

SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 4817

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending sections 4, 71, 88b, and 89b (MCL 125.2004, 125.2071,  
125.2088b, and 125.2089b), section 4 as amended by 2005 PA 225,  
section 88b as amended by 2009 PA 218, and section 89b as added by  
2008 PA 98.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 4. As used in this act:

2       (a) "Board" means the board of directors of the Michigan  
3       strategic fund, except where the context clearly requires a  
4       different definition.

5       (b) "Economic development project" means an endeavor related  
6       to industrial, commercial, or agricultural enterprise. Economic  
7       development project includes, but is not limited to, a theme or

1 recreation park; agricultural or forestry production, harvesting,  
2 storage, or processing facilities or equipment; and the use of  
3 equipment or facilities designed to produce energy from renewable  
4 resources. Economic development project does not include that  
5 portion of an endeavor devoted to the sale of goods at retail,  
6 except that, as used in relation to the fund insuring a transaction  
7 entered into by a depository institution, and as used in relation  
8 to a loan by the fund to a minority owned business, an economic  
9 development project may include that portion of an endeavor devoted  
10 to the sale of goods at retail. Economic development project does  
11 not include that portion of an endeavor devoted to housing or a  
12 program or activity authorized under chapter 8A.

13 (c) "Financial institution" means a state or nationally  
14 chartered bank or a state or federally chartered savings and loan  
15 association, savings bank, or credit union whose deposits are  
16 insured by an agency of the United States government and that  
17 maintains a principal office or branch office in this state under  
18 the laws of this state or the United States.

19 (d) "Fund" means the Michigan strategic fund created under  
20 section 5, except where the context clearly requires a different  
21 definition.

22 (E) "GREEN CHEMISTRY" MEANS CHEMISTRY AND CHEMICAL ENGINEERING  
23 TO DESIGN CHEMICAL PRODUCTS OR PROCESSES THAT REDUCE OR ELIMINATE  
24 THE USE OR GENERATION OF HAZARDOUS SUBSTANCES, WHILE PRODUCING  
25 HIGH-QUALITY PRODUCTS THROUGH SAFE AND EFFICIENT MANUFACTURING  
26 PROCESSES. GREEN CHEMISTRY IS GUIDED BY THE FOLLOWING 12  
27 PRINCIPLES:

1           (i) PREVENT WASTE: DESIGN CHEMICAL SYNTHESSES TO PREVENT WASTE,  
2 LEAVING NO WASTE TO TREAT OR CLEAN UP.

3           (ii) DESIGN SAFER CHEMICALS AND PRODUCTS: DESIGN CHEMICAL  
4 PRODUCTS TO BE FULLY EFFECTIVE, YET HAVE LITTLE OR NO TOXICITY.

5           (iii) DESIGN LESS HAZARDOUS CHEMICAL SYNTHESSES: DESIGN SYNTHESSES  
6 TO USE AND GENERATE SUBSTANCES WITH LITTLE OR NO TOXICITY TO HUMANS  
7 AND THE ENVIRONMENT.

8           (iv) USE RENEWABLE FEEDSTOCKS: USE RAW MATERIALS AND FEEDSTOCKS  
9 THAT ARE RENEWABLE RATHER THAN DEPLETING. RENEWABLE FEEDSTOCKS ARE  
10 OFTEN MADE FROM AGRICULTURAL PRODUCTS OR ARE THE WASTES OF OTHER  
11 PROCESSES; DEPLETING FEEDSTOCKS ARE MADE FROM FOSSIL FUELS,  
12 INCLUDING PETROLEUM, NATURAL GAS, OR COAL, OR ARE MINED.

13           (v) USE CATALYSTS, NOT STOICHIOMETRIC REAGENTS: MINIMIZE WASTE  
14 BY USING CATALYTIC REACTIONS. CATALYSTS ARE USED IN SMALL AMOUNTS  
15 AND CAN CARRY OUT A SINGLE REACTION MANY TIMES. THEY ARE PREFERABLE  
16 TO STOICHIOMETRIC REAGENTS, WHICH ARE USED IN EXCESS AND WORK ONLY  
17 ONCE.

