

HOUSE BILL No. 4850

May 30, 2001, Introduced by Reps. Raczkowski, Mortimer, Bishop and Woronchak and referred to the Committee on Commerce.

A bill to provide certain investment opportunities in this state; to exempt income from certain taxes; to prescribe the powers and duties of certain public officers and departments; to impose powers and duties upon certain officials, departments, and authorities of this state; and to provide penalties and remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "certified capital company act".

3 Sec. 2. As used in this act:

4 (a) "Affiliate of a certified capital company or insurance
5 company" means any of the following:

6 (i) A person, directly or indirectly beneficially owning,
7 whether through rights, options, convertible interests, or
8 otherwise, controlling or holding power to vote 10% or more of

1 the outstanding securities or other ownership interests of the
2 certified capital company or insurance company, as applicable.

3 (ii) A person, 10% or more of whose outstanding voting
4 securities or other ownership interest is directly or indirectly
5 beneficially owned, whether through rights, options, convertible
6 interests, or otherwise, controlled, or held with power to vote
7 by the certified capital company or insurance company, as
8 applicable.

9 (iii) A person, directly or indirectly controlling, con-
10 trolled by, or under common control with the certified capital
11 company or insurance company, as applicable.

12 (iv) A partnership in which the certified capital company or
13 insurance company, as applicable, is a general partner.

14 (v) A person who is an officer, director, or agent of the
15 certified capital company or insurance company, as applicable, or
16 an immediate family member of the officer, director, or agent.

17 (b) "Allocation date" means the date on which the certified
18 investors of a certified capital company are allocated credits by
19 the department.

20 (c) "Certified capital" means an investment of cash by a
21 certified investor in a certified capital company which fully
22 funds the purchase price of an equity interest in the certified
23 capital company or a qualified debt instrument issued by the cer-
24 tified capital company.

25 (d) "Certified capital company" means a partnership, corpo-
26 ration, trust, or limited liability company, whether organized on
27 a profit or not for profit basis, that has as its primary

1 business activity the investment of cash in qualified businesses
2 and that is certified by the department as meeting the criteria
3 under this act.

4 (e) "Certified investor" means an insurance company that
5 invests certified capital pursuant to an allocation of tax cred-
6 its under section 3.

7 (f) "Department" means the department of treasury.

8 (g) "Early stage business" means a business that at the time
9 of the request for a written opinion under section 6 for the pur-
10 poses of section 6, or when the initial investment on which dis-
11 tributions under section 7 are based, satisfies all of the fol-
12 lowing conditions:

13 (i) The business is engaged in activities related to the
14 development of initial product or service offerings, including,
15 but not limited to, prototype development of initial product or
16 service offerings, prototype development, or the establishment of
17 initial or production service processes.

18 (ii) The business is less than 2 years old.

19 (iii) During the fiscal year immediately preceding the
20 request for a written opinion under section 6, the business had
21 gross revenues of no more than \$3,000,000.00 calculated on a con-
22 solidated basis according to generally accepted accounting
23 principles.

24 (h) "High-technology activity" means 1 or more of the
25 following:

26 (i) Advanced computing, which is any technology used in the
27 design and development of any of the following:

1 (A) Computer hardware and software.

2 (B) Data communications.

3 (C) Information technologies.

4 (ii) Advanced materials, which are materials with engineered
5 properties created through the development of specialized process
6 and synthesis technology.

7 (iii) Biotechnology, which is any technology that uses
8 living organisms, cells, macromolecules, microorganisms, or sub-
9 stances from living organisms to make or modify a product,
10 improve plants or animals, or develop microorganisms for useful
11 purposes. Biotechnology does not include human cloning as
12 defined in section 16274 of the public health code, 1978 PA 368,
13 MCL 333.16274, or stem cell research with embryonic tissue.

14 (iv) Electronic device technology, which is any technology
15 that involves microelectronics, semiconductors, electronic equip-
16 ment, and instrumentation, radio frequency, microwave, and milli-
17 meter electronics, and optical and optic-electrical devices, or
18 data and digital communications and imaging devices.

19 (v) Engineering or laboratory testing related to the devel-
20 opment of a product.

21 (vi) Technology that assists in the assessment or prevention
22 of threats or damage to human health or the environment, includ-
23 ing, but not limited to, environmental cleanup technology, pollu-
24 tion prevention technology, or development of alternative energy
25 sources.

