

SUBSTITUTE FOR
SENATE BILL NO. 239

A bill to make appropriations for the Michigan strategic fund and certain other state purposes for the fiscal year ending September 30, 2008; to provide for the expenditure of the appropriations; to provide certain conditions on appropriations; and to provide for the disposition of fees and other income received by certain state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 PART 1

2 LINE-ITEM APPROPRIATIONS

3 Sec. 101. There is appropriated for the Michigan strategic
4 fund for the fiscal year ending September 30, 2008, from the funds
5 indicated in this part, the following:

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1 MICHIGAN STRATEGIC FUND

2 APPROPRIATION SUMMARY:

3 Full-time equated classified positions..... 152.0

4 GROSS APPROPRIATION..... \$ <<164,352,000>>

5 Interdepartmental grant revenues:

6 Total interdepartmental grants and intradepartmental

7 transfers 80,000

8 ADJUSTED GROSS APPROPRIATION..... \$ <<164,272,000>>

9 Federal revenues:

10 Total federal revenues..... 55,430,700

11 Special revenue funds:

12 Total local revenues..... 0

13 Total private revenues..... 712,800

14 Total other state restricted revenues..... 80,005,200

15 State general fund/general purpose..... \$ <<28,123,300>>

16 Sec. 102. MICHIGAN STRATEGIC FUND

17 Full-time equated classified positions..... 152.0

18 Administration--22.0 FTE positions..... \$ 2,529,800

19 HR optimization user charges..... 17,800

20 Job creation services--130.0 FTE positions..... 17,188,200

21 Michigan promotion program..... <<6,717,500>>

22 Economic development job training grants..... 8,197,500

23 Community development block grants..... 53,000,000

24 21st century programs..... 75,000,000

25 Alternative energy initiative..... 100

26 SBIR/STTR matching grant program..... 1,378,500

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1	Tool and die aeronautics certification grants	500,000
2	<< Entrepreneurial training and mentoring program.....	100>>
2	GROSS APPROPRIATION.....	\$ <<164,529,500>>
3	Appropriated from:	
4	Interdepartmental grant revenues:	
5	IDG-MDEQ, air quality fees	80,000
6	Federal revenues:	
7	HUD-CPD, community development block grant	55,430,700
8	Special revenue funds:	
9	Private - special project advances	712,800
10	Industry support fees	5,200
11	Jobs for Michigan investment fund - returns to fund..	5,000,000
12	21st century jobs trust fund	75,000,000
13	State general fund/general purpose	\$ <<28,300,800>>
	<<Sec. 103. BUDGETARY SAVINGS	
	Budgetary savings	\$ (177,500)
	GROSS APPROPRIATION	\$ (177,500)
	Appropriated from:	
	State general fund/general purpose	\$ (177,500)

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2007-2008 is <<\$108,128,500.00>> and state spending from state resources to be paid to local units of government for fiscal year 2007-2008 is \$8,197,500.00 from the entire appropriation for economic development job training grants.

Sec. 202. The appropriations made and expenditures authorized under this act and the departments, commissions, boards, offices, and programs for which appropriations are made under this act are

1 subject to the management and budget act, 1984 PA 431, MCL 18.1101
2 to 18.1594.

3 Sec. 203. As used in this act:

4 (a) "DOL-ETA" means the United States department of labor,
5 employment and training administration.

6 (b) "FTE" means full-time equated.

7 (c) "Fund" means Michigan strategic fund.

8 (d) "GF/GP" means general fund/general purpose.

9 (e) "HUD" means the United States department of housing and
10 urban development.

11 (f) "HUD-CPD" means HUD community planning and development.

12 (g) "IDG" means interdepartmental grant.

13 (h) "MDEQ" means the Michigan department of environmental
14 quality.

15 (i) "MDLEG" means the Michigan department of labor and
16 economic growth.

17 (j) "MEDC" means the Michigan economic development
18 corporation, which is the public body corporate created under
19 section 28 of article VII of the state constitution of 1963 and the
20 urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
21 124.512, by contractual interlocal agreement effective April 5,
22 1999, between local participating economic development corporations
23 formed under the economic development corporations act, 1974 PA
24 338, MCL 125.1601 to 125.1636, and the Michigan strategic fund.

