MEMORANDUM **January 22, 2026**

To: Members, Michigan House Committee on Economic Competitiveness
From: John Moolenaar, Chairman, House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party; Congressman MI-2
Re: Protecting State Tax Dollars from Companies Complicit in Forced Labor and CCP Human Rights Abuses, HB 5288

Executive Summary

American tax dollars should not subsidize companies tied to forced labor or the Chinese Communist Party's (CCP) system of repression. The bill before you, HB 5288, will bar tax incentive deals with firms on the Uyghur Forced Labor Prevention Act (UFLPA) Entity List and require state economic development deals to include a clawback provision if recipients are later added. This bill builds on critical, bipartisan work done at the federal level over the past few years. It aligns state economic development practices with federal law, national security priorities, and the will of the people.

What the UFLPA Is and Why It Matters

The CCP's use of forced labor against Uyghurs and other ethnic minorities in Xinjiang is widespread, systematic, and exhaustively documented[1]. Ending it has been a bipartisan priority in Congress for nearly a decade and the UFLPA is a significant achievement in that fight. Passed in 2022, the UFLPA establishes a rebuttable presumption that goods made wholly or in part in Xinjiang, or by entities linked to Xinjiang forced labor, are inadmissible to the United States unless importers can prove otherwise with clear and convincing evidence[2]. The UFLPA entity list is a compliance tool under UFLPA, which specifically names companies whose products face that rebuttable presumption. The entity list is rigorously maintained by the interagency Forced Labor Enforcement Task Force, chaired by the Department of Homeland Security[3]. Companies are added after extensive documentation proves their practices violate U.S. standards.

The Committee's Work: Keeping U.S. Dollars Out of Forced Labor Supply Chains

For the past three years, the House Select Committee on the CCP has led the charge in building on the UFLPA. The committee's oversight has highlighted how prominent companies ' operations and ownership structures create risk of CCP control, exposure to forced labor supply chains, and national security vulnerabilities[4]. Based on these risks, the committee's work has contributed to additions to the UFLPA Entity List[5], spurred legislation to prevent federal departments from purchasing batteries and related products from entities implicated in forced labor or beholden to the CCP[6], and resulted in federal law that prohibits taxpayer dollars from the Inflation Reduction Act in the from going to CCP-affiliated companies[7].

Why States Must Act Too

Federal enforcement alone is not enough. When state governments provide tax abatements, credits, grants, or infrastructure support to companies that may be later found on or added to the UFLPA Entity List, taxpayers are exposed to financial, reputational, and security risks. Worse, subsidies can undercut law-abiding American businesses that treat workers well. Yet, no current guardrails exist in state law to prevent this from happening, and Michigan has been at the forefront of risk.

In 2022, Michigan announced a tax incentive deal worth $715 million with Gotion[8]. In 2025, that deal was ultimately cancelled, but not before tax payers lost $24 million in site preparation costs[9]. Meanwhile, in those ensuring years the committee documented that Gotion had extensive ties to both forced labor and CCP-control[4].

HB 5288 is prudent in both preventing incentive deals with known bad actors and providing accountability for companies that may initially fly under the radar. It stops incentive deals with companies already identified under UFLPA, and adds a clawback plus a 10% penalty if a subsidized company is later added to the Entity List, not just protecting taxpayers but deterring future misconduct.

Conclusion

America should make things in America and do so without rewarding foreign regimes and companies that abuse workers and flout the rule of law. Communities deserve development that is transparent, lawful, and aligned with our values.

Preventing state tax dollars from flowing to companies complicit in human rights abuses safeguards public funds, strengthens fair competition, and ensures that growth does not come at the cost of forced labor. I urge the Committee to advance this bill and set a clear standard: no subsidies for slave labor at any level of government.

Footnotes

[1] U.S. Department of Labor, Bureau of International Labor Affairs, *Against Their Will: The Situation in Xinjiang*, https://www.dol.gov/agencies/ilab/against-their-will-the-situation-in-xinjiang.
[2] Uyghur Forced Labor Prevention Act, Pub. L. No. 117-78 (2021), https://www.govinfo.gov/app/details/PLAW-117publ78.
[3] U.S. Department of Homeland Security, *Forced Labor Enforcement Task Force*, https://www.dhs.gov/forced-labor-enforcement-task-force.
[4] House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, *Moolenaar, Rubio Lawmakers Uncover Shocking New Evidence of Slave Labor Links*, press release, https://chinaselectcommittee.house.gov/media/press-releases/moolenaar-rubio-lawmakers-uncover-shocking-new-evidence-slave-labor-links.
[5] House Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party, *Moolenaar, Green, Gimenez on DHS Blacklisting Major Supplier of CCP-Aligned Gotion, CATL Battery Companies for Forced Labor*, press release, https://chinaselectcommittee.house.gov/media/press-

releases/moolenaar-green-gimenez-on-dhs-blacklisting-major-supplier-of-ccp-aligned-gotion-catl-battery-companies-for-forced-labor.

[6] H.R. 1166, 119th Cong. (2025), *All Actions*, https://www.congress.gov/bill/119th-congress/house-bill/1166/all-actions.

[7] Office of Rep. John Moolenaar, *Moolenaar s No Gotion" Policy Advances in House Budget*, press release, https://moolenaar.house.gov/media-center/press-releases/moolenaars-no-gotion-policy-advances-house-budget.

[8] Office of Governor Gretchen Whitmer, *Whitmer Announces New Battery Component Manufacturing Facility in Big Rapids* (Oct. 5, 2022), https://www.michigan.gov/whitmer/news/press-releases/2022/10/05/whitmer-announces-new-battery-component-manufacturing-facility-in-big-rapids.

[9] Mackinac Center for Public Policy, *MEDC Admits Failure of Gotion Project After Mackinac Center Warning* (2025), https://www.mackinac.org/pressroom/2025/medc-admits-failure-of-gotion-project-mackinac-center-warned-about.