26 (vii) Medical device technology, which is any technology
27 that involves medical equipment or products other than a

1 pharmaceutical product that has therapeutic or diagnostic value
2 and is regulated.

3 (viii) Product research and development.

4 (ix) Advanced vehicles technology that is any technology
5 that involves electric vehicles, hybrid vehicles, or alternative
6 fuel vehicles, or components used in the construction of electric
7 vehicles, hybrid vehicles, or alternative fuel vehicles. For
8 purposes of this act:

9 (A) "Electric vehicle" means a road vehicle that draws pro-
10 pulsion energy only from an on-board source of electrical
11 energy.

12 (B) "Hybrid vehicle" means a road vehicle that can draw pro-
13 pulsion energy from both a consumable fuel and a rechargeable
14 energy storage system.

15 (i) "Michigan economic development corporation" means the
16 public body corporate created under section 28 of article VII of
17 the state constitution of 1963 and the urban cooperation act of
18 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contrac-
19 tual interlocal agreement effective April 5, 1999 between local
20 participating economic development corporations formed under the
21 economic development corporations act, 1974 PA 338, MCL 125.1601
22 to 125.1636, and the Michigan strategic fund. If it is deter-
23 mined that the Michigan economic development corporation is
24 unable to perform its duties under this act, those duties shall
25 be exercised by the Michigan strategic fund.

1 (j) "Michigan strategic fund" means the Michigan strategic
2 fund as described in the Michigan strategic fund act, 1984
3 PA 270, MCL 125.2001 to 125.2093.

4 (k) "Person" means a natural person or entity, including a
5 corporation, general or limited partnership, trust, or limited
6 liability company.

7 (l) "Qualified business" means a business other than a busi-
8 ness predominantly engaged in professional services provided by
9 accountants, lawyers, or physicians that meets both of the fol-
10 lowing conditions at the time of a certified capital company's
11 first investment in the business:

12 (i) Is headquartered in this state and its principal busi-
13 ness operations are located in this state.

14 (ii) Is a small business concern as defined in
15 section 121.201 of the small business size regulations of the
16 United States small business administration, 13 C.F.R. 121.201.

17 (m) "Qualified debt instrument" means a debt instrument
18 issued by a certified capital company at par value or a premium
19 with an original maturity date of at least 5 years from date of
20 issuance, a repayment schedule that is no faster than a level
21 principal amortization over 5 years, and that contains no inter-
22 est, distribution, or payment features that are related to the
23 profitability of the certified capital company or the performance
24 of the certified capital company's investment portfolio.

25 (n) "Qualified distribution" means a distribution or payment
26 by a certified capital company from certified capital in
27 connection with either of the following:

1 (i) Reasonable costs and expenses of forming and syndicating
2 the certified capital company.

3 (ii) Reasonable costs and expenses of managing and operating
4 the certified capital company including, but not limited to, an
5 annual management fee in an amount that does not exceed 2.5% of
6 the certified capital of the certified capital company.

7 (iii) Any projected increase in federal or state taxes,
8 including penalties and interest related to state and federal
9 income taxes, of the equity owners of a certified capital company
10 resulting from the earnings or other tax liability of the certi-
11 fied capital company or the equity owners to the extent that the
12 increase is related to the ownership, management, or operation of
13 a certified capital company or the issuance, repayment, or
14 redemption of the qualified debt instruments of the certified
15 capital company.

16 (o) "Qualified investment" means the investment of cash by a
17 certified capital company in a qualified business for the pur-
18 chase of any debt, equity, or hybrid security, of any nature and
19 description, including a debt instrument, debt participation, or
20 security that has the characteristics of debt but that provides
21 for conversion into equity or equity participation instruments
22 such as options or warrants.

23 (p) "Tax credit allocation claim" means a claim for the
24 allocation of tax credits allowed under this act prepared, exe-
25 cuted, and filed with the department by a certified investor on a
26 form provided by the department that includes a statement that
27 the certified investor is legally bound and irrevocably committed

1 to make an investment of certified capital in a certified capital
2 company in the amount allocated under section 3.

3 (q) "Tax liability" means any liability incurred by a certi-
4 fied investor under the single business tax act, 1975 PA 228,
5 MCL 208.1 to 208.145, or other liability incurred by a certified
6 investor under any tax levied by this state on premiums written
7 in this state by the certified investor or any other tax levied
8 by this state on the business income of the certified investor.

