

**SUBSTITUTE FOR  
HOUSE BILL NO. 6416**

A bill to amend 1994 PA 451, entitled  
"Natural resources and environmental protection act,"  
by amending sections 5204 and 19708 (MCL 324.5204 and 324.19708),  
section 5204 as amended by 2005 PA 253 and section 19708 as amended  
by 2005 PA 256, and by adding sections 5204b, 5204c, and 19703a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 5204. (1) The strategic water quality initiatives fund is  
2           created within the state treasury.  
3           (2) The state treasurer may receive money or other assets from  
4           any source for deposit into the fund. The state treasurer shall  
5           direct the investment of the fund. The state treasurer shall credit  
6           to the fund interest and earnings from fund investments. The

1 authority shall act as fiscal agent for the fund in accordance with  
2 the shared credit rating act, 1985 PA 227, MCL 141.1051 to  
3 141.1076.

4 (3) Money in the fund at the close of the fiscal year shall  
5 remain in the fund and shall not lapse to the general fund.

6 (4) The authority in consultation with the department shall  
7 expend money from the fund, upon appropriation, only for the  
8 following:

9 (a) Loans under section 5202.

10 (b) Grants under section 5204a **AND 5204D.**

11 **(C) RESPONSE ACTIVITIES TO ADDRESS NONPOINT SOURCE WATER**  
12 **POLLUTION UNDER SECTION 5204B.**

13 **(D) GRANTS AND LOANS FOR BROWNFIELD SITES UNDER SECTION 5204C.**

14 **(E) ~~(e)~~**—The costs of the authority and the department in  
15 administering the fund.

16 (5) The fund may be pledged as security for bonds to be issued  
17 by the authority for the purpose of funding loans if authorized by  
18 the state administrative board.

19 **SEC. 5204B. (1) SUBJECT TO SECTION 5204C, THE DEPARTMENT MAY**  
20 **EXPEND, UPON APPROPRIATION, NOT MORE THAN \$140,000,000.00 OF THE**  
21 **MONEY FROM THE FUND FOR RESPONSE ACTIVITIES TO ADDRESS NONPOINT**  
22 **SOURCE WATER POLLUTION AT FACILITIES AS FOLLOWS:**

23 **(A) FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2011, NOT**  
24 **MORE THAN \$50,000,000.00 MAY BE AUTHORIZED FOR EXPENDITURE UNDER**  
25 **THIS SECTION.**

26 **(B) FOR THE STATE FISCAL YEAR ENDING SEPTEMBER 30, 2012, NOT**  
27 **MORE THAN \$50,000,000.00 MAY BE AUTHORIZED FOR EXPENDITURE UNDER**

1 THIS SECTION.

2 (C) BEGINNING OCTOBER 1, 2012, ANY MONEY NOT PREVIOUSLY  
3 AUTHORIZED FOR EXPENDITURE UNDER THIS SECTION MAY BE EXPENDED UNDER  
4 THIS SECTION ONLY IF THE DEPARTMENT DOCUMENTS THAT IT HAS ACHIEVED  
5 THE FOLLOWING PERFORMANCE OBJECTIVES:

6 (i) INCREASING THE LEVEL OF INVESTMENT IN SEWAGE COLLECTION AND  
7 TREATMENT SYSTEMS.

8 (ii) PROVIDING INCENTIVES FOR ACTIONS THAT NOT ONLY IMPROVE  
9 WATER QUALITY BUT RESULT IN POLLUTION PREVENTION.

10 (iii) OPTIMIZING THE COST BENEFIT RATIO OF ALTERNATIVE DESIGNS  
11 OF SEWAGE COLLECTION AND TREATMENT SYSTEMS.

12 (iv) DEMONSTRATING PROGRESS TOWARD MAXIMIZING RISK REDUCTION  
13 AND ECONOMIC DEVELOPMENT OBJECTIVES IDENTIFIED FOR PROJECTS FUNDED  
14 UNDER THIS SECTION.

