HOUSE BILL NO. 5286

November 13, 2025, Introduced by Rep. Farhat and referred to Committee on Economic Competitiveness.

A bill to amend 1994 PA 451, entitled

"Natural resources and environmental protection act,"

by amending sections 19608a, 19608b, 19609, 19610, 19610a, 19611, 19612, 19613, 20108b, and 21506a (MCL 324.19608a, 324.19608b, 324.19609, 324.19610, 324.19610a, 324.19611, 324.19612, 324.19613, 324.20108b, and 324.21506a), section 19608a as amended and section 19608b as added by 2016 PA 473, sections 19609, 19610, 19611, and 19612 as amended and section 19610a as added by 2016 PA 475, section 19613 as added by 1998 PA 288, section 20108b as amended by 2016 PA 476, and section 21506a as amended by 2017 PA 134, and by adding part 192.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 192

BROWNFIELD REDEVELOPMENT

Sec. 19201. As used in this part:

(a) "Baseline environmental assessment" means that term as defined in sections 20101 and 21302.

(b) "Brownfield project" or "project" means the entire project to be undertaken, including, but not limited to, the actual site remediation and its resulting economic development.

(c) "Corrective action" means that term as defined in section 21302.

(d) "Department" means the department of environment, Great Lakes, and energy.

(e) "Due care activities" means those response activities conducted under sections 20107a and 21304c.

(f) "Eligible activities" includes any of the following for projects with funding allocated under the program:

(*i*) Baseline environmental assessment activities.

(*ii*) Investigations.

(*iii*) Due care activities.

(*iv*) Response activities.

(*v*) Removal and closure of underground storage tanks in accordance with parts 211 and 213.

(*vi*) Removal of universal waste, PCB-ballasts, transfers, capacitors, refrigerant gases, batteries, chemical, mercury switches, or other hazardous materials.

(*vii*) Industrial cleaning.

(*viii*) Removal and disposal of lake or river sediments that

exceed part 201 cleanup criteria for unrestricted residential use from or related to an economic development project, if the upland property is a facility or would become a facility as the result of disposition of dredged spoils.

(*ix*) The following activities, provided that the total cost of these activities does not exceed the total cost of project-related activities identified in subparagraphs (*i*) to (*viii*):

(A) Removal of uncontaminated surficial material and debris from the eligible property, provided it was not generated or accumulated by the applicant or the developer, including, but not limited to tires, furniture, building debris, appliances, abandoned vehicles, general refuse, and localized buried debris not associated with landfills or dumps.

(B) Demolition and lead, asbestos, or mold abatement that is not a response activity.

(g) "Eligible property" for projects with funding allocated under the program means property that is known or suspected to be a facility under part 201 or a site or property under part 213 and that was used or is currently being used for commercial, industrial, public, or residential purposes.

(h) "Facility" means that term as defined in section 20101.

(i) "Local unit of government" means a county, city, village, or township, or an agency of a county, city, village, or township; or a brownfield redevelopment authority, an economic development corporation, or an authority or other public body created by or in accordance with state law.

(j) "Measurable economic benefit" means the permanent jobs that are created or retained, the capital invested, the increased tax base, or other quantifiable benefits to the applicable county,

city, village, or township where the project is located.

(k) "Measurable environmental benefit" means the extent that the requirements of part 201 or 213, or both, are advanced at a brownfield project where environmental conditions inhibit the site's redevelopment or reuse.

(*l*) "Program" means the brownfield redevelopment grant and revolving loan program created under section 19205.

(m) "Response activity" means that term as defined in section 20101 or corrective action as that term is defined in section 21301, and includes, but is not limited to, activities that are more protective of the public health, safety, and welfare and the environment than required by section 20107a or 21304c.

Sec. 19203. The department shall expend money from the following funds, on appropriation, to provide grants and loans under the program:

(a) The clean Michigan initiative bond fund created in section 19606.

(b) The revitalization revolving loan fund under section 20108a.

(c) The state brownfield redevelopment fund created in section 8a of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2658a.

