

SENATE BILL NO. 664

October 30, 2025, Introduced by Senator ALBERT and referred to Committee on Government Operations.

A bill to amend 2000 PA 322, entitled
"Julian-Stille value-added act,"
by amending section 2 (MCL 285.302), as amended by 2006 PA 423.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. (1) As used in this section and sections 2a and 2b:
2 (a) "Agricultural processing" means 1 or more of the
3 operations that transform, package, sort, or grade livestock or
4 livestock products, agricultural commodities, or plant or plant
5 products into goods that are used for the intermediate or final
6 consumption including goods for nonfood use.

1 (b) "Commercialization" means the transition from research to
2 the actions necessary to achieve market entry and general market
3 competitiveness of new innovative technologies, processes, and
4 products and the services that support, assist, equip, finance, or
5 promote a person or an entity with that transition.

6 (c) "Department" means the Michigan department of agriculture
7 **and rural development.**

8 (d) "Eligible grantee" means a person able to receive a grant
9 under this section and includes, but is not limited to,
10 individuals, farmer owned cooperatives, partnerships, limited
11 liability companies, private or public corporations, and local
12 units of government.

13 (e) "Fund" means the agricultural development fund created in
14 section 2a.

15 (f) "Joint evaluation committee" means a committee selected by
16 the commission of agriculture **and rural development** with
17 appropriate expertise to conduct an independent, unbiased,
18 objective, and competitive evaluation of grant proposals. The
19 committee shall include at least 3 producers, including 1 plant
20 agricultural producer, 1 animal agricultural producer, and another
21 producer at large, an individual with a scientific agriculture
22 education, and an agricultural financial lender.

23 (g) "Qualified agricultural loan" means a loan for projects
24 designed to establish, retain, attract, or develop value-added
25 agricultural processing and related agricultural production
26 operations in this state.

27 (h) "Specialty crops" means any agricultural commodity except
28 wheat, feed grains, oil seeds, cotton, rice, peanuts, and tobacco,
29 as well as products derived from these agricultural commodities.

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

6 (2) The department shall establish and administer an
7 agricultural value-added grant program. The commission of
8 agriculture **and rural development** shall award grants from the fund
9 created in section 2a only for projects designed to establish,
10 retain, expand, attract, or develop value-added agricultural
11 processing and related agricultural production operations in this
12 state. In approving a grant under this subsection, the commission
13 of agriculture **and rural development** shall state the specific
14 objective reasons supporting the selection of the applicant over
15 competing applicants. The joint evaluation committee shall assist
16 and provide recommendations to the commission of agriculture in
17 identifying high-quality projects for funding based upon the
18 selection criteria and scoring system approved by the commission of
19 agriculture. The recommendations ~~shall~~**must** include all materials
20 and decision documents used by the joint evaluation committee in
21 making the recommendations.

22 (3) All scoring sheets, meetings, and other decisions made by
23 the joint evaluation committee shall be open to the public and
24 considered public documents. A record or portion of a record,
25 material, or other data received, prepared, used, or retained by
26 the department in connection with an application to or with a
27 project or product assisted by the department or with an award,
28 grant, loan, or investment relating to financial or proprietary
29 information submitted by the applicant that is considered by the

1 applicant and acknowledged by the department as confidential ~~shall~~
2 ~~is~~ not ~~be~~ subject to the disclosure requirements of the freedom of
3 information act, 1976 PA 442, MCL 15.231 to 15.246.

4 (4) Subject to subsection (2), the department shall do all of
5 the following:

6 (a) Establish a competitive process to award grants. The
7 competitive process ~~shall~~ **must** include, but is not limited to, **all**
8 **of** the following:

9 (i) A provision that the applications must be reviewed by the
10 joint evaluation committee. Scientific and technical merit,
11 commercial merit, and the ability to leverage additional funding
12 ~~shall~~ **must** be given equal weight in the review and scoring process.

13 (ii) A preference for proposals that demonstrate a high level
14 of innovation for value-added agricultural processing and related
15 agricultural production ventures to benefit producers in this
16 state.

17 (iii) A preference for proposals that are attempting to secure a
18 license for agricultural-related intellectual property to be
19 produced in ~~Michigan~~ **this state**.

20 (iv) A provision that the program will utilize contracts with
21 measurable milestones, clear objectives, and provisions to revoke
22 awards for breach of contract.

23 (v) Provide for a cash match of ~~at least~~ **not less than** 10% of
24 the grant by the applicant.

