

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1340**

A bill to create certain funds from certain sources and to provide for the disposition of money from the funds; to provide for the creation of certain funds by certain private entities; to create incentives and to locate and maintain value-added agricultural processing and production ventures within this state; to provide for grants and loans to certain private and governmental entities for environmental purposes; to provide for certain powers and duties for certain private entities, state agencies, commissions, and departments; to authorize loans, expenditures, and grants from the funds; and to finance the development of certain programs.

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

**1**       Sec. 1. This act shall be known and may be cited as the  
**2** "Julian-Stille value-added act".

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1           Sec. 2. (1) As used in this section:

2           (a) "Agricultural processing" means 1 or more of the  
3 operations that transform, package, sort, or grade livestock or  
4 livestock products, agricultural commodities, or plant or plant  
5 products into goods that are used for the intermediate or final  
6 consumption including goods for nonfood use.

7           (b) "Department" means the Michigan department of  
8 agriculture.

9           (c) "Fund" means the agricultural development fund created  
10 in this section.

11           (d) "Value-added" means the enhancement or improvement of  
12 the overall value of an agricultural commodity or of an animal or  
13 plant product into a product of higher value. The enhancement or  
14 improvement includes, but is not limited to, marketing, agricul-  
15 tural processing, transforming, or packaging.

16           (2) The agricultural development fund is created within the  
17 department of treasury to be administered by the department.  
18 Money in the fund at the close of the fiscal year shall remain in  
19 the fund and shall not lapse to the general fund. The department  
20 may utilize up to 5% of the fund for administrative purposes.  
21 The state treasurer shall credit to the fund money from the fol-  
22 lowing sources:

23           (a) Appropriations.

24           (b) Money or other assets from any source for deposit into  
25 the fund, including federal money, other state revenues, gifts,  
26 bequests, donations, as well as money from any other source  
27 provided by law.

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1           (3) The department of treasury shall deposit not less than  
2 \$5,000,000.00 of the revenue available within the Michigan clean  
3 air fund under section 3(2) into the agricultural development  
4 fund under section 2(2).

5           (4) The department shall use the fund to make grants to  
6 qualified grantees who apply for such grants and who submit pro-  
7 posals demonstrating feasibility for development of value-added  
8 agricultural processing and agricultural production ventures con-  
9 sistent with the purposes described in this act. Grantees may  
10 include individuals, farmer-owned cooperatives, partnerships,  
11 limited liability companies, private or public corporations, and  
12 local units of government for projects designed to establish,  
13 retain, expand, attract, or develop value-added agricultural pro-  
14 cessing and related agricultural production operations in this  
15 state. Grant money shall be used only for land, buildings,  
16 equipment, and property acquisition and assembly, demolition,  
17 site development, utility modifications and improvements, trans-  
18 portation improvements, infrastructure improvements, telecommuni-  
19 cations infrastructure, technical assistance, marketing research,  
20 business plan development, and utilization of technology designed  
21 to establish, retain, expand, attract, or develop value-added  
22 agricultural processing and related agricultural production oper-  
23 ations in this state.

24           (5) The director of the department shall have final approval  
25 of grants made under this act. The department shall prepare a  
26 request for proposals on at least an annual basis for grants from  
27 the fund. Grants are contingent upon the availability of funds.

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1           (6) The director of the department may impose fiduciary  
2 obligations upon a recipient of a grant, including performance  
3 bonding, and may impose conditions upon the receipt and expendi-  
4 ture of the grant money.

5           (7) A cash match of at least 10% of the grant by the appli-  
6 cant or other repayment guarantee with a dedicated funding source  
7 is required before a grant can be awarded.

8           (8) An application for a grant submitted under this section  
9 shall be evaluated and ranked according to selection criteria and  
10 a scoring or point system approved by the director of the  
11 department. The selection criteria and the scoring or point  
12 system shall be reviewed and approved by the commission of  
13 agriculture. In developing such a system, the department shall  
14 seek the assistance of the Michigan economic development corpora-  
15 tion, Michigan state university, the United States department of  
16 agriculture--rural development agency, the rural development  
17 council of Michigan, 3 producers including 1 plant agricultural  
18 producer, 1 animal agricultural producer, and another producer at  
19 large, and other industry and professional organizations as  
20 determined appropriate by the director of the department.