(d) Any other funding source, as appropriate.

Sec. 19205. (1) The department shall create a brownfield redevelopment grant and revolving loan program for the purpose of making grants and loans to local units of government for eligible activities at eligible properties with redevelopment potential.

(2) The department shall not issue a grant or loan under the program unless all of the following conditions are met:

(a) The applicant is a local unit of government.

(b) The applicant demonstrates to the department the capability to administer and manage the grant or loan.

(c) The applicant demonstrates to the department that there is an identifiable source of funds for the future maintenance and operation of the activities funded with money from the program, if appropriate.

(d) Within the last 24 months, the applicant has successfully undergone an audit conducted in accordance with generally accepted auditing standards or an emergency manager has been appointed for the applicant under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575.

(e) Within the last 24 months, the department has not revoked or terminated a grant to the applicant and the department has not determined that the applicant demonstrated an inability to manage a grant.

(f) The applicant is not responsible for causing a release or threat of release under part 201 or part 213 at the site proposed for grant or loan funding, except as provided in section 19208(4).

Sec. 19207. Grants and loans issued under the program must meet all of the following conditions:

(a) Except as provided in subdivision (b), a recipient is not eligible to receive more than the following:

(*i*) One grant per project, not to exceed $2,000,000.00 per grant.

(*ii*) One loan per project, not to exceed $2,000,000.00 per loan.

(b) Brownfield projects that have significant economic and environmental benefit may be considered for more than 1 grant or

loan in separate fiscal years, provided that the loan or grant agreement includes project-specific benchmarks for eligible activities and failure to satisfy a benchmark would terminate the project's eligibility for additional grant or loan funding, as applicable.

(c) The department may award a grant only if it determines that all of the following apply:

(*i*) The property is an eligible property.

(*ii*) The proposed development of the property is expected to result in measurable economic benefit in excess of the grant amount requested by the applicant.

(*iii*) The proposed project is in, or will result in, compliance with all applicable state laws and rules.

(d) The department may award a loan only if it determines that both of the following apply:

(*i*) The property is known or suspected to be an eligible property.

(*ii*) The property has economic development potential based on the applicant's planned use of the property.

(*iii*) The proposed project is in, or will result in, compliance with all applicable state laws and rules.

Sec. 19208. (1) A grant or loan may be used to fund due care assessment activities necessary to facilitate redevelopment if the party responsible for an activity causing a release is not the owner or operator of the proposed redevelopment.

(2) A loan may be used to fund response activities if both of the following are met, as applicable:

(a) A party responsible for an activity causing a release is not the seller and is not or will not be the owner or operator of

the property to receive funding.

(b) The recipient of the funding can show that response activities are appropriate in relation to the redevelopment.

(3) A grant may be used to fund response activities if all of the conditions under subsection (4) are met, and the department determines that the response activities are in the public interest.

(4) A loan may be used to fund appropriate response activities related to redevelopment and due care activities necessary to facilitate redevelopment of the property if the party responsible for an activity causing a release at the eligible property meets both of the following:

(a) Is a local unit of government.

(b) Has a proposed redevelopment for the property with measurable economic benefit.

Sec. 19209. (1) An application for a grant or loan from the program must be made on a form and in a manner prescribed by the department. The department may require the applicant to provide any information reasonably necessary to allow the department to make a determination required by this part.

(2) The department shall accept, and consider for approval, applications for grants and loans throughout the year. The department shall make final application decisions not later than 90 days after receipt of a complete application. A complete application must include all of the following:

(a) The location of the property.

(b) The current use and ownership of the property.

(c) The relevant history and the past use and ownership of the property.

(d) The environmental condition of the property.

(e) A description of the proposed eligible activities and the reasons the activities are necessary.

(f) An itemized budget for the proposed eligible activities.

(g) A schedule for the completion of the proposed eligible activities.

(h) A description of the proposed project and measurable economic benefit.

