

SUBSTITUTE FOR
SENATE BILL NO. 359

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2093) by adding chapter 7A.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 7A

1
2 SEC. 78. (1) THE BIOSCIENCES RESEARCH AND COMMERCIALIZATION
3 CENTER DESCRIBED IN SECTION 381 OF 2003 PA 173 IS CREATED IN THE
4 FUND AND SHALL BE LOCATED AT WESTERN MICHIGAN UNIVERSITY IN
5 KALAMAZOO. THE CENTER SHALL COORDINATE RESEARCH INITIATIVES AND
6 PROVIDE AN ORGANIZATIONAL HOME FOR SCIENTISTS AS THEY WORK TO
7 ESTABLISH NEW BUSINESSES, OBTAIN EXTRAMURAL FUNDING TO SUPPORT
8 RESEARCH PROGRAMS, AND DEVELOP A CENTER OF EXCELLENCE TO PROMOTE
9 LIFE SCIENCES RESEARCH AND COMMERCIALIZATION IN THIS STATE. THE
10 CENTER SHALL ALSO UNDERTAKE COLLABORATIVE EFFORTS WITH PRIVATE

1 SECTOR ENTITIES TO DEVELOP NOVEL PHARMACEUTICAL PRODUCTS IN
2 SPECIALIZED THERAPEUTIC AREAS. THE CENTER SHALL PROVIDE AN
3 ORGANIZATIONAL STRUCTURE FOR RESEARCH SCIENTISTS AND ENGINEERS, AN
4 ENTITY TO RECEIVE AND LICENSE INTELLECTUAL PROPERTY, AND A VEHICLE
5 FOR ENTREPRENEURIAL ACTIVITIES REQUIRED FOR COMMERCIALIZATION. THE
6 MISSION OF THE CENTER WILL BE TO DISCOVER NEW KNOWLEDGE, TO
7 GENERATE AND ACQUIRE INTELLECTUAL PROPERTY, TO COMMERCIALIZE
8 INTELLECTUAL PROPERTY, AND TO ENRICH THE INTELLECTUAL CULTURE OF
9 THE COMMUNITY. IN ORDER TO RECEIVE FUNDING, THE CENTER SHALL DO ALL
10 OF THE FOLLOWING:

11 (A) SUBMIT A PROPOSAL AND DETAILED BUSINESS PLAN TO THE
12 STEERING COMMITTEE THAT SHOWS THE CENTER'S ABILITY TO IMPLEMENT THE
13 ACTIVITIES ESTABLISHED IN THIS SUBSECTION. THE PROPOSAL SHALL BE
14 REVIEWED BY AN INDEPENDENT PEER REVIEW COMMITTEE AND APPROVED BY
15 THE STEERING COMMITTEE. THE PROPOSAL SHALL INCLUDE ALL OF THE
16 FOLLOWING:

17 (i) A BUSINESS PLAN FOR THE OPERATIONS OF THE CENTER, INCLUDING
18 5-YEAR BUDGET FORECASTS.

19 (ii) A PLAN FOR MANAGEMENT OVERSIGHT OF THE CENTER.

20 (iii) INTELLECTUAL PROPERTY COMMERCIALIZATION PLANS.

21 (iv) A MARKETING PLAN.

22 (v) A PLAN FOR PRIVATE SECTOR COLLABORATION.

23 (B) DEMONSTRATE THE ABILITY TO LEVERAGE SIGNIFICANT ADDITIONAL
24 PUBLIC AND PRIVATE INVESTMENT AND PROVIDE A MINIMUM OF 25% MATCHING
25 FUNDS.

