

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 5100**

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending section 88b (MCL 125.2088b), as amended by 2008 PA 175.

**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 12.260, as  
7       authorized under this chapter for programs and activities  
8       authorized under this chapter.

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

(a) 21st century investments.

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

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

(3) Except for the appropriations described in section 88j(3) and as otherwise provided in section 88q, **FOR FISCAL YEARS OTHER THAN THE 2008-2009 AND 2009-2010 FISCAL YEARS** the fund board shall not expend more than the following amounts each year from the 21st century jobs trust fund created in the Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260, for the following purposes:

(a) 25% for the loan enhancement program.

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

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

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

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

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

~~(c) \$30,000,000.00 in the 2007-2008 fiscal year.~~

~~(d) \$25,000,000.00 in the 2008-2009 through the 2011-2012~~

~~fiscal years.~~ BEGINNING OCTOBER 1, 2009, BEFORE ENTERING INTO AN  
AGREEMENT FOR THE DESIGNATION AND OPERATION OF A CENTER OF ENERGY  
EXCELLENCE UNDER SECTION 88Q, THE FUND SHALL EXECUTE A GRANT  
AGREEMENT WITH A QUALIFIED ECONOMIC DEVELOPMENT ORGANIZATION FOR  
\$9,000,000.00 FROM THE JOBS FOR MICHIGAN INVESTMENT FUND, THE  
RETURN TO FUND, OR THE FUNDS APPROPRIATED FOR THIS CHAPTER IN  
FISCAL YEARS 2009-2010, 2010-2011, AND 2011-2012 FOR THE  
DEVELOPMENT AND OPERATION OF A BIOECONOMY RESEARCH AND  
COMMERCIALIZATION INSTITUTE. THE GRANT SHALL BE PAYABLE IN EQUAL  
YEARLY INSTALLMENTS OVER 3 FISCAL YEARS BEGINNING IN FISCAL YEAR  
2009-2010. AS USED IN THIS SUBSECTION, "QUALIFIED ECONOMIC  
DEVELOPMENT ORGANIZATION" MEANS AN ENTITY THAT MEETS ALL OF THE  
FOLLOWING CRITERIA:

(A) MAINTAINS A PARTNERSHIP WITH AN INSTITUTION OF HIGHER  
EDUCATION LOCATED IN ANOTHER COMMUNITY TO FACILITATE THE REUSE OF  
LIFE SCIENCE FACILITIES AND EQUIPMENT.

(B) RECEIVED MONEY IN FISCAL YEAR 2008 FROM THE FUND TO  
FACILITATE THE REUSE OF LIFE SCIENCE FACILITIES AND EQUIPMENT.

(C) IN PARTNERSHIP WITH AN INSTITUTION OF HIGHER EDUCATION  
LOCATED IN ANOTHER COMMUNITY, ESTABLISHED A BIOECONOMY RESEARCH AND  
COMMERCIALIZATION INSTITUTE FOCUSED ON RESEARCH IN BIOFUELS,  
BIOMATERIALS, AND BIOCHEMICALS AT A FACILITY DONATED TO AN  
INSTITUTION OF HIGHER EDUCATION BY A PRIVATE COMPANY.

(5) Not more than 4% of the annual appropriation as provided

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

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

1 evaluate proposals submitted as a result of a request for proposal  
2 and appoint a committee to review the proposals. The fund or the  
3 fund board shall not appoint or designate any person paid or unpaid  
4 to a committee to review proposals if that person has a conflict of  
5 interest with any potential vendors as determined by the office of  
6 the chief compliance officer established in section 88i.

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