(i) If the property is not owned by the applicant, a draft of an enforceable agreement between the property owner and the applicant that commits the property owner to cooperate with the applicant, including a commitment to allow access to the property to complete, at a minimum, the proposed eligible activities.

(j) For loans, a resolution from the governing body of the applicant committing to repayment of the loan. If the applicant is a sub-unit of a local unit of government, the resolution required under this subdivision must be from the county, city, village, or township under which the sub-unit was formed.

(k) A letter or resolution from the city, township, or village where the project will be developed that demonstrates support for the brownfield project and that the brownfield project complies with all local zoning and planning ordinances.

(*l*) Any other relevant information the department requires.

(3) The department shall review a completed application using the following considerations:

(a) Whether the proposed project is authorized by this part.

(b) Whether the proposed project is consistent with the local planning and zoning for the area in which the proposed project is located.

(c) Whether the proposed project provides measurable

environmental benefit.

(d) Whether the proposed project provides a measurable economic benefit.

(e) Whether the proposed project will significantly contribute to the local unit of government's economic and community redevelopment or the revitalization of adjacent neighborhoods.

(f) The viability and schedule of the proposed redevelopment.

(g) The level of public and private commitment and other resources available for the proposed project.

(h) How the proposed project relates to a broader economic and community development plan for the local unit of government.

(i) Whether the proposed project is likely to be undertaken without assistance from this state.

(j) Other criteria that the department considers relevant.

Sec. 19211. **(1) To receive grant or loan funds, approved applicants must enter into a grant or loan agreement with the department. At a minimum, the grant or loan agreement must contain all of the following:**

(a) The eligible activities to be undertaken with grant or loan funds.

(b) The budget for utilizing the grant or loan funds.

(c) An implementation schedule for the eligible activities.

(d) Reporting requirements, including, at a minimum, the following:

(*i*) The grant or loan recipient shall submit progress status reports to the department on a form and in a manner prescribed and at a frequency determined by the department.

(*ii*) The grant or loan recipient shall provide a final report after completing the grant- or loan-funded activities within a time

frame determined by the department.

(e) Other provisions as considered appropriate by the department.

(2) If the property is not owned by the grant or loan recipient, an executed access agreement that meets the requirements of section 19209(2)(i) must be provided before the approval of a work plan.

(3) Unless otherwise approved by the director of the department, only activities carried out and costs incurred after execution of a grant or loan agreement are eligible.

(4) A grant or loan recipient shall prepare and submit to the department for approval a work plan that is consistent with the grant or loan agreement. A work plan must identify the eligible activities and provide details on how the eligible activities will be implemented. All eligible activities must be consistent with an approved grant or loan work plan.

(5) Grant funds must be disbursed on a reimbursement basis on receipt of appropriate documentation. Loan funds must be disbursed in draws based on an approved work plan, and supporting documentation must be submitted after expenses are incurred.

(6) The department shall specify documentation requirements for grants and loans on a form prescribed for requesting reimbursement or draws.

Sec. 19213. Before making a grant or loan under the program, the department shall consider the extent to which the making of the grant or loan contributes to the achievement of a balanced distribution of grants and loans throughout this state.

Sec. 19215. (1) A recipient of a grant or loan granted or issued under the program shall do both of the following:

(a) Keep an accounting of the money spent on the project or facility in a generally accepted manner. An accounting under this subdivision is subject to a postaudit.

(b) Obtain authorization from the department before implementing a change that significantly alters the proposed project.

(2) The department may revoke a grant or loan granted or issued under the program or withhold payment if the proposed project changes, is delayed, or is not implemented, or if the recipient fails to comply with the terms and conditions of the grant or loan agreement or with the requirements of this part or the rules promulgated under this part, or with other applicable law or rules. If a grant or loan is revoked, the department may recover all funds awarded.

(3) To ensure timely completion of a project and receipt of all project deliverables, which are defined in the work plan and require documentation and reporting, the department may withhold up to 10% of the grant or loan amount until the project is completed.

