



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

House Bill 6064 (Substitute S-2 as reported)  
Sponsor: Representative Jason Wentworth  
House Committee: Michigan Competitiveness  
Senate Committee: Economic Development and International Investment

## **CONTENT**

The bill would add Chapter 8E to the Michigan Strategic Fund Act to do the following:

- Require the Michigan Strategic Fund (MSF) to accept applications for approval as a rural jobs and capital investment fund (RJCIF), beginning 90 days after the bill's effective date and each year until 2029.
- Prescribe the processes for accepting and approving or denying applications.
- Provide qualifying requirements for an RJCIF.
- Create the "Rural Jobs and Capital Investment Creation Fund" and provide for its administration.
- Require the Fund to spend money from the Fund, upon appropriation, only to make grants, loans, or other types of economic assistances to RJCIFs in the State.
- Require the MSF to demand immediate repayment of financial assistance issued under the bill under certain circumstances.
- Require an RJCIF to submit an annual report detailing specific information to the MSF.
- Require an RJCIF to pay an annual fee of 0.5% of the investment authority authorized for that RJCIF to the Fund.
- Require the MSF to submit an annual report to each house of the Legislature on or before April 1.

Proposed MCL 125.2090I

Legislative Analyst: Nathan Leaman

## **FISCAL IMPACT**

The bill would have an indirect fiscal impact on the State and no impact on local units of government. The Rural Jobs and Capital Investment Creation Fund would not have a designated fund source and would be subject to legislative appropriations. If money were appropriated to the program, the total appropriations would be capped at \$30.0 million for the economic assistance. If loans or repayable grants were paid back to the Fund, the program would have additional money to use for economic development activity.

If the budget appropriated funds to the program, the Michigan Strategic Fund, within the Department of Talent and Economic Development, would have increased administrative costs associated with processing applications, overseeing economic development, and reporting to the Legislature. These costs would be offset by the \$10,000 nonrefundable application fee and 0.5% of the economic development assistance. The maximum annual fees would be \$150,000. It is currently unknown if this amount would be sufficient to cover the additional administrative expenses. Typical grant programs in the Michigan Strategic Fund allow 4.0% of program appropriations to go towards administration and marketing of the program, meaning that the \$10,000 application fee and 0.5% annual fee would be significantly under the typical administrative costs allowable for other grant programs. If costs were greater than the application and annual fee, the Michigan Strategic Fund would have to use existing funds for administration and oversight.

Date Completed: 12-3-18

[floor/hb6064](#)

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.

Fiscal Analyst: Cory Savino

Bill Analysis @ [www.senate.michigan.gov/sfa](http://www.senate.michigan.gov/sfa)