

CENTERS OF ENERGY EXCELLENCE

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Senate Bill 1380 (Substitute S-1)

Sponsor: Sen. Jason E. Allen

House Committee: New Economy and Quality of Life

Senate Committee: Commerce and Tourism

Complete to 6-25-08

A SUMMARY OF SENATE BILL 1380 (S-1) AS PASSED BY THE SENATE 6-19-08

The bill would amend Chapter 8a (which deals with the 21st Century Investment Program) of the Michigan Strategic Fund Act to do all of the following:

- Allow the Michigan Strategic Fund (MSF) to create and operate a Centers of Energy Excellence Program to promote the development, acceleration, and sustainability of "energy excellence sectors" in Michigan.
- Define "energy excellence sectors" to mean new and developing industry sectors in the energy field in Michigan where the MSF has determined the state has a competitive advantage and where there are barriers to the commercialization of technology. ("Energy field" refers to alternative energy technology, energy efficiency technology, technologies that contribute to energy security and independence, other advanced energy technologies, or water technology related to the development of energy excellence sectors.)
- Allow the MSF board to enter into agreements with "qualified entities" for the designation and operation of a center of energy excellence. These would include Michigan businesses, colleges and universities, nonprofits, and political subdivisions.
- Allow the MSF board to spend up to \$45 million from the 21st Century Jobs Trust Fund appropriations on the Centers of Energy Excellence Program.
- Allow grants for the program to be awarded only to for-profit companies for certain purposes.
- Require at least 50 percent of the funds allocated for the program to be used to match foundation funding, federal funding, or international investments.
- Limit administrative costs or overhead to no more than 15 percent of any grant.
- Require the MSF board to establish an application evaluation process and appoint a committee to assist in reviewing applications.
- Specify factors the MSF board would have to consider in determining whether to enter into an agreement with a qualified entity.
- Specify information that an agreement would have to include.
- Allow the MSF board to select a centers manager to assist in the administration of the program, and specify the centers manager's responsibilities.
- Reduce the minimum expenditure the commercialization board must authorize in fiscal year (FY) 2008-09 through FY 2011-12 for competitive edge technology grants and loans.

- Prohibit the MSF or its board from appointing any person to a review committee if he or she had a conflict of interest with any potential vendor.

FISCAL IMPACT:

As noted above, the bill would allow the MSF board to spend up to \$45 million from the 21st Century Jobs Trust Fund appropriations on the Centers of Energy Excellence Program, which would appear to reduce the amount of funds available for other authorized programs. The bill also reduces the minimum expenditure for competitive edge technology grants and loans in fiscal year 2008-09 through FY 2011-12 from \$30 million to \$25 million per year.

Legislative Analyst: J. Hunault

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