

Act No. 322
Public Acts of 2000
Approved by the Governor
October 26, 2000
Filed with the Secretary of State
October 26, 2000
EFFECTIVE DATE: October 26, 2000

**STATE OF MICHIGAN
90TH LEGISLATURE
REGULAR SESSION OF 2000**

Introduced by Senators Stille and Goschka

ENROLLED SENATE BILL No. 1340

AN ACT 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:

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

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

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

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

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

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

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

(a) Appropriations.

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

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

(4) The department shall use the fund to make grants to qualified grantees who apply for such grants and who submit proposals demonstrating feasibility for development of value-added agricultural processing and agricultural production ventures consistent with the purposes described in this act. Grantees may include individuals, farmer-owned cooperatives, partnerships, limited liability companies, private or public corporations, and local units of government for

projects designed to establish, retain, expand, attract, or develop value-added agricultural processing and related agricultural production operations in this state. Grant money shall be used only for land, buildings, equipment, and property acquisition and assembly, demolition, site development, utility modifications and improvements, transportation improvements, infrastructure improvements, telecommunications infrastructure, technical assistance, marketing research, business plan development, and utilization of technology designed to establish, retain, expand, attract, or develop value-added agricultural processing and related agricultural production operations in this state.

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

(6) The director of the department may impose fiduciary obligations upon a recipient of a grant, including performance bonding, and may impose conditions upon the receipt and expenditure of the grant money.

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

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

(9) The selection criteria shall give primary consideration to the ability of the proposed project to provide sound agricultural economic development in a given geographical area of this state with demonstrated economic and social benefits and the analysis of the proposed project in terms of and relative to risk, business and market planning, financial soundness, and credit-worthiness. Special consideration shall be given to those projects meeting the considerations described in this subsection and that demonstrate a high level of innovation and initiative for value-added agricultural processing and related agricultural production ventures to benefit producers in this state.

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

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

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

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

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

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

(3) Money in the fund shall be used by the department to provide grants and loans to individuals, private or public corporations, and local units of government for programs or projects established to reduce oxides of nitrogen and volatile organic compounds and for the administration of the grant and loan program.

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

(5) The director of the department may impose fiduciary obligations upon a recipient of a grant, including performance bonding, and may impose conditions upon the receipt and expenditure of the grant money.

(6) An application for a grant or loan from the fund shall be made on a form or in a format 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 under this section.

(7) The department shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this section.

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

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

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

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

(d) "Utility" means a person, firm, corporation, cooperative, association, or other agency that is subject to the jurisdiction of the commission and that distributes and sells electricity or natural gas to the public for residential use.

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

(3) A utility required by the commission to establish and administer an uncollectibles allowance recovery fund shall annually deposit into its fund the difference between the uncollectible provision as recorded in the utility's financial records for 1999 less the provision as recorded on the utility's financial records in each subsequent fiscal year.

(4) Not less than 30 days after the close of the utility's fiscal year, the utility shall inform the commission of the amount of money that the utility recorded into its fund for that year. A dispute regarding the reasonableness of an amount recorded on a utility's financial record as a provision for its uncollectible expenses or the accuracy of the amount deposited 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.

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

(7) The commission shall promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this section.

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate.

Ray E. Randall

Clerk of the House of Representatives.

Approved

.....
Governor.