

**SUBSTITUTE FOR  
HOUSE BILL NO. 5479**

A bill to prohibit persons who have certain economic relationships with Iran and other state sponsors of terror 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 and other state sponsors of terror economic sanctions act".

3           Sec. 2. As used in this act:

4           (a) "Person" means any of the following:

5           (i) An individual, corporation, company, limited liability

## House Bill No. 5479 (H-2) as amended April 24, 2012

1 company, business association, partnership, society, trust, or any  
2 other nongovernmental entity, organization, or group.

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

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

10 (b) "Public entity" means this state or an agency, school  
11 district, community college district, intermediate school district,  
12 city, village, township, or county of this state.

13 (c) "State sponsor of terror" means that term as defined in  
14 section 2 of the divestment from terror act, 2008 PA 234, MCL  
15 129.292.

16 (d) "State sponsor of terror linked business" means a person  
17 that has [direct] investments in a state sponsor of terror or holds a  
18 contract with a state sponsor of terror or a political subdivision  
19 of a state sponsor of terror. [A state sponsor of terror linked  
20 business does not include a social development company as defined in  
section 2 of the divestment from terror act, 2008 PA 234, MCL 129.292.]

21 Sec. 3. (1) A state sponsor of terror linked business is not  
22 eligible to submit a bid on a request for proposal with a public  
entity.

23 (2) A public entity shall require a person that submits a bid  
24 on a request for proposal with the public entity to certify that it  
25 is not a state sponsor of terror linked business.

26 (3) This section is not effective against a state sponsor of  
27 terror linked business if the state sponsor of terror associated

1 with that state sponsor of terror linked business is no longer  
2 sanctioned by the United States government.

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 and entered into a contract with the public entity is  
27 a state sponsor of terror linked business, the public entity shall

1 notify the person of the determination and of the intent not to  
2 enter into or renew a contract with the person. The notice shall  
3 include information on how to contest the determination. The notice  
4 shall specify that the person may become eligible for a future  
5 contract with the public entity if the person ceases the activities  
6 that cause it to be a state sponsor of terror 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 a state sponsor of terror linked business with an opportunity to  
10 demonstrate to the public entity that it is not a state sponsor of  
11 terror linked business. If the public entity then determines that  
12 the person is not a state sponsor of terror linked business, the  
13 person shall be notified that it is not ineligible under this act  
14 to bid on a request for proposal with the public entity.

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