

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1024

A bill to prohibit persons who have certain economic relationships with Iran from submitting bids on requests for proposals with this state, political subdivisions of this state, and other public entities; to require bidders for certain public contracts to submit certification of eligibility with the bid; to require reports; and to provide for sanctions for false certification.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "Iran
2 economic sanctions act".

3 Sec. 2. As used in this act:

4 (a) "Energy sector of Iran" means activities to develop
5 petroleum or natural gas resources or nuclear power in Iran.

1 (b) "Investment" means 1 or more of the following:

2 (i) A commitment or contribution of funds or property.

3 (ii) A loan or other extension of credit.

4 (iii) The entry into or renewal of a contract for goods or
5 services.

6 (c) "Investment activity" means 1 or more of the following:

7 (i) A person who has an investment of \$20,000,000.00 or more in
8 the energy sector of Iran.

9 (ii) A financial institution that extends \$20,000,000.00 or
10 more in credit to another person, for 45 days or more, if that
11 person will use the credit for investment in the energy sector of
12 Iran.

13 (d) "Iran" means any agency or instrumentality of Iran.

14 (e) "Iran linked business" means either of the following:

15 (i) A person engaging in investment activities in the energy
16 sector of Iran, including a person that provides oil or liquefied
17 natural gas tankers or products used to construct or maintain
18 pipelines used to transport oil or liquefied natural gas for the
19 energy sector of Iran.

20 (ii) A financial institution that extends credit to another
21 person, if that person will use the credit to engage in investment
22 activities in the energy sector of Iran.

23 (f) "Person" means any of the following:

24 (i) An individual, corporation, company, limited liability
25 company, business association, partnership, society, trust, or any
26 other nongovernmental entity, organization, or group.

27 (ii) Any governmental entity or instrumentality of a

1 government, including a multilateral development institution, as
2 defined in section 1701(c)(3) of the international financial
3 institutional act, 22 USC 262r(c)(3).

4 (iii) Any successor, subunit, parent company, or subsidiary of,
5 or company under common ownership or control with, any entity
6 described in subparagraph (i) or (ii).

7 (g) "Public entity" means this state or an agency or authority
8 of this state, school district, community college district,
9 intermediate school district, city, village, township, county,
10 public authority, or public airport authority.

11 Sec. 3. (1) Beginning April 1, 2013, an Iran linked business
12 is not eligible to submit a bid on a request for proposal with a
13 public entity.

14 (2) Beginning April 1, 2013, a public entity shall require a
15 person that submits a bid on a request for proposal with the public
16 entity to certify that it is not an Iran linked business.

17 Sec. 4. If a public entity determines, using credible
18 information available to the public, that a person has submitted a
19 false certification under section 3(2), the public entity shall
20 provide the person with written notice of its determination and of
21 the intent not to enter into or renew a contract with the person.
22 The notice shall include information on how to contest the
23 determination and specify that the person may become eligible for a
24 future contract with the public entity if the person ceases the
25 activities that cause it to be an Iran linked business. The person
26 shall have 90 days following receipt of the notice to respond in
27 writing and to demonstrate that the determination of false

1 certification was made in error. If a person does not make that
2 demonstration within 90 days after receipt of the notice, the
3 public entity may terminate any existing contract and shall report
4 the name of the person to the attorney general together with
5 information supporting the determination.

6 Sec. 5. The attorney general may bring a civil action against
7 any person reported under section 4. If a civil action results in a
8 finding that the person submitted a false certification, the person
9 is responsible for a civil penalty of not more than \$250,000.00 or
10 2 times the amount of the contract or proposed contract for which
11 the false certification was made, whichever is greater, the cost of
12 the public entity's investigation, and reasonable attorney fees, in
13 addition to the fine. A person who submitted a false certification
14 shall be ineligible to bid on a request for proposal for 3 years
15 from the date the public entity determines that the person has
16 submitted the false certification.

17 Sec. 6. The provisions of this act are effective only if Iran
18 is a state sponsor of terror as defined under section 2 of the
19 divestment from terror act, 2008 PA 234, MCL 129.292.

20 Enacting section 1. This act takes effect April 1, 2013.