9 Sec. 3. (1) A certified investor who makes an investment of
10 certified capital pursuant to an allocation of credits under this
11 act shall, at the time of the investment, earn a vested credit
12 against the certified investor's tax liability equal to 100% of
13 the certified investor's investment of certified capital. A cer-
14 tified investor is entitled to take a maximum of 10% of the
15 vested tax credit in any tax year of the certified investor
16 beginning with the tax year during which the investment is made.

17 (2) The credit that can be claimed against the tax liability
18 of the certified investor in any 1 tax year shall not exceed the
19 tax liability of the certified investor for that tax year. All
20 unused credits against tax liability may be carried forward until
21 the credit is used up.

22 (3) A certified investor claiming a credit against tax
23 liability under this section is not required to pay any addi-
24 tional retaliatory tax levied under the insurance code of 1956,
25 1956 PA 218, MCL 500.100 to 500.8302, as a result of claiming
26 that credit.

1 (4) The total amount of credits allowed under this section
2 for all taxpayers shall not exceed \$200,000,000.00.

3 (5) Tax credit allocation claims filed with respect to the
4 certified investors in any 1 certified capital company on an
5 aggregate basis with its affiliates shall not exceed
6 \$200,000,000.00.

7 (6) Allocation of credits under this act shall be made in
8 the order in which the tax credit allocation claims are received
9 by the department. If 2 or more tax credit allocation claims are
10 filed on the same day, they are considered to have been received
11 simultaneously.

12 (7) If 2 or more certified capital companies file credit
13 allocation claims on behalf of their certified investors on the
14 same day, and the amount of the credit allocation claims exceeds
15 the total maximum aggregate amounts under subsection (4), capital
16 for which credits are allowed shall be allocated by dividing the
17 total credits available by the number of certified capital com-
18 panies that filed credit allocation claims on behalf of their
19 certified investors on the same day. If the allocation of cred-
20 its under this subsection results in 1 or more certified capital
21 companies receiving an allocation of credits in excess of the
22 amount claimed, the credits in excess of the amount claimed shall
23 be reallocated to the remaining certified capital companies in
24 proportion to the amount of credits claimed exceeding the credits
25 previously allocated.

26 (8) Within 10 days after receiving a tax credit allocation
27 claim from a certified investor, the department shall notify that

1 certified investor of the amount of the tax credits allocated to
2 that certified investor.

3 (9) If a certified investor does not invest certified capi-
4 tal in a certified capital company within 10 business days after
5 receiving an allocation under this act, the certified investor
6 forfeits that portion of the allocation not invested. Any amount
7 of certified capital forfeited under this subsection shall be
8 reallocated to other certified investors using the formula under
9 subsection (7).

10 (10) An insurance company, on an aggregate basis with its
11 affiliates, shall not file tax credit allocation claims under
12 this act whether in 1 or more certified capital companies, for
13 more than the total maximum aggregate amount under this
14 subsection. The department shall not approve a tax credit allo-
15 cation claim for any certified investor on an aggregate basis
16 with its affiliates, whether in 1 or more certified capital com-
17 panies, for more than the greater of \$10,000,000.00 or 25% of the
18 total maximum aggregate amount under subsection (4).

19 Sec. 4. (1) The department may promulgate rules necessary
20 to administer this act pursuant to the administrative procedures
21 act of 1969, 1969 PA 306, MCL 24.201 to 24.328. The department
22 shall submit rules for promulgation on or before September 30,
23 2001 relating to procedures for applying for certification as a
24 certified capital company. The application process shall include
25 a criminal background investigation and fingerprint cards and
26 resumes detailing work experience for all principals of the
27 certified capital company.

1 (2) The department shall begin accepting applications for
2 certification of a certified capital company not later than
3 October 31, 2001.

4 (3) Certified capital companies may file tax allocation
5 claims on behalf of its certified investors at any time after it
6 becomes certified by the department but not earlier than May 31,
7 2002.

8 (4) Certified investors may use certified capital as a basis
9 for credits under this act beginning at the time the capital is
10 invested.

11 (5) Credits under this act may be claimed or otherwise used
12 pursuant to this act with respect to tax liability relating to
13 the certified capital company's tax year that begins on or after
14 January 1, 2002.

15 (6) An applicant shall pay a nonrefundable application fee
16 of \$7,500.00 at the time of filing the application with the
17 department.

