

HOUSE BILL No. 5100

June 16, 2009, Introduced by Rep. Clemente 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 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.

9 (2) Money transferred or appropriated by law to the fund for
10 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.~~ **FOR COMPETITIVE EDGE TECHNOLOGY LOANS OR GRANTS UNDER SECTION 88K OR FOR CONVERTIBLE LOANS, EQUITY INVESTMENTS, OR WARRANTS FROM THE INVESTMENT FUND RECOMMENDED BY THE COMMERCIALIZATION BOARD UNDER SECTION 88K AND APPROVED BY THE FUND BOARD.**

(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, 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.~~

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

~~1 (a) \$40,000,000.00 in the 2005-2006 fiscal year.~~

~~2 (b) \$50,000,000.00 in the 2006-2007 fiscal year.~~

~~3 (c) \$30,000,000.00 in the 2007-2008 fiscal year.~~

~~4 (d) \$25,000,000.00 in the 2008-2009 through the 2011-2012~~

fiscal years **FOR COMPETITIVE EDGE TECHNOLOGY LOANS OR GRANTS UNDER**

SECTION 88K OR FOR CONVERTIBLE LOANS, EQUITY INVESTMENTS, OR

WARRANTS FROM THE INVESTMENT FUND RECOMMENDED BY THE

COMMERCIALIZATION BOARD UNDER SECTION 88K AND APPROVED BY THE FUND

BOARD. THE COMMERCIALIZATION BOARD AND THE FUND BOARD SHALL NOT

AUTHORIZE THE EXPENDITURE OF MORE THAN \$50,000,000.00 OF THE AMOUNT

DESCRIBED IN THIS SUBSECTION FOR BASIC RESEARCH BETWEEN OCTOBER 1,

2005 AND SEPTEMBER 30, 2016.

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

provided by law from the 21st century jobs trust fund created in

the Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260, may

be used for the purposes of administering the programs and

activities authorized under this chapter. However, the fund and the

fund board shall not use more than 3% of the annual appropriation

for administering the programs and activities authorized under this

chapter unless the fund board by a 2/3 vote authorizes the

additional 1% for administration.

(5) **APPLICATION FEES RECEIVED FOR PROGRAMS AND ACTIVITIES**

AUTHORIZED UNDER THIS CHAPTER SHALL BE PAID TO THE FUND AND MAY BE

USED BY THE FUND FOR ADMINISTERING THE PROGRAMS AND ACTIVITIES

AUTHORIZED UNDER THIS CHAPTER. THE RESTRICTIONS ON EXPENDITURES

UNDER SUBSECTION (4) DO NOT APPLY TO EXPENDITURE OF APPLICATION FEE

REVENUE UNDER THIS SUBSECTION.

1 (6) Not more than 5% of the annual appropriation as provided
2 by law from the 21st century jobs trust fund created in the
3 Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260, may be
4 used for business development and business marketing costs **UNDER**
5 **THIS CHAPTER**. Not less than 80% of the funds committed for business
6 development and business marketing costs **UNDER THIS CHAPTER** shall
7 be targeted to persons or entities outside of this state. No funds
8 **UNDER THIS CHAPTER** may be used for any business development and
9 business marketing effort that includes a reference to or the image
10 or voice of an elected state officer or a candidate for elective
11 state office and that is targeted to a media market in Michigan.
12 The fund board shall select all vendors for all **BUSINESS**
13 **DEVELOPMENT AND BUSINESS** marketing expenditures under this chapter
14 by issuing a request for proposal. At a minimum, the request for
15 proposal shall require the responding entities to disclose any
16 conflict of interest, disclose any criminal convictions, disclose
17 any investigations by the internal revenue service or any other
18 federal or state taxing body or court, disclose any pertinent
19 litigation regarding the conduct of the entity, and maintain
20 records and evidence pertaining to work performed. The fund board
21 shall establish a standard process to evaluate proposals submitted
22 as a result of a request for proposal and appoint a committee to
23 review the proposals. The fund or the fund board shall not appoint
24 or designate any person paid or unpaid to a committee to review
25 proposals if that person has a conflict of interest with any
26 potential vendors as determined by the office of the chief
27 compliance officer established in section 88i.

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