

**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) "Iran" means any agency or instrumentality of Iran.

5           (b) "Iran linked business" means either of the following:

1           (i) A person with an investment in the energy sector of Iran,  
2 including a person that provides oil or liquefied natural gas  
3 tankers or products used to construct or maintain pipelines used to  
4 transport oil or liquefied natural gas for the energy sector of  
5 Iran.

6           (ii) A financial institution that extends credit to another  
7 person, if that person will use the credit for investment in the  
8 energy sector of Iran.

9           (c) "Person" means any of the following:

10           (i) An individual, corporation, company, limited liability  
11 company, business association, partnership, society, trust, or any  
12 other nongovernmental entity, organization, or group.

13           (ii) Any governmental entity or instrumentality of a  
14 government, including a multilateral development institution, as  
15 defined in section 1701(c)(3) of the international financial  
16 institutional act, 22 USC 262r(c)(3).

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

20           (d) "Public entity" means this state or an agency or authority  
21 of this state, school district, community college district,  
22 intermediate school district, city, village, township, county,  
23 public authority, or public airport authority.

24           Sec. 3. (1) Beginning January 1, 2013, an Iran linked business  
25 is not eligible to submit a bid on a request for proposal with a  
26 public entity.

27           (2) Beginning January 1, 2013, a public entity shall require a

1 person that submits a bid on a request for proposal with the public  
2 entity to certify that it is not an Iran linked business.

3 Sec. 4. If a public entity determines that a person has  
4 submitted a false certification under section 3(2), the person is  
5 subject to all of the following:

6 (a) Termination of any existing contract with the public  
7 entity, at the option of the public entity.

8 (b) Ineligibility to bid on a request for proposal for 3 years  
9 from the date the public entity determines that the person has  
10 submitted the false certification.

11 (c) Referral for civil prosecution under section 5 for  
12 collection of a fine of not more than \$250,000.00 or 2 times the  
13 amount of the contract or proposed contract for which the false  
14 certification was made, whichever is greater.

15 Sec. 5. If a public entity determines that a person has  
16 submitted a false certification under section 3(2), the public  
17 entity shall report the name of the person to the attorney general  
18 together with information supporting the determination. The  
19 attorney general may bring a civil action against the person to  
20 collect the fine under section 4(c). If a civil action results in a  
21 finding that the person submitted a false certification, the person  
22 is responsible for the cost of the public entity's investigation  
23 and reasonable attorney fees, in addition to the fine.

24 Sec. 6. (1) If a public entity determines, based on credible  
25 information, that a person that has submitted a bid on a request  
26 for proposal in violation of this act and entered into a contract  
27 with the public entity is an Iran linked business, the public

1 entity shall notify the person of the determination and of the  
2 intent not to enter into or renew a contract with the person. The  
3 notice shall include information on how to contest the  
4 determination. The notice shall specify that the person may become  
5 eligible for a future contract with the public entity if the person  
6 ceases the activities that cause it to be an Iran linked business.

7 (2) Upon the request of a person notified under subsection  
8 (1), the public entity shall provide the person it determined to be  
9 an Iran linked business with an opportunity to demonstrate to the  
10 public entity that it is not an Iran linked business. If the public  
11 entity then determines that the person is not an Iran linked  
12 business, the person shall be notified that it is not ineligible  
13 under this act to bid on a request for proposal with the public  
14 entity.

15 Enacting section 1. This act takes effect January 1, 2013.