tier II project" means a project for which assistance
13 is sought or provided from funds other than those made directly
14 available from the federal capitalization grant OR FROM THE GREAT
15 LAKES WATER QUALITY BOND FUND PURSUANT TO SECTION 19708(1)(A).

16 Sec. 5304. Subject to sections 5309 and 5310, assistance
17 provided to municipalities to construct sewage treatment works
18 projects, stormwater projects, and nonpoint source projects shall
19 be in accordance with all of the following:

20 (a) Assistance for approved sewage treatment works projects
21 and stormwater treatment projects shall be provided for projects
22 in the fundable range of the priority list developed pursuant to
23 section ~~5303(3) or (4)~~ 5303, and to other projects that may
24 become fundable pursuant to section 5310.

25 (b) Assistance for approved qualified nonpoint source
26 projects shall be provided for projects in the fundable range of
27 the priority list developed pursuant to section ~~5303(3) or (4)~~

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1 5303. THE DIRECTOR SHALL ANNUALLY ALLOCATE AT LEAST 2% OF THE
2 AVAILABLE FUNDS TO THE EXTENT NEEDED TO PROVIDE ASSISTANCE TO
3 PROJECTS ON THE NONPOINT SOURCE PRIORITY LIST. IF THESE FUNDS
4 ARE NOT AWARDED, THE ALLOCATION SHALL REVERT TO PROVIDE ASSIST-
5 ANCE TO PROJECTS ON THE SEWAGE TREATMENT WORKS PRIORITY LIST.

6 PART 197 GREAT LAKES WATER QUALITY BOND IMPLEMENTATION
7 SEC. 19701. AS USED IN THIS PART:

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

10 (B) "DEPARTMENT" MEANS THE DEPARTMENT OF ENVIRONMENTAL
11 QUALITY.

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

14 SEC. 19702. THE LEGISLATURE FINDS AND DECLARES THAT THE
15 ENVIRONMENTAL, NATURAL RESOURCES, AND WATER QUALITY PROTECTION
16 PROGRAMS IMPLEMENTED UNDER THIS PART ARE A PUBLIC PURPOSE AND OF
17 PARAMOUNT PUBLIC CONCERN IN THE INTEREST OF THE HEALTH, SAFETY,
18 AND GENERAL WELFARE OF THE CITIZENS OF THIS STATE.

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

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1 DETERMINED BY RESOLUTION TO BE ADOPTED BY THE STATE
2 ADMINISTRATIVE BOARD AND SUBJECT TO OR GRANTING THOSE COVENANTS,
3 DIRECTIONS, RESTRICTIONS, OR RIGHTS SPECIFIED BY RESOLUTION TO BE
4 ADOPTED BY THE STATE ADMINISTRATIVE BOARD AS NECESSARY TO ENSURE
5 THE MARKETABILITY, INSURABILITY, OR TAX EXEMPT STATUS OF THE
6 BONDS. THE STATE ADMINISTRATIVE BOARD SHALL ROTATE THE SERVICES
7 OF LEGAL COUNSEL WHEN ISSUING BONDS.

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

17 (3) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE AND APPROVE
18 INSURANCE CONTRACTS, AGREEMENTS FOR LINES OF CREDIT, LETTERS OF
19 CREDIT, COMMITMENTS TO PURCHASE BONDS, AND ANY OTHER TRANSACTION
20 TO PROVIDE SECURITY TO ASSURE TIMELY PAYMENT OR PURCHASE OF ANY
21 BOND ISSUED UNDER THIS PART. THE STATE ADMINISTRATIVE BOARD MAY
22 AUTHORIZE AND APPROVE AN INTEREST RATE EXCHANGE OR SWAP, HEDGE,
23 OR SIMILAR AGREEMENT IN CONNECTION WITH THE ISSUANCE OF BONDS
24 UNDER THIS PART, PAYABLE FROM THE SAME SOURCE AS THE BONDS.