25 (k) "PA" means public act.

26 (l) "SBIR" means small business innovation research.

27 (m) "STTR" means small business technology transfer.

1 Sec. 204. The department of civil service shall bill
2 departments and agencies at the end of the first fiscal quarter for
3 the 1% charge authorized by section 5 of article XI of the state
4 constitution of 1963. Payments shall be made for the total amount
5 of the billing by the end of the second fiscal quarter.

6 <<Sec. 205. (1) A hiring freeze is imposed on the state classified
7 civil service. State departments and agencies are prohibited from hiring
8 employees into the classified state civil service or unclassified
9 positions within the executive branch of state government; creating new
10 positions within the classified state civil service or new unclassified
11 positions; and filling new or existing vacant positions by external hire
12 from outside of state government, transfer or promotion between state
13 departments or agencies, or internal promotions within a department or
14 agency. The hiring freeze described in this section applies regardless of
15 the fund source financing the position but does not apply to appointments
16 required by law.

17 (2) The state budget director may grant exceptions to the hiring
18 freeze if 1 or more of the following apply:

19 (a) The creation of a position or filling a vacant position by any
20 method is required by legal mandate, federal mandate, or court order.

21 (b) The creation of a position or filling a vacant position by any
22 method is necessary to protect the health or safety of Michigan citizens.

23 (c) The creation of a position or filling a vacant position by any
method is necessary to produce budgetary savings or to protect existing
state revenue or secure additional state revenue.

 (d) The creation of a position or filling a vacant position by any
method is necessary to provide for the basic daily living requirements of
residents of a state institution or facility.

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(3) The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations and the respective fiscal agencies the number of exceptions to the hiring freeze approved for each state department or agency during the immediately preceding quarter and the reasons to justify the exception.

(4) The attorney general and secretary of state may grant exceptions to the hiring freeze for their respective departments under the same criteria that the state budget director is able to grant exceptions.>>

24 Sec. 208. The fund shall use the Internet to fulfill the
25 reporting requirements of this act. This requirement may include
26 transmission of reports via electronic mail to the recipients
27 identified for each reporting requirement or it may include

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1 placement of reports on the Internet or Intranet site.

2 <<Sec. 209. Funds appropriated in part 1 shall not be used for the
3 purchase of foreign goods or services, or both, if competitively priced
4 and of comparable quality American goods or services, or both, are
5 available. Preference should be given to goods or services, or both,
6 manufactured or provided by Michigan businesses, if they are
7 competitively priced and of comparable quality. In addition, preference
8 should be given to goods or services, or both, that are manufactured or
provided by Michigan businesses owned and operated by veterans, if they
are competitively priced and of comparable quality.>>

9 Sec. 210. The chair of the fund shall take all reasonable
10 steps to ensure that Michigan businesses in deprived and depressed
11 communities in Michigan compete for and perform contracts to
12 provide services or supplies, or both. The chair of the fund shall
13 strongly encourage firms with which the fund contracts to
14 subcontract with certified Michigan businesses and businesses in
15 depressed and deprived communities for services, supplies, or both.

16 Sec. 212. The fund shall receive and retain copies of all
17 reports funded from appropriations in part 1. The fund shall follow
18 federal and state guidelines for short-term and long-term retention
19 of these reports and records.

20 Sec. 216. (1) The department shall report no later than April
21 1, 2008 on each specific policy change made to implement enacted
22 legislation to the senate and house appropriations subcommittees on
23 the department budget, the senate and house standing committees on
24 the department budget, the chairperson of the joint committee on
25 administrative rules, and the senate and house fiscal agencies and
26 policy offices.

27 (2) Funds appropriated in part 1 shall not be used to prepare

1 regulatory plans or promulgate rules that fail to reduce the
2 disproportionate economic impact on small businesses pursuant to
3 section 40 of the administrative procedures act of 1969, 1969 PA
4 306, MCL 24.240.