18 (7) A certified capital company's net worth at the time of
19 seeking certification shall be at least \$500,000.00, which shall
20 be determined by the unencumbered cash, marketable securities,
21 and other liquid assets of the certified capital company.

22 (8) The department shall review the organizational documents
23 of each applicant for certification and the business history of
24 the applicant and determine whether the applicant's net worth in
25 the form of unencumbered cash, marketable securities, and other
26 liquid assets is at least \$500,000.00. The department shall
27 require that an applicant for certification as a certified

1 capital company submit both of the following with its
2 application:

3 (a) An audited balance sheet that contains an unqualified
4 opinion of an independent certified public accountant issued not
5 more than 35 days before the application date that states whether
6 the applicant is in compliance with the net worth requirements
7 under subsection (7).

8 (b) Copies of all offering materials sent by the applicant
9 to potential certified investors or drafts of offering
10 materials.

11 (9) At least 2 principals of the certified capital company
12 or a person employed to manage the funds of the certified capital
13 company shall have not less than 2 years of experience in the
14 venture capital industry.

15 (10) Any offering material involving the sale of securities
16 of the certified capital company shall include the following
17 statement:

18 "By authorizing the formation of a certified capital com-
19 pany, this state does not necessarily endorse the quality of man-
20 agement or the potential for earnings of that company and is not
21 liable for damages or losses to a certified investor in the
22 company. Use of the word "certified" in an offering does not
23 constitute a recommendation or endorsement of the investment by
24 the office of financial and insurance services.

25 Investments in a prospective certified capital company prior
26 to the time the company is certified are not eligible for tax
27 credits. If any provision of this act is violated, the state may

1 require forfeiture of unused tax credits and repayment of used
2 tax credits.".

3 (11) Within 30 days after the application is filed, the
4 department shall issue a certification as a certified capital
5 company or shall refuse to issue a certification as a certified
6 capital company. If the department refuses to issue a certifica-
7 tion as a certified capital company, the department shall commu-
8 nicate in detail to the applicant the grounds for the refusal,
9 including suggestions for remediation.

10 (12) The department shall review all applications in the
11 order in which they are received by the department. If the
12 department receives more than 1 application on the same day, the
13 department shall consider the applications to have been received
14 simultaneously, except that an application that is incomplete or
15 an application for which the department has requested additional
16 information and that information has not been provided within a
17 reasonable time as determined by the department, is considered to
18 have been received on the date that the additional information is
19 submitted rather than on the date that the application was origi-
20 nally submitted.

21 (13) No insurance company or any affiliate of an insurance
22 company shall do any of the following:

23 (a) Directly or indirectly beneficially own, whether through
24 rights, options, or convertible interests, 10% or more of the
25 equity securities of a certified capital company.

26 (b) Manage a certified capital company.

1 (c) Control the direction of investments for a certified
2 capital company.

3 (14) A certified capital company may obtain a guaranty,
4 indemnity, bond, insurance policy, or other payment undertaking
5 for the benefit of its certified investors from any entity pro-
6 vided that in no case shall more than 1 certified investor of a
7 certified capital company or affiliate of that certified investor
8 be entitled to provide the guaranty, indemnity, bond, insurance
9 policy, or other payment undertaking for the benefit of the cer-
10 tified investors of the certified capital company and its affili-
11 ates in this state.

12 (15) Subsection (13) does not preclude a certified investor,
13 insurance company, or any other party from exercising its legal
14 rights and remedies, including interim management of a certified
15 capital company, in the event that a certified capital company is
16 in default of its statutory obligations or its contractual obli-
17 gations to a certified investor, insurance company, or other
18 party.

19 Sec. 5. (1) A certified capital company shall make quali-
20 fied investments according to the following schedule:

21 (a) Within 3 years after its allocation date, a certified
22 capital company shall have made qualified investments cumula-
23 tively equal to at least 30% of its certified capital.

24 (b) Within 5 years after its allocation date, a certified
25 capital company shall have made qualified investments cumula-
26 tively equal to at least 50% of its certified capital.

1 (c) All certified capital not placed in qualified
2 investments by the certified capital company may be held or
3 invested in a manner that the certified capital company, in its
4 discretion, considers appropriate. Invested funds returned to a
5 certified capital company after being originally placed in quali-
6 fied investments may be placed again in qualified investments and
7 shall count toward any requirement of this act with respect to
8 making qualified investments with certified capital.