25 (vi) Limit overhead rates for recipients of grants to reflect
26 actual overhead but not greater than 15% of the grant.

27 (vii) A preference for proposals whose business plan forecasts
28 revenues within 2 years or that have outside investments from
29 investors with experience and management teams with experience in

1 the area targeted by the proposal, or both.

2 (b) Prepare a request for proposals on at least an annual
3 basis for grants for eligible grantees from the fund. Grants are
4 contingent upon the availability of funds.

5 (5) Subject to subsection (4)(a)(i), an application for a grant
6 submitted under this section ~~shall~~**must** be evaluated and ranked
7 according to selection criteria and a scoring or point system
8 approved by the director of the department. The selection criteria
9 and the scoring or point system ~~shall~~**must** be reviewed and approved
10 by the commission of agriculture **and rural development**. In
11 developing ~~such a~~**the scoring or point** system, the department shall
12 seek the assistance of the ~~Michigan economic development~~
13 ~~corporation,~~**bureau of fair competition and free enterprise created**
14 **in section 7 of the economic development fair competition and free**
15 **enterprise act**, any institution of higher education, the United
16 States ~~department of agriculture rural development agency,~~
17 **Department of Agriculture Rural Development agency**, the ~~rural~~
18 ~~development council of Michigan~~ **Rural Development Council**,
19 agricultural producers, and other industry and professional
20 organizations as determined by the director of the department.

21 (6) The commission of agriculture **and rural development** shall
22 ensure that a recipient of a grant under this section agrees that,
23 as a condition of receiving the grant, that recipient shall not use
24 the money for the development of a casino regulated under the
25 Michigan ~~gaming control and revenue act, the Initiated Law of 1996,~~
26 **Gaming Control and Revenue Act, 1996 IL 1**, MCL 432.201 to 432.226,
27 a casino regulated under the Indian gaming regulatory act, Public
28 Law 100-497, ~~102 Stat. 2467,~~ or any other gaming enterprise.

29 (7) The department, in cooperation with the department of

1 treasury and Michigan financial institutions, shall establish a
2 low-interest loan program in a manner similar to the qualified
3 agricultural loan program established in section 2a of 1855 PA 105,
4 MCL 21.142a, or a loan guarantee program to provide qualified
5 agricultural loans. The department of treasury shall give the
6 department any necessary assistance required to establish a low-
7 interest loan or loan guarantee program. The department shall work
8 with Michigan financial institutions to establish a certification
9 system to verify that loan applicants are requesting qualified
10 agricultural loans. As part of the low-interest loan program, the
11 department shall do **all of** the following:

12 (a) Work with the department of treasury to establish
13 agreements with participating financial institutions.

14 (b) Ensure that an investment or new investment utilizing the
15 21st century jobs fund in which a qualified agricultural loan is
16 attributed is not made ~~pursuant to~~**under** this section after June 1,
17 2008.

18 (c) Ensure that the terms of a qualified agricultural loan
19 under this section ~~are~~**provide that the qualified agricultural loan**
20 **be** for a term of not more than 5 years and that the **recipient must**
21 **make the** first payment ~~made by the recipient occurs~~ not later than
22 24 months after the date of the loan.

23 (d) Ensure that the interest rate charged by participating
24 financial institutions does not exceed 50% of prime in ~~Michigan~~
25 **this state** plus 1%.

26 (e) Ensure that participating financial institutions do not
27 refinance prior debt.

28 (f) Require a participating financial institution to certify
29 compliance with the Sarbanes-Oxley act of 2002, Public Law 107-204,

1 or prohibit an officer, director, or principal shareholder of a
2 participating financial institution, or his or her immediate family
3 members, from receiving an agricultural value-added low-interest
4 loan from the financial institution.

5 (g) Require the recipient of a qualified agricultural loan
6 under this section to agree that, as a condition of receiving the
7 loan, that the recipient shall not use the money for the
8 development of a casino regulated under the Michigan ~~gaming control~~
9 ~~and revenue act, the Initiated Law of 1996, Gaming Control and~~
10 **Revenue Act, 1996 IL 1**, MCL 432.201 to 432.226, a casino regulated
11 under the Indian gaming regulatory act, Public Law 100-497, ~~102~~
12 ~~Stat. 2467,~~ or any other gaming enterprise.

13 (8) As part of a loan guarantee program, the department shall
14 do **all of** the following:

15 (a) Work with the department of treasury to establish
16 agreements with participating financial institutions.

17 (b) Ensure that participating financial institutions require
18 adequate collateral and fully liquidate all collateral before
19 calling on the loan guarantees.

