

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 40

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 88r (MCL 125.2088r), as amended by 2014 PA 506.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88r. (1) The fund shall create and operate the Michigan
2 business development program to provide grants, loans, and other
3 economic assistance to qualified businesses that make qualified
4 investments in this state or provide qualified new jobs in this
5 state.

6 (2) The Michigan business development program shall provide
7 for all of the following:

8 (a) Grants, loans, and other economic assistance to assist
9 qualified businesses in making qualified investments and providing

1 new jobs in this state, with preference given to qualified
2 businesses that need additional assistance for deal-closing and for
3 second stage company gap financing.

4 (b) A detailed application, approval, and compliance process
5 published and available on the fund's website. The detailed
6 application, approval, and compliance process ~~shall~~, **MUST**, at a
7 minimum, contain the following:

8 (i) A qualified business may apply for a grant, loan, or other
9 economic assistance in a form and manner determined by the fund.

10 (ii) After receipt of an application, the fund may enter into
11 a written agreement with the qualified business if the qualified
12 business agrees to make certain qualified investments or create a
13 certain number of new jobs in this state.

14 (iii) The written agreement ~~shall~~ **MUST** provide in a clear and
15 concise manner all of the conditions imposed, including specific
16 time frames, on the qualified business to receive a grant, loan, or
17 other economic assistance under this section.

18 (iv) The written agreement ~~shall~~ **MUST** provide for a repayment
19 provision of any grants, loans, or other economic assistance if the
20 qualified business fails to comply with the provisions of the
21 written agreement.

22 (v) The written agreement ~~shall~~ **MUST** provide for an audit
23 provision that requires the fund to verify that established
24 milestones for the project have been met.

25 (c) In any fiscal year, a qualified business shall not receive
26 more than \$10,000,000.00 for a project funded under this section.

27 (3) The fund shall not enter into a written agreement with a

1 qualified business unless all of the following are met:

2 (a) The municipality makes a staff, financial, or economic
3 commitment to the project as determined by the fund.

4 (b) The qualified business provides a business plan or
5 demonstrates the need for the grant, loan, or other economic
6 assistance.

7 (c) The qualified business agrees to provide the data
8 described in the written agreement necessary for the fund to report
9 to the legislature under this act.

10 (4) The fund shall post on its website or post on the website
11 of the Michigan economic development corporation the name and
12 location of each qualified business that received a grant, loan, or
13 other economic assistance awarded under this section and the amount
14 of the grant, loan, or other economic assistance.

15 (5) Beginning February 1, 2012 and not less than every 3
16 months thereafter, the fund shall post on its internet website the
17 name and location of a qualified business that received approval of
18 a grant, loan, or other economic assistance under this section in
19 the immediately preceding 3-month period.

20 (6) The legislature finds and declares that funding authorized
21 under this section to encourage diversification of the economy, to
22 encourage capital investment in this state, and to promote the
23 creation of qualified new jobs in this state is a public purpose
24 and of paramount concern in the interest of the health, safety, and
25 general welfare of the citizens of this state.

26 (7) As used in this section:

27 (a) "Other economic assistance" means any other form of

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1 assistance allowed under this act that is not a grant or a loan.

2 (b) "Qualified business" means a business that is located in
3 or operates in this state or will locate or will operate in this
4 state as determined by the fund. A qualified business may include
5 more than 1 business as determined by the fund board.

6 (c) "Qualified investment" means investment in this state
7 related to a project subject to a written agreement under this
8 section.

9 (d) "Qualified new job" means a job performed by an individual
10 who is a resident of this state whose Michigan income taxes are
11 withheld by an employer, or an employee leasing company or
12 professional employer organization on behalf of the employer, **OR BY**
13 **AN INDIVIDUAL WHO IS NOT A RESIDENT OF THIS STATE AND IS EMPLOYED**
14 **BY A BUSINESS AT A PROJECT LOCATION THAT IS LOCATED IN THIS STATE,**
15 **PROVIDED THAT THE BUSINESS CERTIFIES IN WRITING AT THE TIME OF**
16 **DISBURSEMENT THAT NOT LESS THAN [75%] OF THE EMPLOYEES OF THAT**
17 **BUSINESS ARE RESIDENTS OF THIS STATE,** that is in excess of the
18 number of jobs maintained by the qualified business ~~maintained in~~
19 this state prior to the expansion or location, as determined and
20 verified by the fund.