

# Legislative Analysis



## FY 2014-15 SUPPLEMENTAL APPROPRIATION FOR VENTURE CAPITAL TAX VOUCHER PURCHASE

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<http://www.house.mi.gov/hfa>

**House Bill 4101 (reported from committee as H-1)**  
**Sponsor: Rep. Pscholka**  
**Committee: Appropriations**

Analysis available at  
<http://www.legislature.mi.gov>

**Complete to 3-25-15**

### SUMMARY:

House Bill 4101 is a Fiscal Year (FY) 2014-15 supplemental appropriations bill. The bill contains a single appropriation of \$45.0 million GF/GP for a Tax Voucher Purchase Program within the Department of Technology, Management, and Budget.

Associated boilerplate language would authorize the State Budget Director to expend the appropriated funds to purchase certain tax vouchers issued by the Venture Michigan Fund under the Michigan Early Stage Investment Act of 2003. The tax vouchers could be purchased only if the purchase price was no more than 90% of the face value of the tax vouchers. Purchases could be made as follows:

- Up to \$22.5 million could be expended for vouchers scheduled for tender on June 1, 2015 only if the purchase was completed by June 15, 2015
- Up to \$22.5 million could be expended for vouchers scheduled for tender on October 1, 2015 only if the purchase was completed by October 15, 2015.

### FISCAL IMPACT:

Background information on the Venture Michigan Fund is available in the document linked below—an analysis of legislation related to the fund reported by the House Committee on Commerce and Trade.

<http://www.legislature.mi.gov/documents/2015-2016/billanalysis/House/pdf/2015-HLA-4195-B6491030.pdf>

Currently, \$50.0 million in tax vouchers are anticipated to be issued by the Venture Michigan Fund and redeemed in FY 2014-15 by companies with individual income tax withholding liabilities, creating a state revenue loss of that amount. If the State Budget Director was able to purchase the vouchers directly under the provisions of House Bill 4101, the state would realize a budgetary savings of at least \$5.0 million.

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