5 Sec. 217. (1) Due to the current budgetary problems in this
6 state, out-of-state travel for the fiscal year ending September 30,
7 2007 shall be limited to situations in which 1 or more of the
8 following conditions apply:

9 (a) The travel is required by legal mandate or court order or
10 for law enforcement purposes.

11 (b) The travel is necessary to protect the health or safety of
12 Michigan citizens or visitors or to assist other states in similar
13 circumstances.

14 (c) The travel is necessary to produce budgetary savings or to
15 increase state revenues, including protecting existing federal
16 funds or securing additional federal funds.

17 (d) The travel is necessary to comply with federal
18 requirements.

19 (e) The travel is necessary to secure specialized training for
20 staff that is not available within this state.

21 (f) The travel is financed entirely by federal or nonstate
22 funds.

23 (g) The travel is for the sole purpose of economic development
24 projects that would bring jobs to Michigan.

25 (2) If out-of-state travel is necessary but does not meet 1 or
26 more of the conditions in subsection (1), the state budget director
27 may grant an exception to allow the travel. Any exceptions granted

1 by the state budget director shall be reported on a monthly basis
2 to the house and senate appropriations committees.

3 (3) Not later than January 1 of each year, each department
4 shall prepare a travel report listing all travel by classified and
5 unclassified employees outside this state in the immediately
6 preceding fiscal year that was funded in whole or in part with
7 funds appropriated in the department's budget. The report shall be
8 submitted to the chairs and members of the house and senate
9 appropriations committees, the fiscal agencies, and the state
10 budget director. The report shall include the following
11 information:

12 (a) The name of each person receiving reimbursement for travel
13 outside this state or whose travel costs were paid by this state.

14 (b) The destination of each travel occurrence.

15 (c) The dates of each travel occurrence.

16 (d) A brief statement of the reason for each travel
17 occurrence.

18 (e) The transportation and related costs of each travel
19 occurrence, including the proportion funded with state general
20 fund/general purpose revenues, the proportion funded with state
21 restricted revenues, the proportion funded with federal revenues,
22 and the proportion funded with other revenues.

23 (f) A total of all out-of-state travel funded for the
24 immediately preceding fiscal year.

25 Sec. 218. Funds appropriated in part 1 shall not be used by a
26 principal executive department, state agency, or authority to hire
27 a person to provide legal services that are the responsibility of

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1 the attorney general.

2 Sec. 219. The fund shall not take disciplinary action against
3 an employee for communicating with a member of the legislature or
4 his or her staff.

<<Sec. 220. Appropriation authorization adjustments required due to
negative appropriations for budgetary savings shall be made only after
the approval of transfers by the legislature under section 393(2) of the
management and budget act, 1984 PA 431, MCL 18.1393.>>

5 **MICHIGAN STRATEGIC FUND**

6 Sec. 1001. (1) The appropriation in part 1 to the fund for the
7 economic development job training program is focused on skills
8 businesses need to compete in the 21st century. The purpose of this
9 program is to develop a specific skill, identified for a particular
10 business that assists that company to compete in the global economy
11 and to create or retain high-paying jobs for Michigan residents.

12 (2) Not more than \$800,000.00 of the total appropriation in
13 part 1 may be expended for administrative costs by the fund. Not
14 more than 10% of the total grant award may be expended by a
15 recipient for administration costs.

16 (3) No funds appropriated in part 1 to the fund for the
17 economic development job training program grants may be expended
18 for the training of permanent striker replacement workers, unless a
19 strike exceeds 3 years and good faith negotiations are ongoing.

20 (4) Of the total funds appropriated in part 1 for the economic
21 development job training program grants, \$4,500,000.00 of the funds
22 shall be awarded to community colleges or a consortium of community
23 colleges and other eligible applicants pursuant to subsection (5).
24 Remaining funds may be awarded to any of the entities listed in
25 subsection (5), or businesses which create at least 100 new jobs at
26 a single location in a period not to exceed 2 years from the date

1 of the grant award.