(4) If an approved applicant fails to sign a grant or loan agreement within 90 days after receipt of a written grant or loan offer by the department, the department may cancel the grant or loan offer. The applicant may not appeal or contest a cancellation under this subsection.

(5) The department may terminate a grant or loan agreement and require immediate repayment of the grant or loan if the recipient uses grant or loan funds for any purpose other than for the approved activities specified in the grant or loan agreement. The department shall provide the recipient written notice of the termination 30 days before the termination.

Sec. 19217. (1) A loan issued under the program must be made on the following terms:

(a) A loan interest rate of not more than 50% of the prime rate as determined by the department as of the date of approval of the loan.

(b) Loan recipients shall repay loans in equal annual installments of principal and interest beginning not later than 5 years after the first draw of the loan and concluding not later than 15 years after the first draw of the loan.

(2) On request of a loan recipient and a showing of financial hardship related to the project that was financed in whole or in part by the loan, the department may renegotiate the terms of any outstanding loan, including the length of the loan, interest rate, and repayment terms. The department shall not reduce or eliminate the amount of the outstanding loan principal. The department shall report to the legislature the number of loans refinanced under this subsection, the local unit of government or authority responsible for each loan refinanced, and the change in the terms of the loan, as appropriate. This information may be included in the report prepared by the department under section 19220.

(3) Repayments of principal and interest must be deposited in 1 of the following funds based on programmatic need:

(a) The clean Michigan initiative bond fund created in section 19606.

(b) The revitalization revolving loan fund under section 20108a.

(c) The state brownfield redevelopment fund created in section 8a of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2658a.

Sec. 19219. The department and the department of attorney general may recover costs expended under this part for corrective actions, response activities, and all other recoverable costs under part 201 or 213 from the parties that are responsible for an activity causing a release under part 201 or 213. Actions to recover costs must be conducted in the manner provided for in part 201 or 213.

Sec. 19220. Not later than December 31, 2025, and by December 31 each year thereafter, the department shall submit a list of the projects financed under this part during the previous fiscal year to the governor, the standing committees of the house of representatives and the senate that primarily address issues pertaining to the protection of natural resources and the environment, and the subcommittees of the house of representatives and the senate on appropriations on natural resources and environmental quality. The list must include the following information:

(a) The name and location of the project.

(b) The nature of the project.

(c) The amount of money allocated to the project.

(d) The county in which the project is located.

(e) Other information considered relevant by the department.

Sec. 19221. (1) The governor may include in the governor's annual budget recommendations to the legislature the level of funding necessary to implement this part.

(2) Money required to implement the programs described under this part may be appropriated from any source the legislature considers necessary to implement the requirements of this part.

Sec. 19223. The department may promulgate rules in accordance

with the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this part.

Sec. 19608a. (1) The department shall create a clean Michigan initiative grant and revolving loan program for the purpose of making grants and loans to local units of government under section 19608(1)(a)(*iv*) for eligible activities at eligible properties with redevelopment potential.

(2) Grants provided under the clean Michigan initiative grant and revolving loan program that are used solely to determine whether a property is a site or a facility and, if so, to characterize the nature and extent of the contamination by means of an assessment or investigation ~~shall~~ **must** be issued only if all of the following conditions are met:

(a) The characterization of the nature and extent of contamination includes an estimate of response activity costs in relation to the value of the property in an uncontaminated state and identifies future potential limitations on the use of the property based ~~upon~~ **on** current environmental conditions.

(b) The property has demonstrable economic development potential. This subdivision does not require a specific development proposal to be identified.

(3) The department shall not make a grant or a loan under the clean Michigan initiative grant and revolving loan program unless all of the following conditions are met:

(a) The applicant demonstrates that the proposed project is in, or will result in, compliance with all applicable state laws and rules.

(b) The applicant demonstrates to the department the capability to carry out the proposed project.

(c) The applicant demonstrates to the department that there is an identifiable source of funds for the future maintenance and operation of the activities funded with money from the fund, if appropriate.