25 (4) THE STATE ADMINISTRATIVE BOARD MAY AUTHORIZE THE STATE
26 TREASURER, BUT ONLY WITHIN LIMITATIONS CONTAINED IN THE

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1 AUTHORIZING RESOLUTION OF THE BOARD, TO DO 1 OR MORE OF THE
2 FOLLOWING:

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

4 (B) DELIVER BONDS PARTLY TO REFUND BONDS AND PARTLY FOR
5 OTHER AUTHORIZED PURPOSES.

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

8 (D) BUY ISSUED BONDS.

9 (E) APPROVE INTEREST RATES OR METHODS FOR DETERMINING INTER-
10 EST RATES, INCLUDING FIXED OR VARIABLE RATES, PRICES, DISCOUNTS,
11 MATURITIES, PRINCIPAL AMOUNTS, PURCHASE PRICES, PURCHASE DATES,
12 REMARKETING DATES, DENOMINATIONS, DATES OF ISSUANCE, INTEREST
13 PAYMENT DATES, REDEMPTION RIGHTS AT THE OPTION OF THE STATE OR
14 THE OWNER, THE PLACE AND TIME OF DELIVERY AND PAYMENT, AND OTHER
15 MATTERS AND PROCEDURES NECESSARY TO COMPLETE THE AUTHORIZED
16 TRANSACTIONS.

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

22 (G) DETERMINE THE DETAILS OF, EXECUTE, DELIVER, AND PAY THE
23 COST OF ANY INTEREST RATE EXCHANGE OR SWAP, HEDGE, OR SIMILAR
24 AGREEMENT.

25 (H) PLEDGE ALL OR ANY PORTION OF THE STRATEGIC WATER QUALITY
26 INITIATIVES FUND CREATED IN SECTION 5204 TO SECURE BONDS ISSUED
27 OR TO BE ISSUED BY THE MICHIGAN MUNICIPAL BOND AUTHORITY CREATED

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1 IN SECTION 4 OF THE SHARED CREDIT RATING ACT, 1985 PA 227,
2 MCL 141.1054, FOR THE PURPOSE OF FUNDING LOANS UNDER THE STRATE-
3 GIC WATER QUALITY INITIATIVES LOAN PROGRAM UNDER PART 52.

4 (5) THE BONDS SHALL NOT BE SUBJECT TO THE REVISED MUNICIPAL
5 FINANCE ACT, 2001 PA 34, MCL 141.2101 TO 141.2821. ISSUANCE OF
6 THE BONDS SHALL BE SUBJECT TO THE AGENCY FINANCING REPORTING
7 ACT.

8 (6) THE BONDS OR ANY SERIES OF THE BONDS SHALL BE SOLD AT
9 PUBLIC OR PRIVATE SALE AT SUCH PRICE OR MAY BE ISSUED AND DEPOS-
10 ITED DIRECTLY INTO THE STATE WATER POLLUTION CONTROL REVOLVING
11 FUND CREATED IN SECTION 16A OF THE SHARED CREDIT RATING ACT, 1985
12 PA 227, MCL 141.1066A, OR THE STRATEGIC WATER QUALITY INITIATIVES
13 FUND CREATED IN SECTION 5204, AS DETERMINED BY OR PURSUANT TO A
14 RESOLUTION OF THE STATE ADMINISTRATIVE BOARD.

15 (7) NOT MORE THAN 10% OF THE BONDS SHALL BE ISSUED IN ANY
16 YEAR. THE FIRST BOND ISSUANCE SHALL BE STRUCTURED IN SUCH A MANNER THAT
17 DEBT PAYMENTS DO NOT BEGIN BEFORE OCTOBER 1, 2003.
18 SEC. 19704. THE BONDS SHALL BE FULLY NEGOTIABLE UNDER THE
19 UNIFORM COMMERCIAL CODE, 1962 PA 174, MCL 440.1101 TO 440.11102.
20 THE BONDS AND THE INTEREST ON THE BONDS SHALL BE EXEMPT FROM ALL
21 TAXATION BY THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE.

