

MICHIGAN STRATEGIC FUND ACT (EXCERPT)
Act 270 of 1984

125.2063 Certification of minority venture capital company and MESBIC; purpose; construction of certification; statement in documents; forwarding certification applications; qualifications for initial certification; compliance.

Sec. 63. (1) The fund is empowered to certify a minority venture capital company and a MESBIC for the purpose of verifying that the business satisfies the qualifications provided by law for being an eligible recipient of investments that qualify for a credit under the single business tax act, Act No. 228 of the Public Acts of 1975, being sections 208.1 to 208.145 of the Michigan Compiled Laws, for an investment in a minority venture capital company or MESBIC certified under this chapter. The certification shall not be construed to impose liability on this state or to authorize the giving or lending of the credit of this state to any business enterprise. All documents promulgated by the department of commerce, the fund, or business enterprises in conjunction with this program shall include a statement reflecting the limited purpose of the certification and disclaiming the involvement of this state.

(2) Certification applications by a minority venture capital company or a MESBIC shall be forwarded to the fund. To qualify for its initial certification and to retain its certification, a minority venture capital company or a MESBIC shall comply with all of the following applicable requirements:

(a) Qualify as a minority venture capital company or as a MESBIC.

(b) If a minority venture capital company, has raised or has commitments for at least \$1,000,000.00 to capitalize the minority venture capital company. Amounts which the minority venture capital company is or may be obligated to repay shall not be included as money which has been raised or committed to capitalize the minority venture capital company.

(c) Demonstrate that the professional staff which will manage the minority venture capital company or MESBIC possesses relevant experience in the administration and operation of a venture capital company.

(d) Either have invested at time of application or, if the minority venture capital company or MESBIC has not yet made investments, agree to invest and to retain an investment of 100% of its portfolio in businesses operating within this state.

(e) Either have invested at time of application or, if the minority venture capital company or MESBIC has not yet made investments or has not yet reached the applicable year of operation, agree to invest and to retain an investment of 50% of its paid-in capital by the end of the third year of operation and 70% of its paid-in capital by the end of the fifth year of operation.

(f) Agree to comply with the terms of this act and with its investment plan and management plan submitted pursuant to subdivision (g).

(g) Provide the information the fund determines to be necessary or appropriate for the fund to review in considering the application including, but not necessarily limited to, the following:

(i) A detailed investment plan describing the current and proposed activities of the minority venture capital company or MESBIC.

(ii) A management plan, including a description of the business experience and reputation of the professional staff that has been or is to be assembled, and a description of the current and proposed management structure.

(iii) A listing of the present or committed investors in the minority venture capital company or MESBIC and background information on the investors.

(h) If a minority venture capital company, agree to disclose to the fund and to allow the fund to approve or disapprove a contract entered into between the minority venture capital company and a minority owned business in which an officer or director of the minority venture capital company owns 10% or more.

(i) Agree to comply with the condition that, of the investments for which a request for certification is or will be filed under section 69a, not less than 50% shall be invested by persons who, if they receive a credit under section 36b of the single business tax act, Act No. 228 of the Public Acts of 1975, being section 208.36b of the Michigan Compiled Laws, would have that credit revoked if the minority venture capital company or MESBIC has its certification revoked within 6 years after the tax year for which the person received the credit.

History: 1984, Act 270, Eff. Mar. 29, 1985;—Am. 1987, Act 278, Imd. Eff. Jan. 6, 1988.

Popular name: Strategic Fund