(d) Within the last 24 months, the applicant has successfully undergone an audit conducted in accordance with generally accepted auditing standards or an emergency manager has been appointed for the applicant under the local financial stability and choice act, 2012 PA 436, MCL 141.1541 to 141.1575.

(e) Within the last 24 months, the department has not revoked or terminated a grant to the applicant and the administering state department has not determined that the applicant demonstrated an inability to manage a grant.

(4) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, this section does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 19608b. **(1)** With respect to the grants and loans under section 19608(1)(a)(*iv*), all of the following conditions apply:

(a) An applicant must be a local unit of government.

(b) A recipient is not eligible to receive more than the following:

(*i*) Except as provided in subparagraphs (*iii*) and (*iv*), 1 grant per year, not to exceed $1,000,000.00 per grant.

(*ii*) Except as provided in subparagraphs (*iii*) and (*iv*), 1 loan per year, not to exceed $1,000,000.00 per loan.

(*iii*) Brownfield projects that have significant economic and environmental benefit may be considered for more than 1 grant or loan over consecutive years, provided that the loan or grant agreement includes project-specific benchmarks for eligible activities and failure to satisfy a benchmark would terminate the project's eligibility for additional grant or loan funding, as applicable.

(*iv*) A local unit of government may be considered for and awarded more than 1 grant or loan in a single year relating to multiple unrelated brownfield projects if the projects are determined to have significant environmental or economic benefits to the recipient's municipality or region.

(c) Except for a grant described in section 19608a(2), the department may award a grant only if ~~it~~ **the department** determines that both of the following apply:

(*i*) The property is an eligible property.

(*ii*) The proposed development of the property is expected to result in measurable economic benefit in excess of the grant amount requested by the applicant.

(d) The department may award a loan only if ~~it~~ **the department** determines that both of the following apply:

(*i*) The property is known or suspected to be an eligible property.

(*ii*) The property has economic development potential based on the applicant's planned use of the property.

(e) The department may approve funding for response activities that are more protective of the public health, safety, and welfare and the environment than required by section 20107a or 21304c if those activities provide public health or environmental benefit. In its review of a work plan that includes activities that are more protective of the public health, safety, and welfare and the environment, the department may consider, but is not limited to, all of the following:

(*i*) Proposed new land use and reliability of restrictions to prevent exposure to contamination.

(*ii*) Cost of implementation activities minimally necessary to satisfy due care requirements, the incremental cost of response activities relative to the cost of activities minimally necessary to satisfy due care requirements, and the total cost of all response activities.

(*iii*) Long-term obligations associated with leaving contamination in place and the value of reducing or eliminating these obligations.

(f) A grant or loan ~~shall~~ **must** not be used to fund response activities that benefit a party that is responsible for an activity causing a release at the eligible property, except that a loan may be used to fund appropriate response activities related to redevelopment and due care activities necessary to facilitate redevelopment of the property if the party that is responsible for an activity causing a release at the eligible property meets all of the following:

(*i*) Is a local unit of government.

(*ii*) Has a proposed redevelopment for the property with measurable economic benefit.

(*iii*) Provides a minimum of 50% local matching funds for the project.

(g) A grant or loan may be used to fund due care activities necessary to facilitate redevelopment if the party responsible for an activity causing a release is not the developer of proposed redevelopment.

(h) A loan may be used to fund response activities if both of the following are met:

(*i*) A party responsible for an activity causing a release is ~~neither~~ **not** the seller ~~nor the~~ **or** developer of the property to receive funding.

(*ii*) The recipient can show that response activities are appropriate in relation to the redevelopment.

(2) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, subsection (1) does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 19609. (1) An application for a grant or a loan from the fund ~~shall~~ **must** be made on a form or in a format prescribed by the administering state department. The administering state department may require the applicant to provide any information reasonably necessary to allow the administering state department to make a determination required by this part.

(2) Of the funds to be used to provide grants and loans under section 19608(1)(a)(*iv*), the following apply:

(a) The department shall accept, and consider for approval, applications for grants and loans throughout the year.