18           (vi) AVOID CHEMICAL DERIVATIVES: AVOID USING BLOCKING OR  
19 PROTECTING GROUPS OR ANY TEMPORARY MODIFICATIONS IF POSSIBLE.  
20 DERIVATIVES USE ADDITIONAL REAGENTS AND GENERATE WASTE.

21           (vii) MAXIMIZE ATOM ECONOMY: DESIGN SYNTHESSES SO THAT THE FINAL  
22 PRODUCT CONTAINS THE MAXIMUM PROPORTION OF THE STARTING MATERIALS.  
23 THERE SHOULD BE FEW, IF ANY, WASTED ATOMS.

24           (viii) USE SAFER SOLVENTS AND REACTION CONDITIONS: AVOID USING  
25 SOLVENTS, SEPARATION AGENTS, OR OTHER AUXILIARY CHEMICALS. IF THESE  
26 CHEMICALS ARE NECESSARY, USE INNOCUOUS CHEMICALS.

27           (ix) INCREASE ENERGY EFFICIENCY: RUN CHEMICAL REACTIONS AT

1 AMBIENT TEMPERATURE AND PRESSURE WHENEVER POSSIBLE.

2 (x) DESIGN CHEMICALS AND PRODUCTS TO DEGRADE AFTER USE: DESIGN  
3 CHEMICAL PRODUCTS TO BREAK DOWN TO INNOCUOUS SUBSTANCES AFTER USE  
4 SO THAT THEY DO NOT ACCUMULATE IN THE ENVIRONMENT.

5 (xi) ANALYZE IN REAL-TIME TO PREVENT POLLUTION: INCLUDE IN-  
6 PROCESS REAL-TIME MONITORING AND CONTROL DURING SYNTHESSES TO  
7 MINIMIZE OR ELIMINATE THE FORMATION OF BY-PRODUCTS.

8 (xii) MINIMIZE THE POTENTIAL FOR ACCIDENTS: DESIGN CHEMICALS  
9 AND THEIR FORMS, INCLUDING SOLID, LIQUID, OR GAS, TO MINIMIZE THE  
10 POTENTIAL FOR CHEMICAL ACCIDENTS, INCLUDING EXPLOSIONS, FIRES, AND  
11 RELEASES TO THE ENVIRONMENT.

12 (F) ~~(e)~~—"Michigan economic development corporation" or "MEDC"  
13 means the Michigan economic development corporation, the public  
14 body corporate created under section 28 of article VII of the state  
15 constitution of 1963 and the urban cooperation act of 1967, 1967  
16 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual interlocal  
17 agreement effective April 5, 1999, and subsequently amended,  
18 between local participating economic development corporations  
19 formed under the economic development corporations act, 1974 PA  
20 338, MCL 125.1601 to 125.1636, and the fund.

21 (G) ~~(f)~~—"Municipality" means a county, city, village,  
22 township, port district, development organization, institution of  
23 higher education, community or junior college, or subdivision or  
24 instrumentality of any of the legal entities listed in this  
25 subdivision.

26 (H) ~~(g)~~—"Person" means an individual, sole proprietorship,  
27 partnership, limited partnership, limited liability partnership,

1 limited liability company, joint venture, profit or nonprofit  
2 corporation including a public or private college or university,  
3 public utility, local industrial development corporation, economic  
4 development corporation, or other association of persons organized  
5 for agricultural, commercial, or industrial purposes.