2 (5) An applicant may be a school district, intermediate school
3 district, community college, public or private nonprofit college or
4 university, nonprofit organization whose primary purpose is to
5 provide education programs or employment and training services or
6 vocational rehabilitation programs or school-to-work transition
7 programs, local workforce development board, the headquarters of a
8 federal and state-sponsored manufacturing technology center, or a
9 consortium consisting of any combination of school districts,
10 intermediate school districts, community colleges, nonprofit
11 organizations described in this subsection, or public or private
12 nonprofit colleges or universities described in this subsection or
13 businesses which meet the criteria set in subsection (4).

14 (6) On or before October 1, the fund shall publish proposed
15 application criteria, instructions, and forms for use by eligible
16 applicants. The fund shall provide at least a 2-week period for
17 public comment prior to finalization of the application criteria,
18 instructions, and forms.

19 (7) The award process will include a simple notice of intent
20 to be reviewed to see if the application merits further
21 consideration. If so, a full application may be submitted.
22 Applications for all grants shall be submitted to the fund, and
23 each application shall contain at least all of the following:

24 (a) The name, address, and total number of employees of each
25 business organization whose employees are receiving job training.

26 (b) A description of the specific job skills that will be
27 taught.

1 (c) A clear statement of the project's scope of activities and
2 number of participants to be involved.

3 (d) A commitment to maintain participant records in a form and
4 manner required by the fund.

5 (e) A budget which relates to the proposed activities and
6 various program components.

7 (8) Priority in the fund's awarding of grants shall be based
8 on the following criteria:

9 (a) Demonstrated need for the type of training offered.

10 (b) Creation and/or retention of high wage and high skilled
11 level jobs within a predetermined time period. If the employer does
12 not create or retain the number of jobs specified within the
13 predetermined time period, the employer shall reimburse the state
14 for the entire grant awarded under this program. The number of jobs
15 created and retained will be verified by the employer via audit
16 after the training is completed.

17 (c) Other criteria determined by the fund to be important.

18 (9) Participants in the economic development job training
19 program shall be 16 years or older and not enrolled and counted in
20 membership in a school district, intermediate school district, or
21 community college, or any other program funded with state funding.
22 Any training provider that receives state appropriated funds shall
23 not include in the enrollment data reported for determining state
24 aid any student credit hours or student contact hours for a student
25 who is a participant in the economic development job training
26 program. Exclusion of these students is intended to avoid payment
27 of state aid for the same individuals for whom training costs are

1 paid through the economic development job training program.

2 (10) A recipient of a grant under this section shall not
3 charge tuition or fees to participants in the program funded by the
4 economic development job training grant. However, a nonprofit
5 organization may charge tuition or fees if the tuition plan or fees
6 are recognized by the state and the nonprofit organization receives
7 additional funding from other governmental or private funding
8 sources for its programs.

9 (11) For training delivered to incumbent workers, the employer
10 receiving the benefit of the training shall provide a minimum of
11 30% of the program costs in matching funds as necessitated by the
12 program.

13 (12) Grant funds shall be expended on a cost reimbursement
14 basis.

15 (13) A recipient of a grant under this section shall allow the
16 fund or the agency's designee to audit all records related to the
17 grant for all entities that receive money, either directly or
18 indirectly through a contract, from the grant funds. A grant
19 recipient or contractor shall reimburse the state for all
20 disallowances found in the audit. Costs disallowed under subsection
21 (8)(b) based on the employer job creation and retention
22 requirements are not the same as the training costs that are
23 disallowed in this subsection.

24 (14) The fund shall provide to the state budget director and
25 the fiscal agencies by November 1 of each year a report on the
26 economic development job training program grants. The report shall
27 provide this information for each grant or contract awarded during

1 the preceding full fiscal year. The report shall contain all of the
2 following:

3 (a) The amount and recipient of each grant or contract.

4 (b) The number of participants under each grant or contract
5 and the number of new hires who are in training under the grant.

6 (c) The names, addresses, and total number of employees of all
7 business organizations for whom training is or will be provided.

8 (d) The matching funds, if any, to be provided by a business
9 organization.

10 (15) As a condition of receiving funds under part 1 of this
11 act, the fund shall not expend any of the economic development job
12 training program funds to train any employee who is an officer of a
13 corporation in a corporation employing more than 250 employees.

