

# HOUSE BILL NO. 4633

April 14, 2021, Introduced by Reps. Lilly and Hertel and referred to the Committee on Rules and Competitiveness.

A bill to amend 1994 PA 451, entitled "Natural resources and environmental protection act," by amending sections 5202 and 5301 (MCL 324.5202 and 324.5301), section 5202 as amended by 2012 PA 511 and section 5301 as amended by 2012 PA 560.

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

**1** Sec. 5202. (1) The authority in consultation with the  
**2** department shall establish a strategic water quality initiatives  
**3** loan program. ~~This~~ **Within the strategic water quality initiatives**

1 loan program **the department** shall ~~provide~~**create a municipality**  
2 **loan program that provides** low or no interest loans to  
3 municipalities ~~to~~**and a resident loan program that provides low or**  
4 **no interest loans to residents. The strategic water quality**  
5 **initiatives loan program created under this subsection must** provide  
6 assistance for 1 or more of the following:

7 (a) Improvements to reduce or eliminate the amount of  
8 groundwater or ~~storm water~~**stormwater** entering a sanitary sewer  
9 lead or a ~~combined~~ sewer lead.

10 (b) Upgrades or replacements of failing on-site septic systems  
11 that are adversely affecting public health or the environment, or  
12 both.

13 (c) Project costs of the municipality related to testing,  
14 demonstration, and construction activities, as **that term is** defined  
15 in section ~~5301(d)~~**5301**, for innovative wastewater and ~~storm water~~  
16 **stormwater** technologies approved by the department.

17 (d) Assistance for construction activities, as **that term is**  
18 defined in section ~~5301(d)~~**5301**, designed to protect water quality,  
19 including improvements that are water or energy efficient, where  
20 feasible, when identified through an asset management program or a  
21 project identified in an approved ~~storm water~~**stormwater** management  
22 plan.

23 (2) The department shall develop criteria specifying the  
24 content of an asset management program.

25 (3) ~~In implementing~~**To implement** the **strategic water quality**  
26 **imitative** loan program **under subsection (1)**, the department shall  
27 annually establish ~~the interest rate~~**rates** that will be charged for  
28 **the** loans.

29 (4) **To implement the resident loan program under subsection**

1 (1) (b), the department shall issue a grant to a community  
2 development financial institution or other similar entity.

3 Sec. 5301. As used in this part:

4 (a) "Assistance" means 1 or more of the following activities  
5 to the extent authorized by the federal water pollution control  
6 act:

7 (i) Provision of loans to municipalities for construction of  
8 sewage treatment works projects, stormwater treatment projects, or  
9 nonpoint source projects.

10 (ii) Project refinancing assistance.

11 (iii) The guarantee or purchase of insurance for local  
12 obligations, if the guarantee or purchase action would improve  
13 credit market access or reduce interest rates.

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

18 (v) Provision of loan guarantees for similar revolving funds  
19 established by municipalities.

20 (vi) The use of deposited funds to earn interest on fund  
21 accounts.

22 (vii) Provision for reasonable costs of administering and  
23 conducting activities under title VI of the federal water pollution  
24 control act, 33 USC 1381 to ~~1387~~.1388.

25 (b) "Authority" means the Michigan municipal bond authority  
26 created in the shared credit rating act, 1985 PA 227, MCL 141.1051  
27 to 141.1076.

28 (c) "Capitalization grant" means the federal grant made to  
29 this state by the United States ~~environmental protection agency~~

1 **Environmental Protection Agency** for the purpose of establishing a  
2 state water pollution control revolving fund, as provided in title  
3 VI of the federal water pollution control act, 33 USC 1381 to  
4 ~~1387.~~**1388.**

5 (d) "Construction activities" means any actions undertaken in  
6 the planning, designing, or building of sewage treatment works  
7 projects, stormwater treatment projects, or nonpoint source  
8 projects. Construction activities include, but are not limited to,  
9 all of the following:

10 (i) Project planning services.

11 (ii) Engineering services.

12 (iii) Legal services.

13 (iv) Financial services.

14 (v) Design of plans and specifications.

15 (vi) Acquisition of land or structural components, or both.

16 (vii) Building, erection, alteration, remodeling, or extension  
17 of a sewage treatment works.

18 (viii) Building, erection, alteration, remodeling, or extension  
19 of projects designed to control nonpoint source pollution,  
20 consistent with section 319 ~~of title III~~ of the federal water  
21 pollution control act, 33 USC 1329.

22 (ix) Building, erection, alteration, or remodeling of a  
23 stormwater treatment project.

24 (x) Municipal supervision of the project activities described  
25 in subparagraphs (i) to (ix).

26 (e) "Disadvantaged community" means a municipality in which  
27 all of the following conditions are met:

28 (i) Users within the area served by a proposed sewage treatment

1 works project or stormwater treatment project are directly assessed  
2 for the costs of construction.

3 (ii) The median household income of the area served by a  
4 proposed sewage treatment works project or stormwater treatment  
5 project does not exceed 120% of the statewide median annual  
6 household income for ~~Michigan~~**this state**.

