

HOUSE BILL NO. 4743

June 13, 2023, Introduced by Rep. Hoskins and referred to the Committee on Economic Development and Small Business.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 9 (MCL 125.2009), as amended by 2021 PA 136,
and by adding section 88u.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 9. (1) The fund shall transmit to each member of the
2 legislature, the governor, the clerk of the house of
3 representatives, the secretary of the senate, and the senate and
4 house fiscal agencies annually a report of its activities. The
5 report ~~shall~~**must** be transmitted not later than April 10 of each

1 year for activities in the immediately preceding state fiscal year.
2 The report ~~shall~~**must** not include information exempt from
3 disclosure under section 5. The report ~~shall~~**must** include, but is
4 not limited to, all of the following for each program operated
5 under this act:

6 (a) A list of entities that received financial assistance.

7 (b) The type of project or product being financed.

8 (c) The amount and type of financial assistance.

9 (d) For each separate form of financial assistance, all of the
10 following:

11 (i) The number of new jobs committed or projected when the
12 financial assistance was applied for.

13 (ii) The number of retained jobs committed or projected when
14 the financial assistance was applied for.

15 (iii) The actual number of new jobs created that are not
16 temporary employees.

17 (iv) The actual number of retained jobs that are not temporary
18 employees.

19 (v) The average annual salary of the new jobs created that are
20 not temporary employees.

21 (vi) The average annual salary of the retained jobs that are
22 not temporary employees.

23 (e) The duration of the financial assistance.

24 (f) The amount of financial support other than state
25 resources.

26 (g) Money or other revenue or property returned to the fund,
27 including any repayments through a clawback provision in the
28 agreement.

29 (h) The status of all loans of the fund.

(i) A list of all entities that are in bankruptcy, ~~that of~~
which the fund has received actual notice, ~~of,~~ filed by a direct
 recipient of an active single incentive of ~~at least~~ **not less than**
 \$500,000.00. In addition, the fund shall, within 120 days after the
 fund receives notice, provide a report of the notice of bankruptcy
 on its website and shall forward the report to each of the
 following:

(i) The senate majority leader and the senate minority leader.

(ii) The speaker of the house and the house minority leader.

(iii) The members of the house commerce and tourism committee.

(iv) The members of the house appropriations subcommittee on
 general government.

(v) The members of the senate economic and small business
 development committee.

(vi) The members of the senate appropriations subcommittee on
 general government.

(j) A summary of the approximate administrative costs used to
 administer the programs and activities authorized under this act.

(k) Any other information as required ~~in~~ **by** this section.

(2) The auditor general or a certified public accountant
 appointed by the auditor general annually shall conduct and remit
 to the legislature an audit of the fund and, in the conduct of the
 audit, shall have access to all records of the fund at any time,
 whether or not confidential. Each audit required by this section
~~shall~~ **must** include a determination of whether the fund is likely to
 be able to continue to meet its obligations, including a report on
 the status of outstanding loans and agreements made by the fund.

(3) The fund shall also transmit the audit described in
 subsection (2) to the chairperson and minority vice-chairperson of

1 the senate appropriations subcommittee on general government and
2 the house of representatives appropriations subcommittee on general
3 government. The fund shall make the report and audit available to
4 the public on the fund's website.

5 (4) The report described in subsection (1) must also contain
6 all of the following that are related to a 21st century investment
7 made by the fund board under chapter 8A:

8 (a) The amount of qualified venture capital fund investments,
9 qualified mezzanine fund investments, and qualified private equity
10 fund investments under management in this state, including year-to-
11 year growth.

12 (b) The value of loan enhancement program investments,
13 qualified private equity fund investments, qualified mezzanine fund
14 investments, and qualified venture capital investments in qualified
15 businesses, including year-to-year growth.

16 (c) A statement of the amount of money in each loan reserve
17 fund established under the small business capital access program
18 required under chapter 8A.

19 (5) The report described in subsection (1) must also include,
20 but is not limited to, all of the following for all actions under
21 section 88r:

22 (a) The total actual amount of qualified investment attracted
23 under section 88r as reported to the fund.

24 (b) The total actual number of new jobs created under section
25 88r as reported to the fund.

26 (c) The actual amount of the grant, loan, or other economic
27 assistance made under section 88r separately for each qualified
28 business verified by the fund.

29 (d) For each qualified business, whether it is a new business,

1 whether it is an expansion of an existing business, or whether it
2 relocated from outside of this state.