9 (2) Any business that is classified as a qualified business
10 at the time of the first investment in that business by a certi-
11 fied capital company shall remain classified as a qualified busi-
12 ness and may receive follow-on investments from any certified
13 capital company, and the follow-on investments shall constitute
14 qualified investments, even though the business may not meet the
15 definition of a qualified business at the time of the follow-on
16 investments.

17 (3) No qualified investment shall be made at a cost to a
18 certified capital company greater than 15% of the total certified
19 capital of the certified capital company at the time of
20 investment.

21 (4) Of the qualified investments made by a certified capital
22 company, not less than 20% shall be in early stage qualified
23 businesses engaged in high-technology activity as determined by
24 the Michigan economic development corporation.

25 (5) The aggregate cumulative amount of all qualified invest-
26 ments made by the certified capital company from its allocation

1 date will be considered in the calculation of the percentage
2 requirements under this act.

3 (6) Each certified capital company shall report all of the
4 following to the department and to the Michigan economic develop-
5 ment corporation:

6 (a) As soon as practicable after the receipt of certified
7 capital, the name of each certified investor from which the cer-
8 tified capital was received, including the certified investor's
9 tax identification number, the amount of each certified
10 investor's investment of certified capital and tax credits, and
11 the date on which the certified capital was received.

12 (b) On or before January 31 of each year, the amount of the
13 certified capital company's certified capital at the end of the
14 immediately preceding calendar year, whether or not the certified
15 capital company has invested more than 15% of its total certified
16 capital in any 1 business, and all qualified investments that the
17 certified capital company made during the immediately preceding
18 calendar year.

19 (c) Within 90 days after the close of each fiscal year of
20 the certified capital company, an audited financial statement
21 which shall include the opinion of an independent certified
22 public accountant. The audit shall address the methods of opera-
23 tion and conduct of the business of the certified capital company
24 to determine if the certified capital company is complying with
25 applicable statutes and rules and that the funds received by the
26 certified capital company have been invested as required under
27 this act.

1 (d) On or before January 31 of each year, each certified
2 capital company shall pay an annual, nonrefundable certification
3 fee of \$5,000.00 to the department, which shall not be required
4 to be paid if the due date falls within 6 months of the initial
5 allocation date of a certified capital company.

6 (e) On or before January 31 of each year, an annual report
7 of the economic impact of the investments made by the certified
8 capital company in the immediately preceding calendar year with
9 specific identification of the investment in qualified businesses
10 engaged in high-technology activity.

11 Sec. 6. (1) Before making a proposed investment in a spe-
12 cific business, a certified capital company may request a written
13 opinion from the department as to whether the business in which
14 the certified capital company proposes to invest is a qualified
15 business and if the request is made in writing by a certified
16 capital company, an opinion as to whether the business in which
17 the certified capital company proposes to invest is an early
18 stage business engaged in high-technology activity.

19 (2) The department shall notify the certified capital com-
20 pany of its opinion not more than 10 days after the request is
21 made.

22 (3) If the department determines that the business does not
23 meet the definition of a qualified business, the department shall
24 provide the certified capital company with an explanation of its
25 determination. If the department determines that the business is
26 not an early stage business engaged in high-technology activity
27 and if the certified capital company requests an explanation, the

1 department shall provide the certified capital company with an
2 explanation of its determination.

3 (4) If the department fails to respond within the 10-day
4 period allowed under this section to a request for an opinion as
5 to whether a business is a qualified business, the business is
6 considered a qualified business for purposes of this act. If the
7 department fails to respond within the 10-day period allowed
8 under this section to a request for an opinion whether a business
9 is an early stage business engaged in high-technology activity,
10 the business is considered an early stage business engaged in
11 high-technology activity for purposes of this act.

12 (5) The department may determine that a business is a quali-
13 fied business or an early stage business engaged in
14 high-technology activity for purposes of this act even if the
15 business does not meet the definition contained in the act if the
16 department determines that an investment in the business by a
17 certified capital company would further economic development in
18 this state.

19 (6) Each applicant shall certify in the application form
20 that it has contacted the Michigan economic development corpora-
21 tion for information identifying businesses or industries in this
22 state that are or may be eligible for qualified investments based
23 on the likelihood that those businesses or industries will qual-
24 ify as a qualified business or an early stage business engaged in
25 high-technology activity and for which this state may have sig-
26 nificant location or structural advantages.

