

HOUSE BILL No. 6207

June 5, 2008, Introduced by Rep. Palsrok and referred to the Committee on New Economy and Quality of Life.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 88b (MCL 125.2088b), as added by 2005 PA 225.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88b. (1) The fund shall create and operate programs
2 authorized under this chapter. The fund board shall determine the
3 annual allocation of money for programs authorized under this
4 chapter and make authorized expenditures or investments from the
5 investment fund of the 21st century jobs trust fund created in the
6 Michigan trust fund act, 2000 PA 489, MCL 12.251 to ~~12.256~~12.260,
7 as authorized under this chapter for programs and activities
8 authorized under this chapter.

9 (2) Money transferred or appropriated by law to the fund for

1 the purposes of carrying out this chapter shall be expended or
2 invested by the fund as authorized by law for the following
3 purposes:

4 (a) 21st century investments.

5 (b) Grants and loans approved by the commercialization board
6 under section 88k.

7 (c) Other programs or activities authorized under this
8 chapter.

9 ~~—— (3) Except for the appropriations described in section 88j(3),~~
10 ~~the fund board shall not expend more than the following amounts~~
11 ~~each year from the 21st century jobs trust fund created in the~~
12 ~~Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.256, for the~~
13 ~~following purposes:~~

14 ~~—— (a) 25% for the loan enhancement program.~~

15 ~~—— (b) 40% for the private equity investment program, the venture~~
16 ~~capital investment program, and the mezzanine investment program~~
17 ~~combined.~~

18 ~~—— (c) 70% for competitive edge technology grants and loans under~~
19 ~~section 88k. The commercialization board shall not authorize the~~
20 ~~expenditure of more than \$100,000,000.00 of the amount described in~~
21 ~~this subdivision for basic research over the life of the program.~~

22 (3) ~~(4)~~ The commercialization board shall authorize the
23 expenditure of not less than ~~the following amounts described in~~
24 ~~subsection (3)(c) as follows:~~

25 ~~—— (a) \$40,000,000.00 in the 2005-2006 fiscal year.~~

26 ~~—— (b) \$50,000,000.00 in the 2006-2007 fiscal year.~~

27 ~~—— (c) \$30,000,000.00 in the 2007-2008 through the 2011-2012~~

1 fiscal years FOR COMPETITIVE EDGE TECHNOLOGY LOANS OR GRANTS UNDER
2 SECTION 88K OR FOR CONVERTIBLE LOANS, EQUITY INVESTMENTS, OR
3 WARRANTS FROM THE INVESTMENT FUND RECOMMENDED BY THE
4 COMMERCIALIZATION BOARD UNDER SECTION 88K AND APPROVED BY THE FUND
5 BOARD. THE COMMERCIALIZATION BOARD AND THE FUND BOARD SHALL NOT
6 AUTHORIZE THE EXPENDITURE OF MORE THAN \$100,000,000.00 OF THE
7 AMOUNT DESCRIBED IN THIS SUBSECTION FOR BASIC RESEARCH BETWEEN
8 OCTOBER 1, 2005 AND SEPTEMBER 30, 2016.

9 (4) ~~(5) Not~~ EXCEPT AS PROVIDED IN SUBSECTION (5), NOT more
10 than 4% of the annual appropriation as provided by law from the
11 21st century jobs trust fund created in the Michigan trust fund
12 act, 2000 PA 489, MCL 12.251 to ~~12.256~~ 12.260, may be used for the
13 purposes of administering the programs and activities authorized
14 under this chapter. However, the fund and the fund board shall not
15 use more than 3% of the annual appropriation for administering the
16 programs and activities authorized under this chapter unless the
17 fund board by a 2/3 vote authorizes the additional 1% for
18 administration.

19 (5) APPLICATION FEES RECEIVED FOR PROGRAMS AND ACTIVITIES
20 AUTHORIZED UNDER THIS CHAPTER SHALL BE PAID TO THE FUND AND MAY BE
21 USED BY THE FUND UPON APPROPRIATION FOR ADMINISTERING THE PROGRAMS
22 AND ACTIVITIES AUTHORIZED UNDER THIS CHAPTER. THE RESTRICTIONS ON
23 EXPENDITURES UNDER SUBSECTION (4) DO NOT APPLY TO EXPENDITURE OF
24 APPLICATION FEE REVENUE UNDER THIS SUBSECTION.

25 (6) Not more than 5% of the annual appropriation as provided
26 by law from the 21st century jobs trust fund created in the
27 Michigan trust fund act, 2000 PA 489, MCL 12.251 to ~~12.256~~ 12.260,

1 may be used for business development and business marketing costs
2 **UNDER THIS CHAPTER**. Not less than 80% of the funds committed for
3 business development and business marketing costs **UNDER THIS**
4 **CHAPTER** shall be targeted to persons or entities outside of this
5 state. No funds **UNDER THIS CHAPTER** may be used for any business
6 development and business marketing effort that includes a reference
7 to or the image or voice of an elected state officer or a candidate
8 for elective state office and that is targeted to a media market in
9 Michigan. The fund board shall select all vendors for all **BUSINESS**
10 **DEVELOPMENT AND BUSINESS** marketing expenditures under this chapter
11 by issuing a request for proposal. At a minimum, the request for
12 proposal shall require the responding entities to disclose any
13 conflict of interest, disclose any criminal convictions, disclose
14 any investigations by the internal revenue service or any other
15 federal or state taxing body or court, disclose any pertinent
16 litigation regarding the conduct of the entity, and maintain
17 records and evidence pertaining to work performed. The fund board
18 shall establish a standard process to evaluate proposals submitted
19 as a result of a request for proposal and appoint a committee to
20 review the proposals.

21 (7) The fund shall not use any money appropriated or
22 transferred for purposes authorized under this chapter to acquire
23 interests in or improve real property. The restriction under this
24 subsection applies only to the fund and not to recipients of
25 expenditures or investments under this chapter.