15 (2) THE DEPARTMENT SHALL EXPEND MONEY UNDER THIS SECTION IN  
16 COMPLIANCE WITH ALL OF THE FOLLOWING:

17 (A) THE EXPENDITURE IS USED TO IMPROVE THE QUALITY OF THE  
18 WATERS OF THE STATE.

19 (B) THE EXPENDITURE IS USED ONLY FOR FACILITIES IN WHICH THE  
20 DEPARTMENT DOES NOT KNOW THE IDENTITY OF THE PERSON OR PERSONS WHO  
21 ARE LIABLE UNDER PART 201 FOR THE RELEASE RESULTING IN THE WATER  
22 POLLUTION OR THE PERSON OR PERSONS WHO ARE LIABLE DO NOT HAVE  
23 SUFFICIENT RESOURCES TO FUND THE REQUIRED RESPONSE ACTIVITIES.

24 (C) THE FACILITIES INCLUDE PROPERTY THAT IS LOCATED WITHIN THE  
25 IDENTIFIED PLANNING AREA BOUNDARIES OF A PUBLICLY OWNED SANITARY  
26 SEWER SYSTEM ELIGIBLE FOR FUNDING UNDER THE STATE WATER POLLUTION  
27 CONTROL REVOLVING FUND ESTABLISHED IN SECTION 16A OF THE SHARED

1 CREDIT RATING ACT, 1985 PA 227, MCL 141.1066A.

2 (D) THE EXPENDITURE IS USED FOR RESPONSE ACTIVITIES NECESSARY  
3 TO ADDRESS EXISTING OR IMMINENT UNACCEPTABLE RISKS ARISING FROM  
4 CONDITIONS THAT CONTRIBUTE TO NONPOINT SOURCE WATER POLLUTION,  
5 INCLUDING EXPENSES FOR PROJECT MANAGEMENT ACTIVITIES WITHIN THE  
6 DEPARTMENT.

7 (3) IN USING FUNDS TO ADDRESS NONPOINT SOURCE WATER POLLUTION  
8 PROJECTS UNDER THIS SECTION, THE DEPARTMENT SHALL SELECT PROJECTS  
9 THAT, TO THE EXTENT PRACTICABLE, PROVIDE MAXIMUM BENEFIT TO THE  
10 STATE IN PROTECTING PUBLIC HEALTH AND THE ENVIRONMENT AND  
11 CONTRIBUTING TO ECONOMIC DEVELOPMENT.

12 (4) MONEY EXPENDED TO SUPPORT PROJECT MANAGEMENT WITHIN THE  
13 DEPARTMENT TO MANAGE RESPONSE ACTIVITIES AT THE FACILITY SHALL BE  
14 EXPENDED PURSUANT TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

15 (5) THE DEPARTMENT SHALL ANNUALLY SUBMIT A REPORT TO THE  
16 STANDING COMMITTEES OF THE SENATE AND HOUSE OF REPRESENTATIVES WITH  
17 JURISDICTION OVER ISSUES PRIMARILY PERTAINING TO NATURAL RESOURCES  
18 AND THE ENVIRONMENT AND TO THE SENATE AND HOUSE OF REPRESENTATIVES  
19 APPROPRIATIONS SUBCOMMITTEES ON NATURAL RESOURCES AND THE  
20 ENVIRONMENT THAT DESCRIBES THE PROJECTS FUNDED UNDER THIS SECTION  
21 AND INCLUDES AN EVALUATION OF HOW THE EXPENDITURES, TO THE EXTENT  
22 PRACTICABLE, PROVIDE MAXIMUM BENEFIT TO THE STATE IN PROTECTING  
23 PUBLIC HEALTH AND THE ENVIRONMENT AND CONTRIBUTING TO ECONOMIC  
24 DEVELOPMENT. FOR EACH PROJECT FUNDED UNDER THIS SECTION, THE REPORT  
25 SHALL INCLUDE ALL OF THE FOLLOWING:

26 (A) HOW THE PROJECT MET THE CRITERIA DESCRIBED IN THIS  
27 SECTION.