1 Sec. 7. (1) A certified capital company may make qualified
2 distributions at any time.

3 (2) In order to make a distribution or payment from certi-
4 fied capital other than a qualified distribution or a distribu-
5 tion or payment permitted under subsection (3), a certified capi-
6 tal company must have made qualified investments in an amount
7 cumulatively equal to 100% of its certified capital with at least
8 20% of its certified capital invested in early stage businesses
9 engaged in high-technology activity.

10 (3) Payments to debt holders of a certified capital company
11 may be made without restriction with respect to repayments of
12 principal and interest on indebtedness owed to them by a certi-
13 fied capital company, including indebtedness of the certified
14 capital company on which certified investors earned tax credits.
15 A debt holder that is also a certified investor or equity holder
16 of a certified capital company may receive payments with respect
17 to the debt without restrictions.

18 Sec. 8. (1) The department shall conduct an annual review
19 of each certified capital company to determine if the certified
20 capital company is abiding by the requirements of certification,
21 to advise the certified capital company as to the eligibility
22 status of its qualified investments, and to ensure that its
23 investments have not been made in violation of this act. The
24 department shall not charge more than \$5,000.00 for the annual
25 review and shall be paid by each certified capital company.

26 (2) Any material violation of section 5 is grounds for
27 decertification of a certified capital company. If the

1 department determines that a certified capital company is not in
2 compliance with section 5, the department shall, by written
3 notice, inform the officers of the certified capital company that
4 the certified capital company may be subject to decertification
5 in 120 days from the date of mailing of the notice unless the
6 deficiencies are corrected and the certified capital company is
7 again in compliance with all requirements for certification.

8 (3) At the end of the 120-day period under subsection (2),
9 if the certified capital company is still not in compliance with
10 section 5, the department may send a notice of decertification to
11 the certified capital company and to all other appropriate state
12 agencies.

13 (4) Decertification of a certified capital company may cause
14 the recapture of tax credits previously claimed and the forfei-
15 ture of future tax credits to be claimed by certified investors
16 with respect to the certified capital company, as follows:

17 (a) Decertification of a certified capital company before
18 the certified capital company has met the requirements of
19 section 5(1)(a) shall cause the recapture of all tax credits pre-
20 viously claimed and the forfeiture of all future tax credits to
21 be claimed by certified investors with respect to the certified
22 capital company.

23 (b) If after initial certification a certified capital com-
24 pany subsequently fails to meet the requirements for certifica-
25 tion under section 5(1)(b) after having met the requirements for
26 certification under section 5(1)(a), 30% of the tax credits
27 claimed by or allocated to each investor of the certified capital

1 company will not be subject to recapture or forfeiture; however,
2 70% of the tax credits claimed by or allocated to each certified
3 investor of the certified capital company shall be subject to
4 recapture or forfeiture.

5 (c) If a certified capital company has met all requirements
6 for certification under section 5(1)(a) and (b) and is subse-
7 quently decertified, 50% of the tax credits claimed by or allo-
8 cated to the certified capital company will not be subject to
9 recapture or forfeiture. However, 50% of the tax credits claimed
10 by or allocated to each certified investor of the certified capi-
11 tal company shall be subject to recapture or to forfeiture if the
12 certified capital company is decertified within 3 years after its
13 allocation date.

14 (d) If a certified capital company has invested an amount
15 cumulatively equal to 100% of its certified capital in qualified
16 investments, all tax credits claimed or to be claimed by its cer-
17 tified investors are no longer subject to recapture or
18 forfeiture.

19 (5) If a certified capital company has invested an amount
20 cumulatively equal to 100% of its certified capital in qualified
21 investments and has met all other requirements under this act,
22 the certified capital company is no longer subject to regulation
23 by the department and is no longer subject to the requirements of
24 this act.

25 (6) The department shall send written notice to the address
26 of each certified investor whose tax credit has been subject to

1 recapture or forfeiture using the address shown on the last tax
2 filing.

3 Sec. 9. A tax credit claimed by or allocated to a certified
4 investor under this act may be transferred or sold only to a cer-
5 tified investor or an affiliate of a certified investor. Any
6 transfer or sale does not affect the time schedule for taking the
7 tax credits as provided in this act. Any tax credit amount
8 recaptured pursuant to section 8 shall be the liability of the
9 taxpayer that actually claimed the tax credit.