7 (iii) The municipality demonstrates at least 1 of the following:

8 (A) More than 50% of the area served by a proposed sewage  
9 treatment works project or stormwater treatment project is  
10 identified as a poverty area by the United States ~~bureau of~~  
11 ~~census~~**Census Bureau**.

12 (B) The median annual household income of the area served by a  
13 proposed sewage treatment works project or stormwater treatment  
14 project is less than the ~~most recently published~~ federal poverty  
15 guidelines for a family of 4 in the 48 contiguous United States. In  
16 determining the median annual household income of the area served  
17 by the proposed sewage treatment works project or stormwater  
18 treatment project under this sub-subparagraph, the municipality  
19 shall utilize the most recently published statistics from the  
20 United States ~~bureau of the census~~**Census Bureau**, updated to  
21 reflect current dollars, for the community ~~which~~**that** most closely  
22 approximates the area being served by the project. **As used in this**  
23 **sub-subparagraph, "federal poverty guidelines" means the poverty**  
24 **guidelines published annually in the Federal Register by the United**  
25 **States Department of Health and Human Services under its authority**  
26 **to revise the poverty line under 42 USC 9902.**

27 (C) The median annual household income of the area served by a  
28 proposed sewage treatment works project or stormwater treatment  
29 project is less than the most recently published statewide median

1 annual household income for this state, and annual user costs for  
2 sewage treatment or stormwater treatment exceed 1% of the median  
3 annual household income of the area served by the proposed sewage  
4 treatment works project or stormwater treatment project.

5 (D) The median annual household income of the area served by a  
6 proposed sewage treatment works project or stormwater treatment  
7 project is not greater than 120% of the statewide median annual  
8 household income for this state, and annual user costs for sewage  
9 treatment or stormwater treatment exceed 3% of the median annual  
10 household income of the area served by the proposed project.

11 (f) "Federal water pollution control act" means 33 USC 1251 to  
12 ~~1387.1388.~~

13 (g) "Fund" means the state water pollution control revolving  
14 fund established under **section 16a of** the shared credit rating act,  
15 1985 PA 227, MCL ~~141.1051 to 141.1076,~~ **141.1066a**, established  
16 ~~pursuant to~~ **under** title VI of the federal water pollution control  
17 act, **33 USC 1381 to 1388.**

18 (h) "Fundable range" means those projects, taken in descending  
19 order on the priority lists, for which sufficient funds are  
20 estimated by the department to exist to provide assistance at the  
21 beginning of each annual funding cycle.

22 (i) "Municipality" means a city, village, county, township,  
23 authority, or other public body, including an intermunicipal agency  
24 of 2 or more municipalities, authorized or created under state law;  
25 or an Indian tribe that has jurisdiction over construction and  
26 operation of sewage treatment works or other projects qualifying  
27 under section 319 ~~of title III~~ of the federal water pollution  
28 control act, 33 USC 1329.

29 (j) "Nonpoint source project" means construction activities

1 designed to reduce nonpoint source pollution consistent with the  
2 state nonpoint source management plan ~~pursuant to~~**under** section 319  
3 ~~of title III of the federal water pollution control act, 33 USC~~  
4 1329.

5 (k) "Priority list" means the annual ranked listing of  
6 projects developed by the department in section 5303. ~~or used by~~  
7 ~~the department pursuant to section 5315.~~

8 (l) "Project" means a sewage treatment works project, a  
9 stormwater treatment project, or a nonpoint source project, or a  
10 combination of these.

11 (m) "Project refinancing assistance" means buying or  
12 refinancing the debt obligations of municipalities within ~~the~~**this**  
13 state if construction activities commenced after March 7, 1985 and  
14 the debt obligation was incurred after March 7, 1985.

15 (n) "Sewage treatment works project" means construction  
16 activities on any device or system for the treatment, storage,  
17 collection, conveyance, recycling, or reclamation of the sewage of  
18 a municipality, including combined sewer overflow correction and  
19 major rehabilitation of sewers.

20 (o) "Stormwater treatment project" means construction  
21 activities of a municipality on any device or system for the  
22 treatment, storage, recycling, or reclamation of ~~storm water~~  
23 **stormwater** that is conveyed by a storm sewer that is separate from  
24 a sanitary sewer.

25 (p) "Tier I project" means a project for which assistance is  
26 sought or provided from funds made directly available from the  
27 federal capitalization grant. ~~or from the Great Lakes water quality~~  
28 ~~bond fund pursuant to section 19708(1)(a).~~

29 (q) "Tier II project" means a project for which assistance is

1 sought or provided from funds other than those made directly  
2 available from the federal capitalization grant. ~~or from the Great~~  
3 ~~Lakes water quality bond fund pursuant to section 19708(1)(a).~~

4 Enacting section 1. This amendatory act does not take effect  
5 unless Senate Bill No. \_\_\_\_\_ or House Bill No.4634 (request no.  
6 02278'21) of the 101st Legislature is enacted into law.