

SENATE BILL No. 1381

June 12, 2008, Introduced by Senator CHERRY and referred to the Committee on Commerce and Tourism.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88f. When creating programs for 21st century investments
2 under this chapter, the fund shall create and operate the venture
3 capital investment program. The fund board shall authorize
4 investments that shall invest only in or alongside a qualified
5 venture capital fund that invests primarily in early stage
6 businesses. The venture capital investment program shall do all of
7 the following:

8 (a) Provide that the return on investment that is sought is
9 greater than the return on investment under the commercial loan

1 portion of the loan enhancement program to reflect the greater
2 risk.

3 (b) Provide that the qualified venture capital fund will have
4 an amount at risk greater than the fund's investment.

5 (c) Provide that a qualified venture capital fund is not
6 eligible to participate in a venture capital investment program
7 unless it operates **OR ENTERS INTO AN AGREEMENT FOR THE OPERATION OF**
8 a business development office in this state staffed with at least 1
9 full-time equivalent ~~employee~~**PERSON** who is actively seeking
10 opportunities for venture capital investments in businesses located
11 in this state unless the investment opportunity requested by the
12 qualified venture capital fund is targeted to a specific
13 transaction involving a competitive edge technology that will not
14 occur without the fund's investment as determined by the fund
15 board.

16 (d) Provide that a qualified venture capital fund is not
17 eligible to participate in a venture capital investment program
18 unless it agrees to make venture capital investments in this state
19 at a percentage rate that is not less than the percentage rate that
20 the fund's investment in the qualified venture capital fund bears
21 to the total amount in the qualified venture capital fund.

22 (e) Provide that a qualified venture capital fund is not
23 eligible to participate in a venture capital investment program if
24 its investment strategy provides for the breakup and liquidation of
25 businesses. The fund board shall make sure that the agreements with
26 a venture capital fund have the appropriate provisions to prohibit
27 the actions described in this subdivision.

1 (f) Coordinate with the Michigan early stage venture
2 investment fund as defined in section 3 of the Michigan early stage
3 venture investment act of 2003, 2003 PA 296, MCL 125.2233, to
4 ensure that a continuum of venture capital is available in this
5 state.

6 (g) Provide that 80% of the funds allocated to a venture
7 capital investment program shall focus on competitive edge
8 technologies.

9 (h) Provide that a qualified venture capital fund may make
10 follow-up investments that were eligible for investment at the time
11 of initial investment but that subsequently may not be
12 characterized as an investment in an early stage business.