

# HOUSE BILL No. 5352

December 12, 1989, Introduced by Rep. Law and referred to the Committee on Appropriations.

A bill to provide for loans as an incentive to develop foreign exports; to establish the export incentive fund; to prescribe the powers and duties of certain state departments and agencies; and to provide for penalties.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 1. This act shall be known and may be cited as the  
2 "export incentive act".

3       Sec. 2. As used in this act:

4       (a) "Department" means the department of commerce.

5       (b) "Fund" means the export incentive fund created under  
6 section 4.

7       (c) "Program" means the export incentive program as estab-  
8 lished in section 3.

9       (d) "Qualifying business" means a person who is doing  
10 business in this state who has not more than 500 employees and

1 who is involved in manufacturing or providing services which may  
2 result in substantial export sales.

3       Sec. 3. The export incentive program is established in the  
4 department. The department shall encourage qualifying busi-  
5 nesses, through the granting of loans, to develop foreign  
6 markets.

7       Sec. 4. (1) The export incentive fund is created as a sepa-  
8 rate fund in the department of treasury. The fund shall be  
9 expended only as provided in this act.

10       (2) The state treasurer shall credit to the fund all amounts  
11 appropriated from public or private sources consistent with the  
12 purposes provided for in this act.

13       (3) The state treasurer shall direct the investment of the  
14 fund, and all interest and earnings from fund investments shall  
15 be credited to the fund.

16       (4) Money in the fund at the end of a fiscal year shall not  
17 revert to the general fund but be carried over in the fund to the  
18 next and succeeding fiscal year to be used for the purposes pro-  
19 vided for in this act.

20       (5) The department shall be responsible for administering  
21 the fund.

22       Sec. 5. (1) An applicant for a loan under this act shall  
23 demonstrate to the department all of the following:

24       (a) The applicant is a qualifying business.

25       (b) The applicant's product or service will be marketable in  
26 a foreign country or region.

1 (c) The applicant will expend a specified amount of capital,  
2 stated in the application, to promote its product or service in  
3 the foreign market.

4 (2) Determination of eligibility to receive a loan under  
5 this act shall be made by the department.

6 Sec. 6. (1) The department may grant a loan to an applicant  
7 for an amount the department determines to be appropriate, up to  
8 \$50,000.00.

9 (2) A qualifying business may use a loan for any of the  
10 following:

11 (a) Export expenses.

12 (b) Foreign market office accommodations.

13 (c) Foreign market staff costs.

14 (d) Training costs.

15 (e) Travel expenses to and from the foreign market.

16 (f) Sales promotion costs.

17 (g) Legal costs.

18 (3) A qualifying business shall not use a loan for any of  
19 the following:

20 (a) Costs directly related to the manufacture and distribu-  
21 tion of the product or service.

22 (b) Entertainment.

23 (c) Market research.

24 (d) Continuing costs of an existing facility.

25 Sec. 7. (1) A qualifying business shall repay a loan  
26 granted under this act without interest, within 3 years from the  
27 date the loan was made.

1       (2) The department of treasury shall credit repayments on  
2 loans to the fund.

3       Sec. 8. (1) A recipient of a loan under this act who vio-  
4 lates a provision of this act or makes a false and misleading  
5 statement regarding eligibility for a loan under this act is  
6 guilty of a felony, punishable by imprisonment for not more than  
7 2 years, or a fine of not more than \$5,000.00, or both.

8       (2) If a recipient of a loan under this act violates a pro-  
9 vision of this act, the department may declare the loan in  
10 default and, in addition to the original loan amount, may seek a  
11 civil penalty equal to 10% of the loan amount.