

SUBSTITUTE FOR
HOUSE BILL NO. 5808

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 88a (MCL 125.2088a), as amended by 2006 PA 639.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88a. As used in this chapter:

2 (a) "Advanced automotive, manufacturing, ~~and~~ materials, **AND**
3 **INFORMATION** technology" means any technology that involves 1 or
4 more of the following:

5 (i) Materials with engineered properties created through the
6 development of specialized process and synthesis technology.

7 (ii) Nanotechnology, including materials, devices, or systems
8 at the atomic, molecular, or macromolecular level, with a scale
9 measured in nanometers.

10 (iii) Microelectromechanical systems, including devices or

1 systems integrating microelectronics with mechanical parts and a
2 scale measured in micrometers.

3 (iv) Improvements to vehicle safety, vehicle performance,
4 vehicle production, or environmental impact, including, but not
5 limited to, vehicle equipment and component parts.

6 (v) A new technology, device, or system that enhances or
7 improves the manufacturing process of wood, timber, or
8 agricultural-based products.

9 (vi) Any technology that involves an alternative energy vehicle
10 or its components, as alternative energy vehicle is defined under
11 section 2 of the Michigan next energy authority act, 2002 PA 593,
12 MCL 207.822.

13 (vii) Advanced computing or electronic device technology.
14 ~~related to technology described under this subdivision.~~

15 (viii) Design, engineering, testing, or diagnostics related to
16 technology described under this subdivision.

17 (ix) Product research and development related to technology
18 described under this subdivision.

19 (b) "Advanced computing" means any technology used in the
20 design and development of 1 or more of the following:

21 (i) Computer hardware and software.

22 (ii) Data communications.

23 (iii) Information technologies.

24 (c) "Alternative energy technology" means applied research or
25 commercialization of new or next generation technology in 1 or more
26 of the following:

27 (i) Alternative energy technology as that term is defined in

1 section 2 of the Michigan next energy authority act, 2002 PA 593,
2 MCL 207.822.

3 (ii) Devices or systems designed and used solely for the
4 purpose of generating energy from agricultural crops, residue and
5 waste generated from the production and processing of agricultural
6 products, animal wastes, or food processing wastes, not including a
7 conventional gasoline or diesel fuel engine or retrofitted
8 conventional gasoline or diesel fuel engine.

9 (iii) A new technology, product, or system that permits the
10 utilization of biomass for the production of specialty, commodity,
11 or foundational chemicals or of novel or economical commodity
12 materials through the application of biotechnology that minimizes,
13 complements, or replaces reliance on petroleum for the production.
14 Alternative energy technology also includes a new technology,
15 product, or system that utilizes wind energy.

16 (iv) Advanced computing or electronic device technology related
17 to technology described under this subdivision.

18 (v) Design, engineering, testing, or diagnostics related to
19 technology described under this subdivision.

20 (vi) Product research and development related to a technology
21 described under this subdivision.

22 (d) "Applied research" means translational research conducted
23 with the objective of attaining a specific benefit or to solve a
24 practical problem, or other research activity that seeks to
25 utilize, synthesize, or apply existing knowledge, information, or
26 resources to the resolution of a specified problem, question, or
27 issue, with high potential for commercial application to create

1 jobs in this state.

2 (e) "Basic research" means any original investigation for the
3 advancement of scientific or technological knowledge that will
4 enhance the research capacity of this state in a way that increases
5 the ability to attract to or develop companies, jobs, researchers,
6 or students in this state.

7 (f) "Commercialization" means the transition from research to
8 the actions necessary to achieve market entry and general market
9 competitiveness of new innovative technologies, processes, and
10 products and the services that support, assist, equip, finance, or
11 promote a person or an entity with that transition.

12 (g) "Competitive edge technology" means 1 or more of the
13 following:

14 (i) Life sciences technology.

15 (ii) Advanced automotive, manufacturing, ~~and materials,~~ **AND**
16 **INFORMATIONAL** technology.

17 (iii) Homeland security and defense technology.

18 (iv) Alternative energy technology.

19 (h) "Electronic device technology" means any technology that
20 involves microelectronics, semiconductors, electronic equipment,
21 and instrumentation, radio frequency, microwave, and millimeter
22 electronics; optical and optic-electrical devices; or data and
23 digital communications and imaging devices.

24 (i) "Fund board" means the board of the Michigan strategic
25 fund described in section 5.

26 (j) "Homeland security and defense technology" means
27 technology that assists in the assessment of threats or damage to

1 the general population and critical infrastructure, protection of,
2 defense against, or mitigation of the effects of foreign or
3 domestic threats, disasters, or attacks, or support for crisis or
4 response management, including, but not limited to, 1 or more of
5 the following:

6 (i) Sensors, systems, processes, or equipment for
7 communications, identification and authentication, screening,
8 surveillance, tracking, and data analysis.

9 (ii) Advanced computing or electronic device technology related
10 to technology described under this subdivision.

11 (iii) Aviation technology, including, but not limited to,
12 avionics, airframe design, sensors, early warning systems, and
13 services related to technology described under this subdivision.

14 (iv) Design, engineering, testing, or diagnostics related to
15 technology described under this subdivision.

16 (v) Product research and development related to technology
17 described under this subdivision.