3 (e) An evaluation of the aggregate return on investment that
4 this state realizes on the actual qualified new jobs and actual
5 qualified investment made by qualified businesses.

6 (6) The report described in subsection (1) must also include,
7 but is not limited to, all of the following for all actions under
8 chapter 8B:

9 (a) For tourism promotion efforts, all of the following:

10 (i) An itemized list, by market, of how much was spent, types
11 of media purchased, and target of the tourism promotion campaign.

12 (ii) The return on investment analysis that utilizes existing
13 baseline data and compares results with prior outcome evaluations
14 funded by Travel Michigan.

15 (b) For business development efforts, all of the following:

16 (i) An itemized list, by market, of how much was spent, types
17 of media purchased, and target of the business promotion campaign.

18 (ii) A performance analysis that compares the program or
19 campaign objectives and outcome of the campaign or program.

20 (7) The report described in subsection (1) must also include,
21 but is not limited to, all of the following for all actions under
22 section 90d:

23 (a) The total actual amount of private investment attracted
24 under section 90d as reported to the fund.

25 (b) The actual amount of the community revitalization
26 incentives made under chapter 8C separately for each project.

27 (c) The total actual amount of square footage revitalized or
28 added for each project approved under section 90d as reported to
29 the fund. When reporting square footage, the person must report the

1 square footage by category, including, but not limited to,
2 commercial, residential, or retail.

3 (d) The aggregate increase in taxable value of all property
4 subject to a written agreement under chapter 8C when established
5 and recorded by the local units of government and as reported to
6 the fund.

7 (e) The total actual number of residential units revitalized
8 or added for each project approved under section 90d as reported to
9 the fund.

10 (f) Each project that received a community revitalization
11 incentive outside the fund program standards and guidelines and why
12 the variance was given.

13 (8) Beginning on and after January 1, 2012, on a monthly basis
14 the fund shall provide exact copies of all information regarding
15 all actions under chapter 8C that is provided to board members of
16 the fund for the purpose of monthly board meetings, subject to
17 confidentiality under section 5, to each of the following and post
18 that information on the fund's website:

19 (a) The chairperson and minority vice-chairperson of the house
20 commerce and tourism committee.

21 (b) The chairperson and minority vice-chairperson of the house
22 appropriations subcommittee on general government.

23 (c) The chairperson and minority vice-chairperson of the
24 senate economic and small business development committee.

25 (d) The chairperson and minority vice-chairperson of the
26 senate appropriations subcommittee on general government.

27 (9) The report described in subsection (1) must also include a
28 summary of the approximate administrative costs used to administer
29 the programs and activities authorized in the following sections:

1 (a) Section 88b.

2 (b) Section 88h.

3 (c) Section 90b.

4 (10) The report described in subsection (1) must also include,
5 but is not limited to, all of the following for all actions for
6 business incubators approved by the fund after January 14, 2015:

7 (a) The number of new jobs created and projected new job
8 growth by current clients of the business incubator.

9 (b) Amounts of other funds leveraged by current clients of the
10 business incubator.

11 (c) Increases in revenue for current clients of the business
12 incubator.

13 (11) The report described in subsection (1) must also include
14 the actual repayments received by the fund for failure to comply
15 with clawback provisions of the written agreement under all of the
16 following:

17 (a) Section 78.

18 (b) Section 88d.

19 (c) Section 88k.

20 (d) Section 88q.

21 (e) Section 88r.

22 (f) Section 90b.

23 (12) Beginning on July 1, 2015, the fund shall post on the
24 fund's website a list of each contract, agreement, or other written
25 loan or grant documentation for financial assistance under sections
26 88r and 90b that the fund entered into or modified in the
27 immediately preceding fiscal year.

28 (13) Beginning on July 1, 2015, the fund shall post and update
29 periodically all of the following on its website for all loans made

1 under sections 88r and 90b:

2 (a) A description of the project for which the loan was made.

3 (b) The total amount of the loan.

4 (c) Whether payments on the loan balance are current or
5 delinquent.

6 (d) The interest rate of the loan.

7 (14) Beginning July 1, 2015, the report described in
8 subsection (1) ~~shall~~**must** also contain all of the following for
9 each program that provides financial assistance under this act that
10 requires a site visit:

11 (a) A copy of the site visit guidelines for that program.

12 (b) The number of site visits conducted under that program.

13 (c) The chief compliance officer shall review and evaluate
14 compliance with the site visit guidelines.