14 Sec. 1002. The Michigan growth capital fund shall be used to
15 develop the technology business sector in Michigan. The Michigan
16 growth capital fund will be used to encourage private and public
17 investment in the technology business sector, and all of the
18 following apply:

19 (a) An applicant must match state funds on a 1:1 basis.

20 (b) Eligible uses of the Michigan growth capital fund include
21 investments in organizations and programs that promote the
22 development of new industry sectors in Michigan; inducements to
23 attract additional venture capital funds to finance technology
24 development; support organizations, initiatives, or events that
25 promote entrepreneurship; provide match for university federal
26 research grants; and support technology transfer and
27 commercialization programs with universities and the private

1 sector.

2 (c) The Michigan economic development corporation shall
3 administer the Michigan growth capital fund.

4 (d) All funds received from repayment of loans, unused grants,
5 revenues received from sales or cash flow participation agreements,
6 guarantees, or any combination thereof or interest thereon,
7 originally distributed as part of the Michigan growth capital fund,
8 shall be received, held, and applied by the fund for the purposes
9 described in this section.

10 (e) The Michigan economic development corporation shall
11 provide an annual report on the status of the Michigan growth
12 capital fund to the subcommittees, the fiscal agencies, and the
13 state budget office by January 31.

14 Sec. 1003. Travel Michigan may establish and collect a fee to
15 cover the cost of materials and processing of photographic prints,
16 slides, videotapes, and travel product database information that
17 are requested by the media and other segments of the public and
18 private sectors. The fees collected shall be appropriated for all
19 expenses necessary to purchase and distribute these photographic
20 prints, slides, videotapes, and travel product database
21 information. The funds are available for expenditure when they are
22 received by the department of treasury.

23 Sec. 1004. Travel Michigan may receive and expend private
24 revenue related to the use of the "Michigan Great Lakes. Great
25 Times." and "Pure Michigan." copyrighted slogans and images. This
26 revenue may come from the direct licensing of the name and image or
27 from the royalty payments from various merchandise sales. Revenue

1 collected is appropriated for the marketing of the state as a
2 travel destination. The funds are available for expenditure when
3 they are received by the department of treasury.

4 Sec. 1005. The fund shall submit on or before May 1 and
5 November 1 to the subcommittees, state budget office, and the
6 fiscal agencies a listing of all grants which have been awarded by
7 the fund or by the Michigan economic development corporation from
8 the funds appropriated in part 1. The list shall include all of the
9 following:

10 (a) The name of the recipient.

11 (b) The amount awarded to the recipient.

12 (c) The purpose of the grant.

13 Sec. 1006. (1) The fund shall provide reports to the relevant
14 subcommittees, the state budget director, and the fiscal agencies
15 concerning the activities of the Michigan economic development
16 corporation grants and investment programs financed from the fund
17 using investment or Indian gaming revenues. The report shall
18 provide a list of individual grants and loans made from the fund.
19 The report shall include, but not be limited to, the following
20 programs funded in part 1:

21 (a) Travel Michigan.

22 (b) Business attraction, retention, and growth.

23 (c) Business services.

24 (d) Community development block grants.

25 (e) Strategic fund administration.

26 (f) Renaissance zones.

27 (g) 21st century investments program.

1 (h) Business and clean air ombudsman.

2 (i) Economic development job training grants.

3 (j) Any other programs of the fund.

4 (2) The reports in subsection (1) shall be submitted by
5 January 15. The report for each program in subsection (1)(a)
6 through (j) shall include details on the actual spending and number
7 of FTEs for that program for the previous fiscal year.

8 Sec. 1007. As a condition of receiving funds under part 1, any
9 interlocal agreement entered into by the fund shall include
10 language which states that if a local unit of government has a
11 contract or memorandum of understanding with a private economic
12 development agency, the Michigan economic development corporation
13 will work cooperatively with that private organization in that
14 local area.

15 Sec. 1008. (1) Of the funds appropriated to the fund or
16 through grants to the Michigan economic development corporation, no
17 funds shall be expended for the purchase of options on land or the
18 purchase of land unless at least 1 of the following conditions
19 applies:

20 (a) The land is located in an economically distressed area.