18 (k) "Independent peer review expert" means a person or persons
19 selected by the commercialization board with appropriate expertise
20 to conduct an independent, unbiased, objective, and competitive
21 evaluation of activities funded under section 88k. The person or
22 persons shall demonstrate the capability and experience, as
23 appropriate or necessary for the particular activity funded, to do
24 all of the following:

25 (i) Conduct a highly competitive and intensive, independent,
26 multiphased, peer-review-based evaluation process.

27 (ii) Employ personnel with appropriate business, scientific,

1 technical, commercial, or other specialized expertise to carry out
2 each aspect of the evaluation process.

3 (iii) Provide recommendations to or assist the commercialization
4 board in identifying high-quality activities for funding that are
5 likely to result in the development and commercialization of
6 competitive edge technology and job creation in this state. The
7 recommendations shall include all materials used by the independent
8 peer review expert in making the recommendation.

9 (iv) Assure that any peer review process developed maintains a
10 high level of integrity.

11 (l) "Institution of higher education" means an institution of
12 higher education or a community or junior college described in
13 section 4, 5, 6, or 7 of article VIII of the state constitution of
14 1963 or an independent nonprofit degree-granting institution of
15 postsecondary education in this state that is approved by the state
16 board of education.

17 (m) "Jobs for Michigan investment fund" or "investment fund"
18 means the jobs for Michigan investment fund created in section 88h.

19 (n) "Life sciences" means science for the examination or
20 understanding of life or life processes, including, but not limited
21 to, all of the following:

22 (i) Bioengineering.

23 (ii) Biomedical engineering.

24 (iii) Genomics.

25 (iv) Proteomics.

26 (v) Molecular and chemical ecology.

27 (vi) Biotechnology, including any technology that uses living

1 organisms, cells, macromolecules, microorganisms, umbilical cord
2 blood, or substances from living organisms to make or modify a
3 product for useful purposes. Biotechnology or life sciences does
4 not include any of the following:

5 (A) Activities prohibited under section 2685 of the public
6 health code, 1978 PA 368, MCL 333.2685.

7 (B) Activities prohibited under section 2688 of the public
8 health code, 1978 PA 368, MCL 333.2688.

9 (C) Activities prohibited under section 2690 of the public
10 health code, 1978 PA 368, MCL 333.2690.

11 (D) Activities prohibited under section 16274 of the public
12 health code, 1978 PA 368, MCL 333.16274.

13 (E) Stem cell research with human embryonic tissue.

14 (o) "Life sciences technology" means any technology derived
15 from life sciences intended to improve human health or the overall
16 quality of human life, including, but not limited to, systems,
17 processes, or equipment for drug or gene therapies, biosensors,
18 testing, medical devices or instrumentation with a therapeutic or
19 diagnostic value, a pharmaceutical or other product that requires
20 United States food and drug administration approval or registration
21 prior to its introduction in the marketplace and is a drug or
22 medical device as defined by the federal food, drug, and cosmetic
23 act, 21 USC 301 to ~~399~~**399A**, or 1 or more of the following:

24 (i) Advanced computing or electronic device technology related
25 to technology described under this subdivision.

26 (ii) Design, engineering, testing, or diagnostics related to
27 technology or the commercial manufacturing of technology described

1 under this subdivision.

2 (iii) Product research and development related to technology
3 described under this subdivision.

4 (p) "Qualified business" means a business entity located in
5 this state.

6 (q) "Qualified mezzanine fund" means a person or entity
7 primarily engaged in making loans or investments ranging in size
8 from \$250,000.00 to \$6,000,000.00 that is managed by 2 or more
9 individuals with no less than 5 years' direct experience in
10 mezzanine lending or capital investments and that holds investment
11 capital or has commitments from investors other than the fund and
12 at least 2 financial institutions.

13 (r) "Qualified private equity fund" means a firm principally
14 or primarily engaged in investing in or acquiring businesses that
15 is managed by 2 or more individuals with no less than 5 years of
16 direct experience in private equity investments, and that holds
17 investment capital from investors other than the fund.

18 (s) "Qualified venture capital fund" means a firm principally
19 or primarily engaged in investing in or acquiring early stage
20 businesses with growth potential that have not yet demonstrated
21 consistent profitability or a proven business model, that is
22 managed by 2 or more individuals with not less than 5 years of
23 direct experience in venture capital, and that holds capital from
24 investors other than the fund.

25 (t) "Small business" means a business entity formed or doing
26 business in this state, including the affiliates of the business
27 concern, which business entity is independently owned and operated

1 and employs fewer than 250 full-time employees or has gross annual
2 sales of less than \$6,000,000.00.

3 (u) "21st century investments" means investments in 1 or more
4 of the following:

5 (i) Commercial loan guarantees under a loan enhancement program
6 operated by the fund.

7 (ii) Private equity investments under a private equity
8 investment program operated by the fund.

9 (iii) Venture capital investments under a venture capital
10 investment program operated by the fund.

11 (iv) Mezzanine investments under a mezzanine investment program
12 operated by the fund.

13 (v) "Strategic economic investment and commercialization
14 board" or "commercialization board" means the strategic economic
15 investment and commercialization board created in section 88k.

16 (w) "University technology transfer" means innovative methods
17 to accelerate the creation of start-up companies affiliated with
18 institutions of higher education or the transfer of competitive
19 edge technology research from an institution of higher education to
20 a qualified business in Michigan.