20 (c) Establish a loan guarantee of not more than 90% of the
21 financial institution's loss after all alternatives to collect have
22 been exhausted.

23 (d) Ensure that participating financial institutions do not
24 refinance prior debt.

25 (e) Require a participating financial institution to certify
26 compliance with the Sarbanes-Oxley act of 2002, Public Law 107-204,
27 or prohibit an officer, director, or principal shareholder of a
28 participating financial institution, or his or her immediate family
29 members, from receiving an agricultural value-added loan guarantee

1 from the financial institution.

2 (f) Require the recipient of a qualified agricultural loan
 3 under this section to agree that, as a condition of receiving the
 4 loan guarantee, that the recipient shall not use the money for the
 5 development of a casino regulated under the Michigan ~~gaming control~~
 6 ~~and revenue act, the Initiated Law of 1996,~~ **Gaming Control and**
 7 **Revenue Act, 1996 IL 1**, MCL 432.201 to 432.226, a casino regulated
 8 under the Indian gaming regulatory act, Public Law 100-497, ~~102~~
 9 ~~Stat. 2467,~~ or any other gaming enterprise.

10 (g) Maintain a list of financial institutions that will
 11 participate in the loan guarantee program.

12 (9) The director of the department may impose fiduciary
 13 obligations upon a recipient of a grant, including performance
 14 bonding, and may impose conditions ~~upon~~ **on** the receipt and
 15 expenditure of the grant money.

16 (10) Notwithstanding section 3(1) of 1968 PA 317, MCL 15.323,
 17 members of the commission of agriculture **and rural development** and
 18 the joint evaluation committee are subject to 1968 PA 317, MCL
 19 15.321 to 15.330. As used in this subsection, "substantial conflict
 20 of interest" means that the pecuniary interest is of such
 21 importance as to either materially influence the judgment of the
 22 member in the actual performance of his or her duty under the act
 23 or to foreseeably and materially influence the judgment of a
 24 reasonable person with similar knowledge and experience acting
 25 under similar circumstances and in a like position as the member.
 26 For purposes of this section, members of the commission of
 27 agriculture **and rural development** and the joint evaluation
 28 committee shall do the following:

29 (a) Discharge the duties of the position in a nonpartisan

1 manner, in good faith, in the best interests of this state, and
2 with the degree of diligence, care, and skill that a fiduciary
3 would exercise under similar circumstances in a like position. In
4 discharging duties of the office, the commission of agriculture **and**
5 **rural development** when acting in good faith may rely ~~upon~~**on** the
6 report of the joint evaluation committee or ~~upon~~**on** financial
7 statements of the department represented to the commission of
8 agriculture by the officer having charge of its books or accounts
9 or stated in a written report by the auditor general.

10 (b) Not make or participate in making, or in any way attempt
11 to use his or her position to influence a matter before the
12 department regarding, a loan, loan guarantee, grant, or other
13 expenditure under this act.

14 (c) Not have any financial interest in a recipient of proceeds
15 under this act and shall not engage in any conduct that constitutes
16 a substantial conflict of interest.

17 (d) Immediately advise the commission of agriculture **and rural**
18 **development** in writing of the details of any incident or
19 circumstances that may present the existence of a substantial
20 conflict of interest with respect to the performance of his or her
21 duty under this act.

22 (e) Disclose a substantial conflict of interest related to any
23 matter before the department or the commission of agriculture **and**
24 **rural development** takes any action with respect to the matter,
25 which disclosure ~~shall~~**must** become a part of the record of the
26 official proceedings.

27 (f) Refrain from doing all of the following with respect to
28 the matter that is a basis of a substantial conflict of interest:

29 (i) Voting in the proceedings related to the matter.

1 (ii) Participating in the discussion or deliberation of the
2 matter.

3 (iii) Being present at the meeting when the discussion,
4 deliberation, and voting on the matter takes place.

5 (iv) Discussing the matter with any other member of the
6 commission of agriculture or the joint evaluation committee.

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

12 (12) The department shall promulgate rules under the
13 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
14 24.328, to implement this section.

15 (13) ~~The amendatory act that added subsection (5) shall~~**2006**
16 **PA 423 does** not affect any grants awarded under this act ~~prior to~~
17 ~~the effective date of the amendatory act that added subsection~~
18 ~~(5).~~**before September 29, 2006.**

19 Enacting section 1. This amendatory act does not take effect
20 unless Senate Bill No. 631 of the 103rd Legislature is enacted into
21 law.