26 (C) ENSURE THAT 10% OF ANY ROYALTIES OR RETURN ON INVESTMENT
27 DIRECTLY RELATED TO RESEARCH OR COMMERCIALIZATION ACTIVITIES

1 DEVELOPED BY THE CENTER SHALL BE PROVIDED TO THE COMMERCIAL
2 DEVELOPMENT FUND UNTIL THE INITIAL \$10,000,000.00 APPROPRIATION
3 MADE IN 2003 PA 173 IS REPAID. ONCE THE INITIAL \$10,000,000.00
4 APPROPRIATION IS REPAID, 3% OF ANY ROYALTIES OR RETURN ON
5 INVESTMENT DIRECTLY RELATED TO RESEARCH OR COMMERCIALIZATION
6 ACTIVITIES DEVELOPED BY THE CENTER SHALL BE PROVIDED TO THE
7 COMMERCIAL DEVELOPMENT FUND.

8 (D) DEMONSTRATE A COMMITMENT TO ENTER INTO COLLABORATIVE
9 RESEARCH PROJECTS WITH UNIVERSITIES OR PRIVATE RESEARCH FACILITIES
10 IN THIS STATE.

11 (E) ESTABLISH A SEPARATE GOVERNING BOARD OF DIRECTORS THAT
12 INCLUDES THE FOLLOWING MEMBERS:

13 (i) CHIEF EXECUTIVE OFFICER OF THE MICHIGAN ECONOMIC
14 DEVELOPMENT CORPORATION.

15 (ii) DIRECTOR OF THE VAN ANDEL INSTITUTE.

16 (iii) DIRECTOR OF THE DEPARTMENT OF LABOR AND ECONOMIC GROWTH.

17 (iv) ONE PRIVATE SECTOR MEMBER OF THE LIFE SCIENCES STEERING
18 COMMITTEE.

19 (v) OTHER MEMBERS FROM THE PUBLIC AND PRIVATE SECTORS.

20 (F) ESTABLISH AND OPERATE THE MICHIGAN LIFE SCIENCE PIPELINE.
21 THE PIPELINE SHALL BEGIN OPERATIONS NOT LATER THAN APRIL 1, 2006.
22 THE MICHIGAN LIFE SCIENCE PIPELINE SHALL DO ALL OF THE FOLLOWING:

23 (i) RECRUIT MICHIGAN BASED COMPANIES INVOLVED IN LIFE SCIENCE
24 RESEARCH AND COMMERCIALIZATION TO AFFILIATE THEMSELVES WITH THE
25 PIPELINE.

26 (ii) MARKET THE SERVICES OF MEMBERS OF THE PIPELINE TO DEVELOP
27 BUSINESS FOR MEMBERS OF THE PIPELINE.

1 (iii) OTHERWISE ASSIST MEMBERS OF THE PIPELINE TO DEVELOP LIFE
2 SCIENCE RESEARCH AND COMMERCIALIZATION IN THIS STATE.

3 (iv) PROVIDE THAT MEMBERS OF THE PIPELINE PROVIDE SERVICES TO
4 QUALIFIED BUSINESSES UNDER THE LIFE SCIENCE INVESTMENT AUTHORITY
5 ACT AT PRICES THAT ARE COMPETITIVE WITHIN THE INDUSTRY AS
6 DETERMINED BY THE PIPELINE.

7 (v) REPORT TO THE LIFE SCIENCE INVESTMENT AUTHORITY CREATED
8 UNDER THE LIFE SCIENCE INVESTMENT AUTHORITY ACT THOSE INDIVIDUALS
9 WHO ARE MEMBERS OF THE PIPELINE AND WHICH SERVICES ARE AND ARE NOT
10 AVAILABLE FROM MEMBERS OF THE PIPELINE.

11 (vi) AT THE DISCRETION OF THE PIPELINE, CHARGE A REASONABLE FEE
12 TO MEMBERS OF THE PIPELINE BASED ON THE SERVICES PROVIDED TO THE
13 MEMBERS OF THE PIPELINE.

14 (2) FROM THE FUNDS APPROPRIATED TO THE CENTER, ANY UNEXPENDED
15 OR UNENCUMBERED BALANCE SHALL BE DEPOSITED INTO A WORK PROJECT
16 ACCOUNT AND SUBJECT TO THE MANAGEMENT AND BUDGET ACT, 1984 PA 431,
17 MCL 18.1101 TO 18.1594.