(b) The department shall make final application decisions ~~within~~ **not later than** 90 days after receipt of a complete grant or loan application.

(c) A complete application includes all of the following:

(*i*) A description of the proposed eligible activities and the reasons ~~they~~ **the activities** should be funded.

(*ii*) An itemized budget for the proposed eligible activities.

(*iii*) A schedule for the completion of the proposed eligible activities.

(*iv*) The location of the property.

(*v*) The current ownership and ownership history of the property.

(*vi*) The relevant history of the use of the property.

(*vii*) The current use of the property.

(*viii*) The existing and proposed future zoning of the property.

(*ix*) If the property is not owned by the applicant, a draft of an enforceable agreement between the property owner and the applicant that commits the property owner to cooperate with the applicant, including a commitment to allow access to the property to complete, at a minimum, the proposed eligible activities.

(*x*) A description of the property's economic redevelopment potential.

(*xi*) For loans, a resolution from the governing body of the applicant committing to repayment of the loan.

(*xii*) A letter from the chief executive officer or highest ranking appointed official indicating that the local unit of government supports the brownfield project and that the brownfield project complies with all local zoning and planning ordinances.

(*xiii*) Any other relevant information the department requires.

(3) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, this section does not apply, and the

department shall apply the criteria used for projects described in part 192.

Sec. 19610. (1) ~~Upon~~ **On** receipt of a grant or loan application, for funding provided under section 19608(1)(a)(*iv*), the department shall review the application based on the following considerations:

(a) Whether the brownfield project proposed to be funded is authorized by this part.

(b) Whether the brownfield project is consistent with the local planning and zoning for the area in which the project is located.

(c) Whether the brownfield project provides measurable environmental benefit.

(d) Whether the brownfield project provides measurable economic benefit or will significantly contribute to the local unit of government's economic and community redevelopment or the revitalization of adjacent neighborhoods.

(e) The viability of the redevelopment plan.

(f) The level of public and private commitment and other resources available for the project.

(g) How the brownfield project relates to a broader economic and community development plan for the local unit of government as a whole.

(h) Other criteria that the department considers relevant.

(2) The department shall issue grants under section 19608(1)(a)(*iv*) for brownfield projects that the department determines meet the requirements of this part and will contribute to the revitalization of underutilized properties.

(3) Notwithstanding any other provision of this section, for

grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, this section does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 19610a. **(1)** For the funds to be used to provide grants and loans under section 19608(1)(a)(*iv*), all of the following apply:

(a) To receive grant or loan funds, approved applicants must enter into a grant or loan agreement with the department. At a minimum, the grant or loan agreement ~~shall~~ **must** contain all of the following:

(*i*) The approved eligible activities to be undertaken with grant or loan funds.

(*ii*) An implementation schedule for the approved eligible activities.

(*iii*) Reporting requirements, including, at a minimum, the following:

(A) The grant or loan recipient shall submit progress status reports to the department during the implementation of the brownfield project that include documentation of project costs and expenditures, at a frequency determined by the department.

(B) The grant or loan recipient shall provide a final report ~~upon~~ **on** completion of the grant- or loan-funded activities within a time frame determined by the department.

(*iv*) If the property is not owned by the grant or loan recipient, an executed agreement that meets the requirements of section 19609(2)(c)(*ix*).

(*v*) When entering into a loan agreement, the loan recipient shall provide financial assurance of repayment of the loan including pledges of revenue sharing, escrow account, letter of credit, or other acceptable mechanism negotiated with the department. Use of real property as a means to secure a loan is not considered an acceptable mechanism. The department is authorized to include in the loan agreement a provision that permits the release of the financial assurance in favor of a pledge of the right of first refusal of the tax increment revenue to the department under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, if the brownfield project has been substantially completed and the annual tax increment being captured relative to the brownfield project is equal to or greater than 125% of the annual loan reimbursement payment.

(*vi*) Other provisions as considered appropriate by the department.

(b) All eligible activities must be consistent with an approved grant or loan work plan.