1 (B) THE EXTENT TO WHICH THE PROJECT IMPROVED WATER QUALITY OR  
2 PREVENTED A RISK TO WATER QUALITY AS MEASURED BY THE NUMBER OF  
3 INDIVIDUALS WHO BENEFIT FROM THE PROJECT.

4 (C) THE EXTENT TO WHICH THE PROJECT PRESERVED INFRASTRUCTURE  
5 INVESTMENTS THAT PROTECT PUBLIC HEALTH OR PREVENTED RISKS TO WATER  
6 QUALITY AS MEASURED BY THE RISK POSED OR THE PUBLIC HEALTH  
7 PROTECTED.

8 (D) THE EXTENT TO WHICH THE PROJECT ENHANCED ECONOMIC  
9 DEVELOPMENT AS MEASURED BY SUCH FACTORS INCLUDING, BUT NOT LIMITED  
10 TO, ALL OF THE FOLLOWING:

11 (i) A NET INCREASE TO THE VALUE OF THE PROPERTIES IN THE  
12 VICINITY OF THE PROJECT.

13 (ii) THE CREATION OF JOBS.

14 (iii) THE EXTENT TO WHICH THE PROJECT CONTRIBUTED TO LEVERAGING  
15 PRIVATE INVESTMENT IN THE VICINITY OF THE PROJECT.

16 (E) IF THE PROJECT INCLUDED FUNDING FOR PROJECT MANAGEMENT  
17 WITHIN THE DEPARTMENT, A BREAKDOWN OF THE AMOUNT OF MONEY USED TO  
18 SUPPORT THE PROJECT MANAGEMENT AS JUSTIFIED USING GENERALLY  
19 ACCEPTED ACCOUNTING PRINCIPLES.

20 (6) THE LEGISLATURE FINDS THAT USE OF THE FUND FOR RESPONSE  
21 ACTIVITIES TO ADDRESS NONPOINT SOURCE WATER POLLUTION AT FACILITIES  
22 IS APPROPRIATE AND NECESSARY AT THIS TIME. IT IS THE INTENT OF THIS  
23 LEGISLATURE THAT MONEY FROM THE FUND SHALL NOT BE UTILIZED FOR  
24 RESPONSE ACTIVITIES TO ADDRESS NONPOINT SOURCE WATER POLLUTION AT  
25 FACILITIES WHEN THE \$150,000,000.00 HAS BEEN EXPENDED UNDER THIS  
26 SECTION AND SECTION 5204C.

27 (7) AS USED IN THIS SECTION, "FACILITY", "RELEASE", AND

1 "RESPONSE ACTIVITY" MEAN THOSE TERMS AS THEY ARE DEFINED IN PART  
2 201.

3 SEC. 5204C. (1) THE DEPARTMENT MAY EXPEND \$10,000,000.00 OF  
4 MONEY FROM THE FUND TO PROVIDE BROWNFIELD REDEVELOPMENT GRANTS AND  
5 LOANS TO MUNICIPALITIES AND BROWNFIELD REDEVELOPMENT AUTHORITIES  
6 CREATED UNDER THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA  
7 381, MCL 125.2651 TO 125.2672, FOR RESPONSE ACTIVITIES TO ADDRESS  
8 NONPOINT SOURCE WATER POLLUTION AT FACILITIES. OF THE MONEY  
9 EXPENDED UNDER THIS SECTION, \$5,000,000.00 SHALL BE USED FOR GRANTS  
10 AND \$5,000,000.00 SHALL BE USED FOR LOANS. HOWEVER, ON SEPTEMBER  
11 30, 2014, IF ANY MONEY DESCRIBED IN THIS SECTION HAS NOT BEEN  
12 APPROPRIATED FOR THE PURPOSES OF THIS SECTION, THAT MONEY MAY BE  
13 USED FOR THE PURPOSES OF SECTION 5204B.

