

**PUBLIC EMPLOYEE RETIREMENT SYSTEM INVESTMENT ACT (EXCERPT)**  
**Act 314 of 1965**

**38.1140a Investment in debt, warrant, or equity interest in small business, small business investment company, or venture capital firm; creation of small business investment companies or venture capital firms to invest in small businesses; limitation.**

Sec. 20a. (1) Except as provided in subsection (2), an investment fiduciary of a system having assets of more than \$250,000,000.00 may invest not more than 2% of a system's assets in a debt, warrant, or equity interest in a small business having more than 1/2 of the small business's assets or employees within this state, or in a debt, warrant, or equity interest in a small business investment company or venture capital firm having its principal office or more than 1/2 of its assets within this state, or the system may create, own, hold, buy, sell, operate, manage, and direct 1 or more small business investment companies or venture capital firms designed to invest in small businesses having more than 1/2 of their assets or employees within this state. An investment fiduciary may also join with a group composed of other public employee retirement systems, pension systems subject to the employee retirement income security act of 1974, Public Law 93-406, 88 Stat. 829, financial institutions, corporations, or governmental agencies or instrumentalities to accomplish the purposes of this section. An investment in stock under this section shall be considered an investment in stock under section 14 only for the purpose of determining the 70% maximum investment limitation contained in section 14.

(2) If the investment fiduciary of a system is the state treasurer, investments described in subsection (1) may exceed 2% of the assets of the system, but shall not exceed 5% of the assets of the system.

**History:** Add. 1982, Act 55, Imd. Eff. Apr. 6, 1982;—Am. 1996, Act 485, Imd. Eff. Dec. 27, 1996;—Am. 2000, Act 307, Imd. Eff. Oct. 16, 2000.

**Compiler's note:** For transfer of powers and duties of state treasurer created under public employee retirement system investment act or authorizing statutes to Michigan investment board and transfer of powers and duties of investment advisory committee created under MCL 16.191 to Michigan investment board, see E.R.O. No. 2018-5, compiled at MCL 38.1176.