

**SUBSTITUTE FOR
HOUSE BILL NO. 5596**

A bill to allow local governments and certain authorities to withhold payment under certain conditions to contractors on an asbestos abatement project; to provide for mandatory contract conditions on certain asbestos abatement projects; to provide for certain disclosures; and to prescribe the powers and duties of certain local officials.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Asbestos" means a group of naturally occurring minerals
3 that separate into fibers, including chrysotile, amosite,
4 crocidolite, anthophyllite, tremolite, and actinolite.

5 (b) "Asbestos abatement contractor" means a business entity
6 that is licensed under the asbestos abatement contractors licensing
7 act, 1986 PA 135, MCL 338.3101 to 338.3319, and that carries on the

1 business of asbestos abatement on the premises of another business
2 entity and not on the asbestos abatement contractor's premises.

3 (c) "Asbestos abatement project" means any activity involving
4 persons working directly with the demolition, renovation, or
5 encapsulation of friable asbestos materials.

6 (d) "Local government" means a county, city, village, or
7 township.

8 Sec. 3. Beginning on the effective date of this act, if a
9 local government or a land bank authority created under section 23
10 of the land bank fast track act, 2003 PA 258, MCL 124.773, enters
11 into a contract with an asbestos abatement contractor or a
12 demolition contractor that involves an asbestos abatement project,
13 the contract must include a provision that the local government or
14 land bank authority may withhold any payment to that asbestos
15 abatement contractor or demolition contractor if the asbestos
16 abatement contractor, demolition contractor, or any subcontractor
17 of the asbestos abatement contractor or demolition contractor on
18 that asbestos abatement project has entered into, or is in
19 negotiations to enter into, an administrative consent order or
20 consent judgment with the department of environmental quality or
21 another environmental regulatory agency within the immediately
22 preceding 12 months that involves violations of environmental
23 regulations. Payment may be withheld by the local government or
24 land bank authority until the local government or land bank
25 authority receives verification from the asbestos abatement
26 contractor, the demolition contractor, the department of
27 environmental quality, or another environmental regulatory agency

1 that the violations of environmental regulations related to the
2 administrative consent order or consent judgment, or a proposed
3 administrative consent order or consent judgment, have been
4 corrected.

5 Sec. 5. If involved in an asbestos abatement project with a
6 local government or land bank authority, an asbestos abatement
7 contractor, demolition contractor, or any subcontractor of the
8 asbestos abatement contractor or demolition contractor must
9 disclose to the local government or land bank authority if that
10 asbestos abatement contractor, demolition contractor, or
11 subcontractor is subject to an active administrative consent order
12 or consent judgment, or has entered into, or is in negotiations to
13 enter into, an administrative consent order or consent judgment,
14 with the department of environmental quality or another
15 environmental regulatory agency for any violations of environmental
16 regulations.