21           (9) The selection criteria shall give primary consideration  
22 to the ability of the proposed project to provide sound agricul-  
23 tural economic development in a given geographical area of this  
24 state with demonstrated economic and social benefits and the  
25 analysis of the proposed project in terms of and relative to  
26 risk, business and market planning, financial soundness, and  
27 credit-worthiness. Special consideration shall be given to those

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1 projects meeting the considerations described in this subsection  
2 and that demonstrate a high level of innovation and initiative  
3 for value-added agricultural processing and related agricultural  
4 production ventures to benefit producers in this state.

5 (10) An application for a grant from the fund shall be made  
6 on a form or format prescribed by the department. The department  
7 may require the applicant to provide information reasonably nec-  
8 essary to allow the department to make a determination required  
9 under this section.

10 (11) The department shall promulgate rules under the admin-  
11 istrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
12 24.328, to implement this section.

13 Sec. 3. (1) As used in this section:

14 (a) "Department" means the department of environmental  
15 quality.

16 (b) "Fund" means the Michigan clean air fund created in this  
17 section.

18 (2) The Michigan clean air fund is created within the  
19 department of treasury to be administered by the department.  
20 Money in the fund at the close of the fiscal year shall remain in  
21 the fund and shall not lapse to the general fund. The state  
22 treasurer shall credit to the fund the money from the uncollecti-  
23 bles allowance recovery funds established in section 4 as well as  
24 money from any other source provided by law.

25 (3) Money in the fund shall be used by the department to  
26 provide grants and loans to individuals, private or public  
27 corporations, and local units of government for programs or

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1 projects established to reduce oxides of nitrogen and volatile  
2 organic compounds and for the administration of the grant and  
3 loan program.

4 (4) The director of the department shall have final approval  
5 of grants and loans made under this section. Grants and loans  
6 made under this section are contingent upon the availability of  
7 money in the fund.

8 (5) The director of the department may impose fiduciary  
9 obligations upon a recipient of a grant, including performance  
10 bonding, and may impose conditions upon the receipt and expendi-  
11 ture of the grant money.

12 (6) An application for a grant or loan from the fund shall  
13 be made on a form or in a format prescribed by the department.  
14 The department may require the applicant to provide any informa-  
15 tion reasonably necessary to allow the department to make a  
16 determination required under this section.

17 (7) The department shall promulgate rules under the adminis-  
18 trative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
19 24.328, to implement this section.

20 Sec. 4. (1) As used in this section:

21 (a) "Commission" means the Michigan public service  
22 commission.

[(b) "Cooperative electric utility" means an electric utility  
organized as a cooperative corporation under 1931 PA 327, MCL 450.1  
to 450.192.]

23 [(c)] "Fund" means the uncollectibles allowance recovery fund  
24 created in subsection (2).

25 [(d)] "Utility" means a person, firm, corporation, coopera-  
26 tive, association, or other agency that is subject to the

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1 jurisdiction of the commission and that distributes and sells  
2 electricity or natural gas to the public for residential use.

3 (2) The commission shall require a utility to establish and  
4 to administer an uncollectibles allowance recovery fund.

5 (3) A utility required by the commission to establish and  
6 administer an uncollectibles allowance recovery fund shall annu-  
7 ally deposit into its fund the difference between the uncollecti-  
8 ble provision as recorded in the utility's financial records for  
9 1999 less the provision as recorded on the utility's financial  
10 records in each subsequent fiscal year.

11 (4) Not less than 30 days after the close of the utility's  
12 fiscal year, the utility shall inform the commission of the  
13 amount of money that the utility recorded into its fund for that  
14 year. A dispute regarding the reasonableness of an amount  
15 recorded on a utility's financial record as a provision for its  
16 uncollectible expenses or the accuracy of the amount deposited  
17 into a utility's fund shall be resolved by the commission [after  
notice to the utility and an opportunity for the utility to submit  
comments].

18 (5) [An investor owned] utility shall annually disburse money  
from its fund to  
19 the state treasurer for deposit into the Michigan clean air fund  
20 created in section 3 in accordance with the orders and rules of  
21 the commission.

[(6) A cooperative electric utility shall annually allocate all  
money from its fund to its customers in proportionate amounts based  
on each customer's patronage with the cooperative. The money shall  
be paid to each customer in accordance with the cooperative's  
capital credit rotation policy.]

22 [(7)] The commission shall promulgate rules under the adminis-  
23 trative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
24 24.328, to implement this section.