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House Bill 4998 (Substitute H-2 as passed by the House)
Sponsor: Representative Wayne Schmidt
House Committee: Commerce
Senate Committee: Reforms, Restructuring and Reinventing

Date Completed: 9-16-14

CONTENT

The bill would create the "Entrepreneur-in-Residence Act", which would do the following:

- **Establish the entrepreneur-in-residence project in the Michigan Strategic Fund.**
- **Require the president of the Strategic Fund to appoint up to 10 entrepreneurs-in-residence until September 30, 2016.**
- **Describe the project's goals, which would include making State government economic development programs and incentives simpler and more accessible.**
- **Specify the qualifications of entrepreneurs-in-residence and their duties, which would include assisting the Fund in improving outreach to small businesses concerns and entrepreneurs.**
- **Specify that an entrepreneur would serve without compensation, and for a maximum of two years.**
- **Require appointees to the project to disclose their income and business interests, as well as the business interests of certain family members in a disclosure statement.**

The bill would take effect 90 days after its enactment.

The bill would establish the entrepreneur-in-residence project in the Michigan Strategic Fund. (The Michigan Strategic Fund was created under the Michigan Strategic Fund Act. The Fund's stated purpose is, among other things, to help diversify the economy of the State, to assist business enterprise in obtaining additional sources of financing, to preserve existing jobs and create new jobs, and to reduce the cost of business and production within the State.)

The entrepreneur-in-residence project's goals would include the following: a) improving outreach by State government to the private sector, b) strengthening coordination and interaction between State government and the private sector on issues relevant to entrepreneurs and small business concerns, and c) making State government economic development programs and incentives simpler and easier to access, more efficient, and more responsive to the needs of entrepreneurs and small business concerns.

The president of the Strategic Fund would have to appoint up to 10 entrepreneurs-in-residence under the project during any year. The president would have to select an entrepreneur-in-residence based on all of the following qualifications: a) success in his or her field of endeavor, b) demonstrated success in working with entrepreneurs and small

business concerns, and c) success in developing, inventing, or creating a product and bringing it to the marketplace.

The duties of an entrepreneur-in-residence would include the following: a) assisting the Strategic Fund in improving outreach to small business concerns and entrepreneurs, b) identifying any inefficient or duplicative economic development programs of the State, c) providing recommendations to the Strategic Fund on methods to improve the efficiency of existing State economic development programs and incentives or for establishing new incentives, d) facilitating meetings and forums to educate small business concerns and entrepreneurs on State economic development programs and incentives, e) facilitating in-service sessions with employees of the Strategic Fund or other State departments and agencies on issues of interest to entrepreneurs and small business concerns, and f) providing mentorship and technical assistance to small business concerns and entrepreneurs to aid in access to or participation in State economic development programs and incentives.

An entrepreneur-in-residence would serve without compensation for a maximum of two years. An entrepreneur-in-residence would report directly to the president of the Strategic Fund. Before beginning his or her service as an entrepreneur-in-residence, the appointee would have to provide the president of the Strategic Fund with a disclosure statement listing all sources of income and the nature of any ownership interest in a business during the past year for the appointee, his or her spouse, and each parent, child, and sibling of the appointee. The statement would have to be updated on an annual basis and immediately upon any significant change, and would be subject to the Freedom of Information Act. The Fund president or his or her designee would be required to check any recommendation made by an entrepreneur-in-residence against the disclosure statement for any conflict of interest.

The president of the Strategic Fund could establish an informal work group of entrepreneurs-in-residence to discuss best practices, experiences, obstacles, opportunities, and recommendations.

All departments and agencies would have to cooperate with the Strategic Fund and any entrepreneur-in-residence as necessary to facilitate the project.

After September 30, 2016, the president would be prohibited from appointing an entrepreneur-in-residence.

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Joe Carrasco

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.