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BILL



ANALYSIS

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Senate Bill 1108 (as reported by the Committee of the Whole)

Sponsor: Senator Darwin L. Booher

Committee: Banking and Financial Institutions

## **CONTENT**

The bill would amend the Michigan BIDCO Act to do the following:

- Include a business development enterprise as a BIDCO (a business and industrial development company) if it met proposed criteria.
- Authorize the board of the Michigan Strategic Fund (MSF) to designate a Michigan corporation or limited liability company as a qualified business development enterprise.
- Require a business development enterprise to receive that designation in order to be licensed under the Act by the Commissioner of Financial and Insurance Regulation.
- Require a business development enterprise to have a minimum net worth and firm financing commitments of at least \$25.0 million.
- Require the business plan of a business development enterprise to include the objective of providing "public benefit".
- Require the board of a business development enterprise to have at least three members, and require one-third to be designated by the MSF board.
- Establish reporting requirements.

"Public benefit" would mean making capital available, or facilitating the availability of capital, to businesses in this State that have 750 or fewer employees, with the intent to create or retain employment opportunities for Michigan residents, stabilize or increase the State's tax base, or support the redevelopment of facilities for use by small businesses.

MCL 487.1104 et al.

Legislative Analyst: Suzanne Lowe

## **FISCAL IMPACT**

The bill would increase the responsibilities of the Michigan Strategic Fund, which would be authorized to designate an eligible company as a business development enterprise. This would entail evaluation of proposals, ongoing oversight, and appointment of at least one-third of the members of the business development enterprise board of directors. The Michigan Economic Development Corporation (MEDC), which provides the staff for the Michigan Strategic Fund, has indicated that a business development enterprise would act to improve the availability of credit for medium-size companies. The MEDC anticipates using money from the Jobs for Michigan Investment Fund (the permanent fund that receives returns from 21<sup>st</sup> Century Jobs Trust Fund projects and designated revenue from one Indian gaming compact) to provide a portion of the capital for a business development enterprise. The Michigan Strategic Fund board is authorized to allocate the net income of the Jobs for Michigan Investment Fund to 21<sup>st</sup> Century Programs permitted by statute, which include loan enhancements, investments, the Michigan Business Development Program, and the Community Revitalization Program. The MEDC estimates revenue to the Jobs for Michigan Investment Fund at about \$30.0 million in FY 2011-12 and projects a closing balance in that Fund of approximately \$20.0 million at the end of FY 2011-12.

Date Completed: 5-30-12

Fiscal Analyst: Elizabeth Pratt