

# HOUSE BILL No. 5599

May 8, 2012, Introduced by Reps. Brunner, Smiley, Hammel, Dillon, Ananich and Hovey-Wright and referred to the Committee on Commerce.

A bill to provide for establishing and administering a program for awarding loans and other economic development incentives to certain qualified businesses; to create a fund; and to prescribe powers and duties of certain public and state entities, officers, and agencies.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the "green  
2 to gold revolving loan fund act".

3       Sec. 2. As used in this act:

4       (a) "Advanced transportation products" means vehicles and  
5 components of automobiles and trucks and public transit vehicles  
6 that utilize 1 or more of the following:

7       (i) Hybridization or full electrification of vehicle systems.

8       (ii) Power electronics.

- 1           (iii) Vehicle, component, and subsystem manufacturing  
2 technologies and processes.
- 3           (iv) Engine efficiency and combustion optimization.
- 4           (v) Waste heat recovery.
- 5           (vi) Transmission and drivetrain efficiency.
- 6           (vii) Hydrogen vehicle technologies, including fuel cells and  
7 internal combustion engines, and hydrogen infrastructure.
- 8           (viii) Aerodynamics, rolling resistance, and accessory power  
9 loads of vehicles and associated equipment.
- 10          (ix) Vehicle weight reduction.
- 11          (x) Friction and wear reduction.
- 12          (xi) Engine and component durability.
- 13          (xii) Innovative propulsion systems.
- 14          (xiii) Advanced boosting systems.
- 15          (xiv) Hydraulic hybrid technologies.
- 16          (xv) Engine compatibility with and optimization for a variety  
17 of transportation fuels, including liquid and gaseous fuels.
- 18          (xvi) Predictive engineering, modeling, and simulation of  
19 vehicle and transportation systems.
- 20          (xvii) Refueling and charging infrastructure for alternative  
21 fueled and electric or plug-in electric hybrid vehicles, including  
22 the unique challenges facing rural areas.
- 23          (xviii) Gaseous fuels storage system integration and  
24 optimization.
- 25          (xix) Sensing, communications and actuation technologies for  
26 vehicle, electrical grid and infrastructure.
- 27          (xx) Efficient use and recycling of rare earth materials and

1 reduction of precious metals and other high-cost materials in  
2 vehicles.

3 (xxi) After-treatment technologies.

4 (xxii) Thermal management of battery systems.

5 (xxiii) Retrofitting advanced vehicle technologies to existing  
6 vehicles.

7 (b) "Clean energy products" means 1 or more of the following,  
8 including parts of each:

9 (i) Wind turbines.

10 (ii) Solar energy systems.

11 (iii) Fuel cells.

12 (iv) Advanced batteries, battery systems, or storage devices.

13 (v) Biomass equipment.

14 (vi) Geothermal equipment.

15 (vii) Advanced biofuels.

16 (viii) Ocean energy equipment.

17 (ix) Carbon capture and storage systems.

18 (c) "Fund" means the green to gold revolving loan fund  
19 established in section 3.

20 (d) "Program" means the business promotion matching grant  
21 program established under this act.

22 (e) "Qualified manufacturing business" means a business in  
23 this state that does 1 or more of the following:

24 (i) Implements energy efficiency or renewable energy measures  
25 in its facilities to enhance competitiveness.

26 (ii) Retools existing facilities in this state to produce clean  
27 energy products or advanced transportation products or to engage in

1 sustainable energy practices.

2 (iii) Creates or retains jobs in manufacturing clean energy  
3 products or advanced transportation products or engaging in  
4 sustainable energy practices.

5 (iv) Provides worker training and establishes joint training  
6 partnerships between management, labor, and educational  
7 institutions to build a skilled workforce.

8 (f) "Strategic fund" means the Michigan strategic fund created  
9 in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to  
10 125.2093.

11 (g) "Sustainable energy practices" means pollution control and  
12 energy generation that involves 1 or more of the following as  
13 determined by the strategic fund:

14 (i) Relates to the production, use, transmission, storage,  
15 control, or conservation of energy.

16 (ii) Reduces greenhouse gas concentrations.

17 (iii) Achieves the earliest and maximum emission reductions  
18 within a reasonable period per dollar invested.

19 (iv) Results in the fewest non-greenhouse-gas environmental  
20 impacts.

21 (v) Reduces the need for additional energy supplies by using  
22 existing energy supplies with greater efficiency or by  
23 transmitting, distributing, or transporting energy with greater  
24 effectiveness through the infrastructure of the United States.

25 (vi) Diversifies the sources of energy supply of the United  
26 States to strengthen energy security and increase supplies with a  
27 favorable balance of environmental effects if the entire technology

1 system is considered.