21 (b) The land is obtained through a purchase or exercise of an
22 option at the invitation of the local unit of government and local
23 economic development agency.

24 (2) Consideration may be given to purchases where the proposed
25 use of the land is consistent with a regional land use plan, will
26 result in the redevelopment of an economically distressed area, can
27 be supported by existing infrastructure, and will not cause shifts

1 in population away from the area's population centers.

2 (3) As used in this section, "economically distressed area"
3 means an area in a city, village, or township that has been
4 designated as blighted; a city, village, or township that shows
5 negative population change from 1970 and a poverty rate and
6 unemployment rate greater than the statewide average; or an area
7 certified as a neighborhood enterprise zone.

8 Sec. 1009. The money appropriated in part 1 to the fund is
9 subject to the condition that none is spent for premiums or
10 advertising material involving personal effects or apparel
11 including, but not limited to, T-shirts, hats, coffee mugs, or
12 other promotional items, except travel Michigan.

13 Sec. 1010. (1) From the general fund/general purpose
14 appropriations in part 1 to the fund and granted or transferred to
15 the Michigan economic development corporation, any unexpended or
16 unencumbered balance shall be disposed of in accordance with the
17 requirements in the management and budget act, 1984 PA 431, MCL
18 18.1101 to 18.1594, unless carryforward authorization has been
19 otherwise provided for.

20 (2) Any encumbered funds shall be used for the same purposes
21 for which funding was originally appropriated in this act.

22 Sec. 1011. (1) As a condition of receiving funds under part 1,
23 the fund shall ensure that the MEDC and the fund comply with all of
24 the following:

25 (a) The freedom of information act, 1976 PA 442, MCL 15.231 to
26 15.246.

27 (b) The open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

1 (c) Annual audits of all financial records by the auditor
2 general or his or her designee.

3 (d) All reports required by law to be submitted to the
4 legislature.

5 (2) If the MEDC is unable for any reason to perform duties
6 under this act, the fund may exercise those duties.

7 Sec. 1012. As a condition for receiving the appropriations in
8 part 1, any staff of the Michigan economic development corporation
9 involved in private fund-raising activities shall not be party to
10 any decisions regarding the awarding of grants or tax abatements
11 from the fund, the Michigan economic development corporation, or
12 the Michigan economic growth authority.

13 Sec. 1013. (1) All funds received from repayment of loans,
14 unused grants, revenues received from sales or cash flow
15 participation agreements, guarantees, or any combination thereof or
16 interest thereon, originally distributed as part of the core
17 communities fund, shall be received, held, and applied by the fund
18 for the purposes described in this act.

19 (2) The fund shall provide an annual report on the status of
20 this fund. The report shall be provided to the subcommittees, the
21 fiscal agencies, and the state budget office by January 31.

22 Sec. 1014. (1) The funding appropriated in part 1 of 2000 PA
23 291 for the Michigan core communities fund may be used to create an
24 urban revitalization infrastructure program in the fund for
25 economic development awards to create new jobs or contribute to
26 redevelopment and encourage private investment in core communities.

27 (2) Awards may be provided to qualified local governmental

1 units as defined in the obsolete property rehabilitation act, 2000
2 PA 146, MCL 125.2781 to 125.2797, or certified technology parks, as
3 defined in the local development financing act, 1986 PA 281, MCL
4 125.2151 to 125.2174.

5 (3) Awards can be used for land and property acquisition and
6 assembly, demolition, site development, utility modifications and
7 improvements, street and road improvements, telecommunication
8 infrastructure, site location and relocation, infrastructure
9 improvements, and any other costs related to the successful
10 development and implementation of core community or certified
11 technology park projects, at the discretion of the Michigan
12 economic development corporation.

13 (4) Funding may be provided in the form of loans, grants,
14 sales or cash flow participation agreements, guarantees, or any
15 combination of these. A cash match of at least 10%, or local
16 repayment guarantee with a dedicated funding source, is required.
17 Priority shall be given to projects which are integrated with
18 existing economic development programs, and to projects in
19 proportion to the amount that local matching rates exceed 10%.

