



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 6208 (Substitute S-1 as reported)  
Sponsor: Representative Ed Clemente  
House Committee: New Economy and Quality of Life  
Senate Committee: Commerce and Tourism

**CONTENT**

The bill would amend the Michigan Strategic Fund (MSF) Act to require the Fund, as a separate part of the loan enhancement program, to operate the "Choose Michigan Fund" program to invest in loans to qualified businesses for the promotion and enhancement of significant job creation or retention within Michigan. The bill would do the following:

- Provide that the Choose Michigan Fund could not make a loan after September 30, 2008.
- Require the program to operate on an incentive basis.
- Allow two of the loans to be forgiven at the discretion of the MSF board.
- Establish a minimum loan amount of \$500,000, a maximum term of 10 years, and a minimum interest rate of 1.0%.
- Allow the MSF board to convert a loan to an equity investment.
- Require immediate repayment if a qualified business closed or relocated outside of Michigan within three years after the term of its loan.

MCL 125.1088d

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The 21<sup>st</sup> Century Jobs Trust Fund program received an appropriation of \$75.0 million in FY 2007-08. The statute and the appropriations bill for this program include earmarks totaling \$38.15 million. In addition, the MSF board has allocated \$18.75 million in FY 2007-08 for this Choose Michigan Fund; however, the loan enhancement program must include the Michigan Film and Digital Media Investment Loan Program. The unallocated balance of the \$75 million appropriated in FY 2007-08 is \$18.1 million, which the Michigan Economic Development Corporation has proposed using for the Centers of Excellence program. Senate Bill 1380 would create a Center for Energy Excellence program to provide grants to companies that collaborate with universities to commercialize alternative energy technology.

House Bill 6208 (S-1) would require the MSF to create the Choose Michigan Fund, but loans could be awarded only through September 30, 2008. As the MSF board already has voted to allocate \$18.1 million, a determination of how much would be allocated for this purpose and the Michigan Film and Digital Media Investment Loan Program would need to be made. Since two of the proposed loans could be forgiven, any other loans would have to be paid back or converted to equity investment by the MSF board. If more than two loans were made, any loan repayments or revenue from the investments would be deposited into the Jobs for Michigan Investment Fund/Permanent Fund, which may be used to fund programs under the 21<sup>st</sup> Century Jobs Fund, pursuant to an appropriation.

Date Completed: 6-27-08

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz

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Analysis available @ <http://www.michiganlegislature.org>

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