14 (2) THE DEPARTMENT SHALL DEVELOP GRANT AND LOAN APPLICATION  
15 MATERIALS TO IMPLEMENT THIS SECTION AND SHALL ACCEPT APPLICATIONS  
16 AT ANY TIME THROUGHOUT THE YEAR.

17 SEC. 5204D. THE STATE MAY ESTABLISH A GRANT PROGRAM WITHIN THE  
18 STRATEGIC WATER QUALITY INITIATIVES FUND FOR THE PURPOSE OF FUNDING  
19 SPECIFIC WASTEWATER TREATMENT FACILITY INFRASTRUCTURE IMPROVEMENT  
20 PROJECTS DESIGNED TO PREVENT CHRONIC DISCHARGES AND PROJECTED TO  
21 HAVE SIGNIFICANT REGIONAL BENEFITS TO GREAT LAKES WATER QUALITY AND  
22 RECREATIONAL OPPORTUNITIES. IN ESTABLISHING SUCH A PROGRAM, THE  
23 STATE MAY CONSIDER THE RECOMMENDATIONS OF THE ADVISORY COMMITTEE  
24 CREATED IN SECTION 5317.

25 SEC. 19703A. (1) BONDS ISSUED UNDER THIS PART ARE SUBJECT TO  
26 THE FOLLOWING:

27 (A) FOR THE STATE FISCAL YEAR ENDING ON SEPTEMBER 30, 2011,

1 BONDS SHALL NOT BE ISSUED OR EXPENDED UNDER THIS PART FOR THE  
2 PURPOSES OF SECTION 5204B, UNLESS THE DEPARTMENT OF NATURAL  
3 RESOURCES AND ENVIRONMENT HAS ESTABLISHED A FUNDABLE RANGE OF AT  
4 LEAST \$210,000,000.00 FOR THAT STATE FISCAL YEAR TO FUND PROJECTS  
5 UNDER THE STATE WATER POLLUTION CONTROL REVOLVING FUND CREATED IN  
6 SECTION 16A OF THE SHARED CREDIT RATING ACT, 1985 PA 227, MCL  
7 141.1066A.

8 (B) FOR THE STATE FISCAL YEAR ENDING ON SEPTEMBER 30, 2012,  
9 BONDS SHALL NOT BE ISSUED OR EXPENDED UNDER THIS PART FOR THE  
10 PURPOSES OF SECTION 5204B, UNLESS THE DEPARTMENT OF NATURAL  
11 RESOURCES AND ENVIRONMENT HAS ESTABLISHED A FUNDABLE RANGE OF AT  
12 LEAST \$259,000,000.00 FOR THAT STATE FISCAL YEAR TO FUND PROJECTS  
13 UNDER THE STATE WATER POLLUTION CONTROL REVOLVING FUND CREATED IN  
14 SECTION 16A OF THE SHARED CREDIT RATING ACT, 1985 PA 227, MCL  
15 141.1066A, TO THE EXTENT ADMINISTRATIVELY POSSIBLE AND AS LONG AS  
16 SUFFICIENT APPLICATIONS HAVE BEEN SUBMITTED TO THE DEPARTMENT OF  
17 NATURAL RESOURCES AND ENVIRONMENT.

18 (C) FOR EACH STATE FISCAL YEAR BEGINNING WITH THE STATE FISCAL  
19 YEAR ENDING SEPTEMBER 30, 2013, THE DEPARTMENT OF NATURAL RESOURCES  
20 AND ENVIRONMENT, IN CONJUNCTION WITH THE DEPARTMENT OF TREASURY,  
21 SHALL SEEK TO FULLY FUND ALL ELIGIBLE PROJECTS APPLYING FOR  
22 ASSISTANCE UNDER PART 53, TO THE EXTENT ADMINISTRATIVELY POSSIBLE,  
23 UTILIZING THE BOND PROCEEDS UNDER THIS PART AS NECESSARY TO ACHIEVE  
24 THIS GOAL, CONSIDERING THE RECOMMENDATIONS OF THE STATE WATER  
25 POLLUTION CONTROL REVOLVING FUND ADVISORY COMMITTEE CREATED IN  
26 SECTION 5317.