20 (5) The Michigan economic development corporation shall have
21 all administrative responsibility for the Michigan core communities
22 fund and shall establish application and application scoring
23 criteria and approve awards. The Michigan economic development
24 corporation may utilize up to 1/2 of 1% of the fund for
25 administrative purposes.

26 (6) Funds will be awarded through an open competitive process
27 based on criteria including the following: project impact, project

1 marketability, lack of adequate infrastructure or land assembly
2 financing sources, local administrative capacity, and the level of
3 local matching funds. Awardees shall agree to expedite the local
4 development process, such as fast-track permitting procedures,
5 streamlined regulatory requirements, standardized construction and
6 building codes, and the use of competitive construction permitting
7 fees.

8 (7) No single applicant shall be awarded more than
9 \$10,000,000.00 per project.

10 (8) Fifteen days prior to the award of the funds, notification
11 shall be provided to the speaker of the house of representatives,
12 the senate majority leader, the members of the house and senate
13 appropriations committees, the fiscal agencies, and the state
14 budget director.

15 (9) Funds shall not be awarded for any of the following
16 purposes:

17 (a) Land sited for use as, or support for, a gaming facility.

18 (b) Land or other facilities owned or operated by a gaming
19 facility.

20 (c) Publicly owned land or facilities which may directly or
21 indirectly support a gaming facility.

22 (10) All funds received from repayment of loans, unused
23 grants, revenues received from sales or cash flow participation
24 agreements, guarantees, or any combination thereof or interest
25 thereon, originally distributed as part of the core communities
26 fund, shall be received, held, and applied by the fund for the
27 purposes described in this part.

1 (11) The fund shall provide an annual report on the status of
2 this fund. The report shall be provided to the subcommittees, the
3 fiscal agencies, and the state budget office by January 31.

4 Sec. 1015. It is the intent of the legislature that the
5 members of the executive committee of the corporation board of the
6 MEDC be subject to the advice and consent of the senate.

7 Sec. 1016. The Michigan economic development corporation shall
8 work with the office of the auditor general to implement procedures
9 to annually audit the number of jobs claimed to be created by firms
10 receiving Michigan economic growth authority grants, and all other
11 claims of job creation for which MEDC has provided tax credits or
12 other economic incentives.

13 Sec. 1017. The Michigan economic development corporation shall
14 report on the number of individuals it employs with an annual
15 salary of \$80,000.00 or more to the subcommittees, the fiscal
16 agencies, and the state budget office by October 31, 2008. The
17 report shall include the name, the job title, and a description of
18 the duties and responsibilities of all such employees.

19 Sec. 1019. (1) As a condition of receiving the funds
20 appropriated in part 1, the fund shall ensure that the Michigan
21 economic development corporation and the fund promulgate or create
22 no guidelines, rules, standards, protocols, or other similar
23 mandates that would prevent a firm, which otherwise qualifies for
24 Michigan economic growth authority tax credits, from receiving such
25 credits because the new employees who fill qualified new jobs as
26 defined in the Michigan economic growth authority act of 1995, 1995
27 PA 24, MCL 207.801 to 207.810, are leased from a professional

1 employer organization.

2 (2) For purposes of this section, a professional employer
3 organization is defined as an organization that provides the
4 management and administration of the human resources and employer
5 risk of another entity by contractually assuming substantial
6 employer rights, responsibilities, and risk through a professional
7 employer agreement that establishes an employer relationship with
8 the leased officers or employees assigned to the other entity by
9 doing all of the following:

10 (a) Maintaining the right of direction and control of the
11 employees' work, although this responsibility may be shared with
12 the other entity.

13 (b) Paying wages and employment taxes of the employees out of
14 its own accounts.

15 (c) Reporting, collecting, and depositing state and federal
16 employment taxes for the employees.

17 (d) Retaining the right to hire and fire employees.

18 Sec. 1020. Federal pass-through funds to local institutions
19 and governments that are received in amounts in addition to those
20 included in part 1 and that do not require additional state
21 matching funds are appropriated for the purposes intended. The fund
22 may carry forward into the succeeding fiscal year unexpended
23 federal pass-through funds to local institutions and governments
24 that do not require additional state matching funds. The fund shall
25 report to the appropriation subcommittees within 10 business days
26 after receiving any additional pass-through funds.