(c) Unless otherwise approved by the director of the department, only activities carried out and costs incurred after execution of a grant or loan agreement are eligible.

(d) Grant funds shall be disbursed on a reimbursement basis upon receipt of appropriate documentation.

(e) Loan funds shall be disbursed in draws based on an approved work plan, and supporting documentation must be submitted after expenses are incurred.

(f) The department shall specify documentation requirements for grants and loans on a form prescribed for requesting reimbursement or draws.

(2) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section

19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, subsection (1) does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 19611. (1) ~~Prior to~~ **Before** making a grant or loan with money from the fund, the administering state department shall consider the extent to which the making of the grant or loan contributes to the achievement of a balanced distribution of grants and loans throughout the state.

(2) In determining whether a grant or a loan is appropriate under section 19608(1)(a)(*iv*), the department shall consider whether the project is likely to be undertaken without state assistance, the availability of state funds from other sources, the degree of private sector participation in the type of project under consideration, and other factors considered important by the department.

(3) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, this section does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 19612. (1) A recipient of a grant or a loan made with money from the fund shall do both of the following:

(a) Keep an accounting of the money spent on the project or facility in a generally accepted manner. The accounting is subject to a postaudit.

(b) Obtain authorization from the administering state department before implementing a change that significantly alters the proposed project.

(2) The administering state department may revoke a grant or a loan made with money from the fund or withhold payment if the recipient fails to comply with the terms and conditions of the grant or loan agreement or with the requirements of this part or the rules promulgated under this part, or with other applicable law or rules. If a grant or loan is revoked, the administering state department may recover all funds awarded.

(3) The administering state department may withhold a grant or a loan until the administering state department determines that the recipient is able to proceed with the proposed project.

(4) To ~~assure~~ **ensure** timely completion of a project, the administering state department may withhold 10% of the grant or loan amount until the project is complete.

(5) If an approved applicant fails to sign a grant or loan agreement within 90 days after receipt of a written grant or loan offer by the administering state department, the administering state department may cancel the grant or loan offer. The applicant may not appeal or contest a cancellation ~~pursuant to~~ **under** this subsection.

(6) The administering state department may terminate a grant or loan agreement and require immediate repayment of the grant or loan if the recipient uses grant or loan funds for any purpose other than for the approved activities specified in the grant or loan agreement. The administering state department shall provide the recipient written notice of the termination 30 days ~~prior to~~ **before** the termination.

(7) A loan made with money in the fund must be made on the following terms:

(a) A loan interest rate of not more than 50% of the prime rate as determined by the administering state department as of the date of approval of the loan.

(b) Loan recipients shall repay loans in equal annual installments of principal and interest beginning not later than 5 years after the first draw of the loan and concluding not later than 15 years after the first draw of the loan.

(c) A loan recipient shall enter into a loan agreement with the administering state department.

(d) ~~Upon~~ **On** default of a loan, as determined by the administering state department, or ~~upon~~ **on** the request of the loan recipient as a method to repay the loan, the department of treasury shall withhold from state payments payable to the loan recipient amounts consistent with the repayment schedule in the loan agreement until the loan is repaid. The department of treasury shall deposit the withheld or collected money into the fund until the loan is repaid.

(8) ~~Upon~~ **On** request of a loan recipient and a showing of financial hardship related to the project that was financed in whole or in part by the loan, the administering state department may renegotiate the terms of any outstanding loan, including the length of the loan, the interest rate, and the repayment terms. However, the administering state department shall not reduce or eliminate the amount of the outstanding loan principal. The department shall report to the legislature the number of loans refinanced under this subsection, the local unit of government or authority responsible for each loan refinanced, and the change in the terms of the loan, as appropriate. This information may be included in the report prepared by the department under section 16

of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2666.

(9) Loan payments and interest ~~shall~~ **must** be deposited in the fund.

(10) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, this section does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 19613. **(1)** Of the funds to be used to provide grants and loans under section 19608(1)(a)(*iv*), all of the following conditions apply:

(a) A recipient of a grant shall receive not more than 1 grant per year not to exceed $1,000,000.00 per grant.

