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BILL



ANALYSIS

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Senate Bill 200 (Substitute S-3 as reported)
Sponsor: Senator Darwin L. Booher
Committee: Banking and Financial Institutions

CONTENT

The bill would amend the Michigan Strategic Fund Act to do the following:

- Require the Michigan Strategic Fund to create and operate the Michigan Investment Program, to provide economic assistance to Michigan investment markets and qualified persons with a controlling interest in a Michigan advancement portfolio.
- Require the Michigan Investment Program to provide for a detailed application, approval, and compliance process.
- Set a cap of \$1.0 million on the amount a Michigan investment market or qualified person could receive under the Michigan Investment Program in a fiscal year, and a cap of \$2.0 million on the total amount of assistance the Program could provide in a fiscal year.
- Provide that the Fund could not enter into an agreement for a grant, loan, or other economic assistance unless the investment market or qualified person met certain conditions.
- Require the Fund to post on its website information related to the Michigan Investment Program, and issue an annual report to the Legislature beginning April 10, 2016.
- Prohibit the Fund from making a grant or loan, providing other economic assistance, or otherwise operating the Michigan Investment Program after September 30, 2020.

Proposed MCL 125.2088s

Legislative Analyst: Jeff Mann

FISCAL IMPACT

State: The bill would result in additional costs to the Michigan Strategic Fund (MSF). The MSF would need to hire staff to process, analyze, and decide on applicants in accordance with this legislation, as well as produce the reports that would be required. There also would be additional costs from the appropriation of funds that would be used to issue grants, loans, and other economic assistance. Capping the total amount of loans, grants, and economic assistance that could be issued in a given year at \$2.0 million would limit the costs to the program and administration. Costs of the program and administrative costs could be paid either through the reduction of a program currently operated by the MSF or the appropriation of additional resources to the MSF. It is not clear what would happen to money received after loans or agreements were repaid. If the funds were returned to the State, then the Legislature could appropriate the money to this program, which would reduce its long-term ongoing expenses. The 2020 sunset would limit the cost to five years unless the sunset were extended in the future.

Local: The bill would affect only local economic development corporations within the State that are involved with investment markets and potentially could receive economic assistance under the bill.

Date Completed: 12-1-15

Fiscal Analyst: Cory Savino

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Bill Analysis @ www.senate.michigan.gov/sfa

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