<<Sec. 1021. (1) From the funds appropriated in part 1 for the
Michigan promotion program, \$1,000,000.00 shall be used to accelerate
efforts to promote the state's tourism industry in coordination with
local tourism efforts.

(2) The funds are considered work project appropriations and any
unencumbered or unallotted funds at year-end shall be carried forward

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into the succeeding fiscal year. The following is in compliance with section 451a of the management and budget act, 1984 PA 431, MCL 18.1451a:

(a) The purpose of the funding is to promote the state's tourism industry.

(b) The project shall be accomplished by contract or employees employed by the Michigan strategic fund or the Michigan economic development corporation.

(c) The total estimated cost of the project is \$1,000,000.00.

(d) The expected completion date is September 30, 2010.>>

27

Sec. 1022. All funds available to the strategic economic

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1 investment and commercialization board from grant and loan awards
2 from the competitive edge technology grant and loan program as
3 created in 2005 PA 225 that are not accepted or claimed by awardees
4 shall be allocated to fund the federal small business and
5 innovation research and the small business technology transfer
6 research matching grant programs.

7 Sec. 1023. The MEDC shall only report the actual direct number
8 of jobs that are projected to be created as a result of any
9 financial or tax incentive package that is offered to a business.
10 Additionally, information regarding total salaries and employer
11 sponsored benefits shall be included if available. This includes
12 all publications issued by the agency for marketing and public
13 information purposes.

14 Sec. 1024. Of the amount appropriated in part 1 for 21st
15 century programs, \$1,500,000.00 shall be allocated in fiscal year
16 2007-2008 to a private research institute that has received a
17 specific federal appropriation prior to 2005 for the creation of a
18 good manufacturing facility. The facility shall be used for the
19 production of drugs approved for use in clinical trials, as
20 approved by the United States food and drug administration, and
21 shall work to market the core technology alliance for the purposes
22 of commercialization and providing access to advanced technologies
23 to researchers affiliated with universities, private research
24 institutes, and biotech and pharmaceutical firms.

25 Sec. 1025. Of the amount appropriated in part 1 for 21st
century programs, <<\$2,000,000.00>> shall be allocated in fiscal year
26 2007-2008 to support a biofuels facility that combines a business

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1 incubator for launching new biomass technologies, biodiesel fuel
2 production, and a biomass research institute. The biofuels facility
3 shall be operated by a regional economic development organization
4 in cooperation with a Michigan public university. The facility
5 shall be established in a building donated by a private company and
6 located in a city with a population of at least 30,000 and not more
7 than 40,000 as of the 2000 census.

8 Sec. 1026. The amount appropriated in part 1 for tool and die
9 aeronautics certification grants shall be used to assist tool and
10 die companies in becoming certified for aeronautics manufacturing.
11 Grant awards of up to \$25,000.00 shall be available to eligible
12 tool and die companies seeking such certification. The grants would
13 be payable after the company achieved certification to reimburse
14 eligible costs associated with obtaining aeronautics certification.

<<Sec. 1027. Of the funds appropriated in part 1 for the
entrepreneurial training and mentoring program, the fund shall partner
with the Michigan works! agencies and the department of labor and
economic growth to develop and implement a training and mentoring program
for students enrolled in secondary and postsecondary educational
programs.

Sec. 1028. Of the funds appropriated in part 1, the \$5,000,000.00
from the jobs for Michigan investment fund - returns to fund shall only
be used to fund the SBIR/STTR matching grant program and the Michigan
promotion program. The appropriation from the 21st century jobs trust
fund shall only be used to fund the twenty-first century programs.

Sec. 1029. It is the intent of the legislature that the fund only
award tax breaks or other economic development incentives to companies
that hire 100% Michigan workers. It is also the intent of the legislature
that the fund create a sliding scale in which a company that employs 100%
Michigan workers is more likely to get a tax break than one that employs
any percentage less than 100.>>