

Legislative Analysis



21st CENTURY JOBS AMENDMENTS: CENTER OF INNOVATION PROGRAM

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House Bill 5477

Sponsor: Rep. Wayne Schmidt

Committee: Commerce

Complete to 3-26-12

A SUMMARY OF HOUSE BILL 5477 AS INTRODUCED 3-15-12

The bill would amend two sections of the Michigan Strategic Fund Act to make changes to the 21st Century Jobs Fund program.

****** In 2008, the MSF Act was amended to allow for the operation of a Centers of Energy Excellence Program to promote the development, acceleration, and sustainability of "energy excellence sectors" in Michigan. House Bill 5477 would eliminate references to "Centers of Energy Excellence" and replace them with references to "Centers of Innovation."

Section 88q would now allow the MSF to create and operate a Center of Innovation Program to promote the development, acceleration, and sustainability of "competitive edge technology" sectors in the state.

In the MSF Act, "competitive edge technology" means one or more of the following: life sciences technology; advanced automotive, manufacturing, materials, information, and agricultural processing technology; homeland security and defense technology; alternative energy technology; and any other innovative technology as determined by the MSF board.

****** The act currently says that grants given for the Centers of Energy Excellence program can be awarded only to for-profit companies. House Bill 5477 would allow nonprofit companies, universities, and national laboratories to receive funding from the Center for Innovation Program, in addition to for-profit companies, and would also allow for loans and other economic assistance, in addition to grants.

****** Currently, funding must be used to match federal funding. House Bill 5477 would allow funds allocated to the Center for Innovation Program to be used to match federal, collaborative partners, or third party funding.

****** Now, no more than 15% of funding can be used for administrative costs or overhead by the awardee or any subcontractor. The bill would allow the MSF Board to determine the amount of funding that can be used for administrative costs and overhead.

** The bill would amend Section 88f, which deals with the Venture Capital Investment Program, to specify that the MSF Board can limit overhead rates for recipients of awards (qualified venture capital funds) to reflect actual overhead, administrative fees, and management fees, in an amount the Board determines. Further, the bill says that start-up costs can be reimbursed as determined by the MSF Board.

MCL 125.2088f and 2088q

FISCAL IMPACT:

A fiscal analysis is in process.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.