6 (I) ~~(h)~~—"Project" means an economic development project and,  
7 in addition, means the acquisition, construction, reconstruction,  
8 conversion, or leasing of an industrial, commercial, retail,  
9 agricultural, or forestry enterprise, or any part of these, to  
10 carry out the purposes and objectives of this act and of the fund,  
11 including, but not limited to, acquisition of land or interest in  
12 land, buildings, structures, or other planned or existing planned  
13 improvements to land including leasehold improvements, machinery,  
14 equipment, or furnishings which include, but are not limited to,  
15 the following: research parks; office facilities; engineering  
16 facilities; research and development laboratories; warehousing  
17 facilities; parts distribution facilities; depots or storage  
18 facilities; port facilities; railroad facilities, including  
19 trackage, right of way, and appurtenances; airports; water and air  
20 pollution control equipment or waste disposal facilities; theme or  
21 recreational parks; equipment or facilities designed to produce  
22 energy from renewable resources; farms, ranches, forests, and other  
23 agricultural or forestry commodity producers; agricultural  
24 harvesting, storage, transportation, or processing facilities or  
25 equipment; grain elevators; shipping heads and livestock pens;  
26 livestock; warehouses; wharves and dock facilities; water,  
27 electricity, hydro electric, coal, petroleum, or natural gas

1 provision facilities; dams and irrigation facilities; sewage,  
 2 liquid, and solid waste collection, disposal treatment, and  
 3 drainage services and facilities. Project does not include a  
 4 program or activity authorized under chapter 8A.

5 (J) ~~(i)~~—"Private sector" means other than the fund, a state or  
 6 federal source, or an agency of a state or the federal government.

7 Sec. 71. As used in this chapter:

8 (a) "Economic development fund" means that fund to which the  
 9 fund succeeded in ownership pursuant to section 22.

10 (b) "Research and development enterprise" means any person  
 11 found by the fund to be engaged in a business which ~~has as its~~  
 12 ~~principal function~~ **USES GREEN CHEMISTRY AS A DESIGN GUIDANCE, OR**  
 13 the discovery of new substances and the refinement of known  
 14 substances, processes, products, theories, and ideas, except for  
 15 those persons whose businesses are directed primarily to the  
 16 accumulation or analysis of commercial, financial, or mercantile  
 17 data.

18 (c) "Research center fund" means that fund created by section  
 19 27 of ~~Act No. 70 of the Public Acts of 1982, being section 125.1927~~  
 20 ~~of the Michigan Compiled Laws~~ **FORMER 1982 PA 70**, to which the fund  
 21 succeeds in ownership pursuant to section 76.

22 Sec. 88b. (1) The fund shall create and operate programs  
 23 authorized under this chapter. The fund board shall determine the  
 24 annual allocation of money for programs authorized under this  
 25 chapter and make authorized expenditures or investments from the  
 26 investment fund of the 21st century jobs trust fund created in the  
 27 Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260, as

1 authorized under this chapter for programs and activities  
2 authorized under this chapter.

3 (2) Money transferred or appropriated by law to the fund for  
4 the purposes of carrying out this chapter shall be expended or  
5 invested by the fund as authorized by law for the following  
6 purposes:

7 (a) 21st century investments.

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

10 (c) Other programs or activities authorized under this  
11 chapter.

12 (D) FOR FISCAL YEAR 2010-2011 ONLY, \$10,000,000.00 FOR THE  
13 PROMOTION OF TOURISM IN THIS STATE FROM FUNDS APPROPRIATED IN THE  
14 JOBS FOR MICHIGAN INVESTMENT PROGRAM - 21ST CENTURY JOBS FUND LINE  
15 IN SECTION 109 OF 2010 PA 191 WITH NOT LESS THAN \$1,500,000.00 TO  
16 BE USED FOR THE 2010-2011 WINTER ADVERTISEMENT BUY.

17 (3) Except for the appropriations described in section 88j(3)  
18 and as otherwise provided in section 88q, for fiscal years other  
19 than the 2008-2009 and 2009-2010 fiscal years the fund board shall  
20 not expend more than the following amounts each year from the 21st  
21 century jobs trust fund created in the Michigan trust fund act,  
22 2000 PA 489, MCL 12.251 to 12.260, for the following purposes:

23 (a) 25% for the loan enhancement program.