22 SEC. 19705. THE BONDS ARE SECURITIES IN WHICH BANKS, SAV-
23 INGS AND LOAN ASSOCIATIONS, STATE AUTHORITIES, INVESTMENT COM-
24 PANIES, CREDIT UNIONS, AND OTHER PERSONS CARRYING ON A BANKING
25 BUSINESS; ALL INSURANCE COMPANIES, INSURANCE ASSOCIATIONS, AND
26 OTHER PERSONS CARRYING ON AN INSURANCE BUSINESS; AND ALL ADMINIS-

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1 MAY PROPERLY AND LEGALLY INVEST FUNDS, INCLUDING CAPITAL,
2 BELONGING TO THEM OR WITHIN THEIR CONTROL.

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

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

6 (A) THE PROCEEDS OF SALES OF THE BONDS SOLD AT PUBLIC OR
7 PRIVATE SALE AND ANY PREMIUM AND ACCRUED INTEREST RECEIVED ON THE
8 DELIVERY OF THE BONDS.

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

11 (C) ANY FEDERAL OR OTHER FUNDS RECEIVED.

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

14 SEC. 19707. (1) THE TOTAL PROCEEDS OF ALL BONDS SOLD AT
15 PUBLIC OR PRIVATE SALE SHALL BE DEPOSITED INTO THE FUND.

16 (2) THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE
17 FUND.

18 (3) THE BOND PROCEEDS SHALL BE EXPENDED IN AN APPROPRIATE
19 MANNER THAT MAINTAINS THE TAX EXEMPT STATUS OF ANY BONDS ISSUED
20 AS TAX EXEMPT BONDS.

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

24 (5) THE DEPARTMENT SHALL PROVIDE AN ANNUAL ACCOUNTING OF
25 BOND PROCEEDS SPENDING ON A CASH BASIS TO THE DEPARTMENT OF
26 TREASURY. THIS ACCOUNTING SHALL BE SUBMITTED TO THE GOVERNOR,
27 THE STANDING COMMITTEES OF THE HOUSE OF REPRESENTATIVES AND THE

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1 SENATE THAT PRIMARILY ADDRESS ISSUES PERTAINING TO THE PROTECTION
2 OF NATURAL RESOURCES AND THE ENVIRONMENT, AND THE APPROPRIATIONS
3 COMMITTEES IN THE HOUSE OF REPRESENTATIVES AND THE SENATE.

4 SEC. 19708. (1) SUBJECT TO SUBSECTIONS (2) AND (3), THE
5 STATE TREASURER SHALL TRANSFER MONEY IN THE FUND AS FOLLOWS:

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

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

13 (2) MONEY IN THE FUND MAY BE USED BY THE DEPARTMENT OF TREA-
14 SURY TO PAY FOR THE COST OF ISSUING BONDS AND THE COSTS INCURRED
15 UNDER SECTION 19703(3).

16 (3) MONEY FROM THE FUND SHALL NOT BE USED AS THE STATE MATCH
17 FOR RECEIPT OF FEDERAL FUNDS FOR PURPOSES OF THE STATE WATER POL-
18 LUTION CONTROL REVOLVING FUND CREATED IN SECTION 16A OF THE
19 SHARED CREDIT RATING ACT, 1985 PA 227, MCL 141.1066A, AT
20 2002 STATE MATCH LEVELS. HOWEVER, IF FEDERAL REVENUES BECOME
21 AVAILABLE AT HIGHER LEVELS THAN WERE PROVIDED IN 2002, MONEY FROM
22 THE FUND MAY BE USED TO MATCH FEDERAL REVENUES IN EXCESS OF
23 2002 LEVELS.

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

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1 (a) House Bill No. 4625.

2 (b) House Bill No. 5893.

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