18 (3) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION SHALL
19 PROVIDE A REPORT TO THE SENATE MAJORITY LEADER, SPEAKER OF THE
20 HOUSE OF REPRESENTATIVES, CHAIRS OF THE APPROPRIATIONS COMMITTEES
21 AND MEMBERS OF THE RELATED SUBCOMMITTEES, THE SENATE AND HOUSE
22 FISCAL AGENCIES, AND THE STATE BUDGET DIRECTOR BY FEBRUARY 1 IN
23 EACH YEAR ON THE STATUS OF THE CENTER, THE STATUS OF THE
24 APPROPRIATION FOR THE CENTER, AND A LISTING OF THE ACTIVITIES OF
25 THE CENTER THAT HAVE BEEN PAID FOR WITH ANY ALLOCATION FROM THE
26 APPROPRIATION.

27 (4) THE CENTER SHALL PROVIDE PROGRESS REPORTS NOT LATER THAN

1 FEBRUARY 1 AND JULY 1 TO THE MICHIGAN ECONOMIC DEVELOPMENT
2 CORPORATION FOR THE DURATION OF THE AWARD TO THE CENTER.

3 (5) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION AND STEERING
4 COMMITTEE SHALL HAVE ACCESS AT ALL REASONABLE TIMES TO THE RECORDS
5 OF THE CENTER IN ORDER TO MONITOR THE RESEARCH PROJECTS AND PREPARE
6 PROGRESS REPORTS.

7 (6) IF THE CENTER FAILS TO PROVIDE THE MICHIGAN ECONOMIC
8 DEVELOPMENT CORPORATION WITH THE INFORMATION OR ACCESS REQUIRED
9 UNDER THIS SECTION, THE CENTER IS LIABLE TO THIS STATE FOR A
10 PENALTY OF NOT LESS THAN \$500.00 PER DAY TO COMMENCE WITHIN 10 DAYS
11 AFTER THE FEBRUARY 1 OR JULY 1 REPORTING DATE AND NOT LESS THAN
12 \$1,000.00 PER DAY TO COMMENCE 20 DAYS AFTER THE FEBRUARY 1 OR JULY
13 1 REPORTING DATE. A PENALTY UNDER THIS SUBSECTION MAY BE WITHHELD
14 FROM FUTURE APPROPRIATIONS.

15 (7) IF THE CENTER FAILS TO RETURN ROYALTIES OR RETURN ON
16 INVESTMENT TO THE COMMERCIAL DEVELOPMENT FUND WITHIN 5 YEARS, A
17 PLAN SHALL BE DEVELOPED BETWEEN THE CENTER AND THE MICHIGAN
18 ECONOMIC DEVELOPMENT CORPORATION TO PROVIDE REPAYMENT OF THE
19 \$10,000,000.00 INITIAL APPROPRIATION PROVIDED IN 2003 PA 173.

20 (8) AS USED IN THIS SECTION:

21 (A) "CENTER" MEANS THE BIOSCIENCES RESEARCH AND
22 COMMERCIALIZATION CENTER CREATED IN THIS SECTION.

23 (B) "COMMERCIAL DEVELOPMENT FUND" MEANS THE COMMERCIAL
24 DEVELOPMENT FUND ORIGINALLY CREATED IN SECTION 418 OF 1999 PA 120.

25 (C) "PIPELINE" MEANS THE MICHIGAN LIFE SCIENCE PIPELINE
26 ESTABLISHED IN THIS SECTION.

27 (D) "STEERING COMMITTEE" MEANS THE LIFE SCIENCES AND

1 TECHNOLOGY TRI-CORRIDOR STEERING COMMITTEE ORIGINALLY CREATED IN
2 SECTION 410 OF 2003 PA 169.

3 Enacting section 1. This amendatory act does not take effect
4 unless Senate Bill No. 358 of the 93rd Legislature is enacted into
5 law.