15 (15) The fund shall post on its website and update
16 periodically all of the information described in subsection (14).

17 (16) The report described in subsection (1) must also include,
18 but is not limited to, all of the following for all written
19 agreements related to the good jobs for Michigan program created
20 under chapter 8D:

21 (a) The name of the authorized business.

22 (b) The number of certified new jobs required to be
23 maintained.

24 (c) The amount and duration of the withholding tax capture
25 revenues.

26 (17) The report described in subsection (1) must also include
27 the activities of the critical industry program described in
28 section 88s.

29 (18) The report described in subsection (1) must also include

1 the activities of the Michigan strategic site readiness program
2 described in section 88t.

3 (19) The report described in subsection (1) must also include
4 the activities of the Michigan fast track program described in
5 section 88u.

6 (20) ~~(19)~~ As used in this section, "financial assistance"
7 means grants, loans, other economic assistance, and any other
8 incentives or assistance under this act.

9 Sec. 88u. (1) The fund shall create and operate the Michigan
10 fast track program to provide economic assistance to qualified
11 businesses that are locating or expanding in this state. The fund
12 shall collaborate with institutions of higher education, community
13 colleges, Michigan Works agencies, private training providers,
14 nonprofit entities, state agencies, and local units of government
15 to tailor talent solutions, provide customized employee recruitment
16 and screening, and provide workforce training for businesses that
17 are locating or expanding in this state.

18 (2) The program must do all of the following:

19 (a) Provide an easy-to-use internet-based gateway to qualified
20 businesses that clearly communicates talent and workforce resources
21 that are available to qualified businesses that are locating or
22 expanding in this state.

23 (b) Design custom workforce training with input from
24 employers.

25 (c) Ensure high-quality workforce training opportunities.

26 (d) Facilitate contracting with third parties to provide
27 workforce training. The third parties may include 1 or more of the
28 following:

29 (i) Institutions of higher education.

1 (ii) Community colleges.

2 (iii) Michigan Works agencies.

3 (iv) Private training providers.

4 (v) Other workforce training entities.

5 (e) Provide recruitment and screening of job seekers on behalf
6 of qualified businesses.

7 (f) Provide human resource and project management support for
8 qualified businesses.

9 (g) Prioritize assistance to small businesses.

10 (3) The program must provide for a detailed application,
11 approval, and compliance process that is also published and
12 available on the fund's website. The fund must make award decisions
13 under the program not later than 30 days after receiving a
14 completed application.

15 (4) If the fund decides to award economic assistance under the
16 program, the fund shall enter into a written agreement with the
17 qualified business. The written agreement must include all of the
18 following:

19 (a) Specific terms and conditions of the award, including, but
20 not limited to, all of the following:

21 (i) A detailed description of the workforce training to be
22 provided.

23 (ii) The number of individuals who will receive workforce
24 training.

25 (iii) The number of qualified new jobs the qualified business
26 must provide.

27 (b) Specific penalties for noncompliance with the written
28 agreement as determined by the fund.

29 (c) A provision that the qualified business will provide the

1 data described in the written agreement that are necessary for the
2 fund to report to the legislature as required under this program.

3 (5) Not later than February 15 of each year, the fund shall
4 transmit to each house of the legislature, the governor, and the
5 senate and house fiscal agencies a report of the activities of the
6 program. The report must include all of the following:

7 (a) The name of each qualified business with which the fund
8 entered into a written agreement under this section.

9 (b) The amount of economic assistance awarded under this
10 section to each qualified business identified under subdivision

11 (a).

12 (c) The number of qualified new jobs provided by each
13 qualified business identified under subdivision (a).

14 (6) As used in this section:

15 (a) "Economic assistance" means a grant, loan, contract with a
16 third party to provide workforce training, or any other assistance
17 allowed under this act.

18 (b) "Program" means the Michigan fast track program created
19 under this section.

20 (c) "Qualified business" means a business in 1 of the
21 following areas that commits to the following number of qualified
22 new jobs as determined by the fund:

23 (i) Manufacturing or distribution center, 15 or more jobs.

24 (ii) Digital media, corporate headquarters, research and
25 development center, or call center, 50 or more jobs.

26 (d) "Qualified new job" means a job performed by an individual
27 who is a resident of this state whose Michigan income taxes are
28 withheld by an employer, or professional employer organization on
29 behalf of the employer, that is in excess of the number of jobs

1 maintained by the qualified business in this state before the
2 expansion or location, as determined and verified by the fund.