(b) A recipient of a loan shall receive a maximum of 1 loan per year not to exceed $1,000,000.00 per loan.

(c) A grant ~~shall~~ **must** be awarded only if the department determines that both of the following apply:

(*i*) The property is a facility as defined in section 20101.

(*ii*) The proposed development of the property will result in measurable economic benefit in excess of the grant amount requested by the applicant.

(d) A loan ~~shall~~ **must** be awarded only if the department determines that both of the following apply:

(*i*) The property is a facility as defined in section 20101 or is suspected of being a facility.

(*ii*) The property has economic development potential based on the applicant's planned use of the property.

(2) Notwithstanding any other provision of this section, for grant or loan projects approved for funding under section 19608(1)(a)(*iv*) on or after the effective date of the amendatory act that added this subsection, subsection (1) does not apply, and the department shall apply the criteria used for projects described in part 192.

Sec. 20108b. (1) The department shall create a revitalization revolving loan program for the purpose of making loans to certain local units of government to provide for eligible activities at certain properties in order to promote economic redevelopment.

(2) Loan funds from the revitalization revolving loan program created in subsection (1) ~~shall~~ **must** be issued for the purposes provided in and utilizing the criteria provided in ~~sections 19608a through 19613.~~**part 192.**

(3) ~~Loan~~ **Except as otherwise provided in section 19217(3), the** payments and interest ~~shall~~ **must** be deposited back into the revitalization revolving loan fund created in section 20108a.

Sec. 21506a. (1) The refined petroleum fund is created ~~within~~ **in** the state treasury.

(2) The state treasurer may receive money or other assets from any source for deposit into the refined petroleum fund. The state treasurer shall direct the investment of the refined petroleum fund ~~. The state treasurer shall~~ **and** credit to the refined petroleum fund interest and earnings from refined petroleum fund investments.

(3) Money in the refined petroleum fund at the close of the fiscal year remains in the refined petroleum fund and does not lapse to the general fund.

(4) Money from the refined petroleum fund ~~shall~~ **must** be expended, ~~upon~~ **on** appropriation, only for 1 or more of the

following purposes:

(a) Corrective actions performed by the department ~~pursuant to~~ **under** section 21320.

(b) The legacy release program created in section 21519a.

(c) The reasonable costs of the department in administering the refined petroleum fund and implementing part 213.

(d) Not more than $5,000,000.00 annually for petroleum product inspection programs under both of the following:

(*i*) The weights and measures act, 1964 PA 283, MCL 290.601 to 290.635.

(*ii*) The motor fuels quality act, 1984 PA 44, MCL 290.641 to 290.650d.

(e) Not more than $3,000,000.00 annually for the bureau of fire services and office of the state fire marshal, storage tank division, in the department of licensing and regulatory affairs.

(f) Reimbursement by the authority to local units of government and county road commissions for the costs of corrective action to manage, relocate, or dispose of any media contaminated by regulated substances left in place within a public highway ~~pursuant to~~ **under** section 21310a if all of the following occur:

(*i*) The local unit of government or county road commission has submitted to the authority a claim for reimbursement on a form created by the authority.

(*ii*) The claim for reimbursement is for reasonable and necessary eligible corrective action costs determined by the administrator ~~pursuant to~~ **under** section 21515(2) to (10).

(*iii*) The amount of reimbursement is not more than $200,000.00 per claim.

(g) Not more than $5,000,000.00 annually for the department to provide grants and loans in accordance with part ~~196~~ **192** to facilitate brownfield redevelopment at part 213 properties. Money ~~shall~~ **must** not be provided under this subsection to fund the performance of response activities at a part 213 property to address contamination that is solely attributable to a release regulated under part 201.

(h) The permanent closure of an underground storage tank system by the department if the underground storage tank system meets the conditions that require permanent closure under R 29.2153 of the Michigan Administrative Code or the department determines it is necessary to protect public health, safety, welfare, or the environment.