2       Sec. 3. (1) The green to gold revolving loan fund is created  
3 in the state treasury. The state treasurer may receive money or  
4 other assets for deposit into the fund from appropriations, other  
5 state revenue, federal revenue, local revenue, private  
6 contributions, or any other source. The state treasurer shall  
7 credit interest and earnings from fund investments to the fund.  
8 Money remaining in the fund at the close of each fiscal year shall  
9 remain in the fund and shall not lapse to the general fund.

10       (2) All money received from the federal government for  
11 assisting qualified manufacturing businesses in retooling for, or  
12 expanding, production of clean energy products, advanced  
13 transportation products, and sustainable energy practices shall be  
14 used for loans under this act.

15       Sec. 4. (1) The strategic fund shall provide for the  
16 development and implementation of the application, review, and  
17 evaluation process for the program, including, but not limited to,  
18 defining the eligibility standards, rating and ranking criteria,  
19 and other appropriate policies and procedures for implementing a  
20 direct loan and guarantee programs subject to all of the following  
21 provisions:

22       (a) Set clear job creation requirements for loan recipients  
23 that must be met for twice the duration of the loan. For each year  
24 in which a loan recipient falls short on its job creation  
25 requirement by more than 10%, the interest rate on the loan for the  
26 following year shall be raised by 1% for each 10% job shortfall,  
27 and the interest rate shall be raised 1/10 of 1% for each

1 additional 1% of job shortfall. If a company falls short more than  
2 50% on its job creation requirement for 2 consecutive years, that  
3 shall constitute a default on the loan.

4 (b) Ensure that the money being awarded will be used to create  
5 or retain jobs in this state.

6 (c) Establish minimum energy savings a qualified business must  
7 expect will result from the loan's utilization.

8 (d) Give priority to qualified manufacturing businesses  
9 certified by a Hollings manufacturing extension center or a  
10 manufacturing-related local intermediary, and projects that involve  
11 reequipping or expanding existing manufacturing facilities,  
12 including facilities that are idle on the date of enactment of this  
13 act and will hire Michigan residents.

14 (e) Ensure that loans under this section will be distributed  
15 to qualified manufacturing businesses throughout this state.

16 (f) Loans may be provided at terms and conditions below market  
17 to the extent that the overall program remains financially viable.

18 (2) In addition to any other requirements in this act, all  
19 qualified manufacturing business applicants shall demonstrate that  
20 they meet all of the following requirements:

21 (a) Pay individuals employed at the manufacturing facility  
22 wages that are, on average, equal to or more than state average  
23 manufacturing wages and provide health benefits.

24 (b) Require that all laborers and mechanics employed by  
25 contractors and subcontractors performing construction, alteration,  
26 or repair, which are paid for in whole or in part with funds  
27 provided by the program, shall be paid state prevailing wages.

1 (c) Provide an annual report to the strategic fund and to  
2 members of the senate and house of representatives that details  
3 total capital investments made by the qualified manufacturing  
4 business and total employment, including wage levels by type of  
5 work, in the prior year and the following 2 years. The applicant  
6 also shall estimate the number of jobs created or retained through  
7 the provision of this state assistance, as well as provide other  
8 appropriate performance data, as determined by the strategic fund.

9 (d) Demonstrate that they have the ability to repay the loans.

10 (e) Comply with applicable federal, state, and local  
11 environmental, labor, and other laws and regulations.

12 (f) Provide health insurance benefits for all full-time  
13 employees.

14 (g) The employer's turnover rate has not exceeded 20% annually  
15 at any facility where money obtained through the program will be  
16 used.

17 Sec. 5. (1) Beginning October 1, 2012 and annually thereafter,  
18 the strategic fund shall post on its website a report on the  
19 program's activities and impact on the clean energy industry and on  
20 the state's economy, in general.

21 (2) At a minimum, the report described in subsection (1) shall  
22 include all of the following:

23 (a) The total amount of money in the green to gold fund, at  
24 the beginning of the fiscal year and at the end of the fiscal year.

25 (b) The number of projects funded and the number of qualified  
26 manufacturing businesses assisted.

27 (c) The number of jobs created and the number of jobs retained

1 through program assistance in each of the fiscal years.

2 (d) The amount of investments made by the qualified  
3 manufacturing businesses in the immediately preceding year to their  
4 assistance and the subsequent 2 years.

5 (e) The amount of federal, state, and local taxes paid by the  
6 qualified manufacturing businesses in aggregate. Information on  
7 publicly held qualified manufacturing businesses also shall be  
8 reported separately.

9 (f) The sales increased or retained by all qualified  
10 manufacturing businesses that received assistance.

11 (g) The amount of energy saved through energy efficiency  
12 upgrades or generated through on-site renewable energy systems.