27 (2) IF THE DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT IS

1 NOT ABLE TO ESTABLISH A FUNDABLE RANGE UNDER SUBSECTION (1) (B) OF  
2 AT LEAST \$259,000,000.00, THE DEPARTMENT OF NATURAL RESOURCES AND  
3 ENVIRONMENT SHALL SUBMIT TO THE STANDING COMMITTEES OF THE SENATE  
4 AND HOUSE OF REPRESENTATIVES WITH JURISDICTION OVER ISSUES  
5 PRIMARILY PERTAINING TO NATURAL RESOURCES AND THE ENVIRONMENT A  
6 REPORT DETAILING THE REASONS WHY THE FUNDABLE RANGE WAS NOT SET AT  
7 THIS LEVEL.

8 (3) AS USED IN THIS SECTION, "FUNDABLE RANGE" MEANS THAT TERM  
9 AS IT IS DEFINED IN SECTION 5301.

10 Sec. 19708. (1) Subject to subsections (2), (3), and (4), the  
11 state treasurer shall transfer money in the fund as follows:

12 (a) In aggregate, not more than ~~\$900,000,000.00~~  
13 \$710,000,000.00 of the money in the fund shall be deposited into  
14 the state water pollution control revolving fund created in section  
15 16a of the shared credit rating act, 1985 PA 227, MCL 141.1066a.

16 (b) In aggregate, not more than ~~\$100,000,000.00~~  
17 \$290,000,000.00 of the money in the fund shall be deposited into  
18 the strategic water quality initiatives fund created in section  
19 5204.

20 (2) Money in the fund may be used by the department of  
21 treasury to pay for the cost of issuing bonds and the costs  
22 incurred under section 19703(3).

23 ~~—— (3) Money from the fund shall not be used as the state match~~  
24 ~~for receipt of federal funds for purposes of the state water~~  
25 ~~pollution control revolving fund established under section 16a of~~  
26 ~~the shared credit rating act, 1985 PA 227, MCL 141.1066a, at 2002~~  
27 ~~state match levels. However, if federal revenues become available~~



1 ~~at higher levels than were provided in 2002, money from the fund~~  
2 ~~may be used to match federal revenues in excess of 2002 levels.~~

3 (3) ~~(4)~~ Bonds that are directly deposited into the state water  
4 pollution control revolving fund or strategic water quality  
5 initiatives fund as authorized by section 19703 shall be taken into  
6 account for the purpose of determining the allocation and transfer  
7 of money set forth in subsection (1).

8 (4) NOT LATER THAN 2 YEARS AFTER THE EFFECTIVE DATE OF THE  
9 AMENDATORY ACT THAT ADDED THIS SUBSECTION, THE AUDITOR GENERAL  
10 SHALL CONDUCT AN AUDIT OF THE FUND TO ASSURE THAT THE MONEY IN THE  
11 FUND HAS BEEN EXPENDED IN COMPLIANCE WITH LAW. NOT LATER THAN 4  
12 YEARS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED  
13 THIS SUBSECTION, THE AUDITOR GENERAL SHALL UPDATE ITS INITIAL AUDIT  
14 TO ASSURE THAT MONEY IN THE FUND HAS BEEN EXPENDED IN COMPLIANCE  
15 WITH LAW.

16 Enacting section 1. This amendatory act does not take effect  
17 unless all of the following bills of the 95th Legislature are  
18 enacted into law:

- 19 (a) Senate Bill No. 1267.  
20 (b) Senate Bill No. 1345.  
21 (c) Senate Bill No. 1346.  
22 (d) Senate Bill No. 1348.  
23 (e) Senate Bill No. 1443.  
24 (f) House Bill No. 6359.  
25 (g) House Bill No. 6360.  
26 (h) House Bill No. 6363.