24 (b) 40% for the private equity investment program, the venture  
25 capital investment program, and the mezzanine investment program  
26 combined.

27 (c) 70% for competitive edge technology grants and loans under

1 section 88k. The commercialization board shall not authorize the  
2 expenditure of more than \$100,000,000.00 of the amount described in  
3 this subdivision for basic research over the life of the program.

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

13 (5) Not more than 5% of the annual appropriation as provided  
14 by law from the 21st century jobs trust fund created in the  
15 Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260, may be  
16 used for business development and business marketing costs. Not  
17 less than 80% of the funds committed for business development and  
18 business marketing costs shall be targeted to persons or entities  
19 outside of this state. No funds may be used for any business  
20 development and business marketing effort that includes a reference  
21 to or the image or voice of an elected state officer or a candidate  
22 for elective state office and that is targeted to a media market in  
23 Michigan. The fund board shall select all vendors for all marketing  
24 expenditures under this chapter by issuing a request for proposal.  
25 At a minimum, the request for proposal shall require the responding  
26 entities to disclose any conflict of interest, disclose any  
27 criminal convictions, disclose any investigations by the internal



1 revenue service or any other federal or state taxing body or court,  
2 disclose any pertinent litigation regarding the conduct of the  
3 entity, and maintain records and evidence pertaining to work  
4 performed. The fund board shall establish a standard process to  
5 evaluate proposals submitted as a result of a request for proposal  
6 and appoint a committee to review the proposals. The fund or the  
7 fund board shall not appoint or designate any person paid or unpaid  
8 to a committee to review proposals if that person has a conflict of  
9 interest with any potential vendors as determined by the office of  
10 the chief compliance officer established in section 88i.

11 (6) The fund shall not use any money appropriated or  
12 transferred for purposes authorized under this chapter to acquire  
13 interests in or improve real property. The restriction under this  
14 subsection applies only to the fund and not to recipients of  
15 expenditures or investments under this chapter.

16 Sec. 89b. (1) For the fiscal year ending September 30, 2008,  
17 there is appropriated and transferred from the general fund to the  
18 21st century jobs trust fund \$60,000,000.00 and there is  
19 appropriated from the 21st century jobs trust fund to the fund  
20 \$50,000,000.00 for carrying out the purposes of this chapter. Not  
21 more than 1/4 of the total amount appropriated from the net  
22 proceeds described in section 8(2) of the Michigan tobacco  
23 settlement finance authority act, 2005 PA 226, MCL 129.268, shall  
24 be used to promote business development in this state.

25 (2) Upon request from the board, the state treasurer shall  
26 transfer appropriated funds from the 21st century jobs trust fund  
27 established under section 7(1)(b) of the Michigan trust fund act,

1 2000 PA 489, MCL 12.257, **ANY OTHER AVAILABLE FUNDS UNDER THIS ACT,**  
2 **FUNDS OTHERWISE APPROPRIATED FOR EXPENDITURE UNDER THIS CHAPTER, OR**  
3 **AS AUTHORIZED IN SECTION 88B(2) (D),** in the amounts designated by  
4 the board at the time and as necessary to fund disbursements  
5 required for the Michigan promotion program.

6 (3) The appropriation authorized in subsection (1) is a work  
7 project appropriation and any unencumbered or unallotted funds are  
8 carried forward into the following fiscal year. The following is in  
9 compliance with section 451a(1) of the management and budget act,  
10 1984 PA 431, MCL 18.1451a:

11 (a) The purpose of the project is to provide economic benefits  
12 and job creation within this state through the promotion of  
13 tourism.

14 (b) The work project will be accomplished through the use of  
15 interagency agreements, grants, state employees, and contracts.

16 (c) The total estimated completion cost of the project is  
17 \$50,000,000.00.

18 (d) The expected completion date is December 31, 2010.