



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 732 (Substitute S-1 as reported)
Senate Bill 733 (as reported without amendment)
Senate Bill 734 (Substitute S-1 as reported)
Sponsor: Senator Randy Richardville (S.B. 732)
Senator Jason E. Allen (S.B. 733)
Senator Dennis Olshove (S.B. 734)
Committee: Senior Citizens and Veterans Affairs

Date Completed: 10-10-07

RATIONALE

A significant number of military veterans, as well as National Guard members and military reservists who are called into active duty, own and operate small businesses. Reportedly, about 15% of veterans are self-employed and about the same percentage of all small business owners are veterans. Veteran-owned businesses also tend to employ veterans. During a war, it may be difficult for these business ventures to maintain their operations, particularly if the business owner serves in the National Guard or Reserves and is called into active duty. In addition, returning veterans may face obstacles starting up or expanding business operations. Some people believe that businesses in this State that are owned by veterans of the conflicts in Iraq and Afghanistan should be recognized and identified as Michigan "patriot businesses", and that the State should assist those businesses in their development, financing, and contract procurement.

CONTENT

Senate Bill 732 (S-1) would create the "Michigan Patriot Business Act" and Senate Bills 733 and 734 (S-1) would amend the Michigan Strategic Fund Act and the Management and Budget Act, respectively, to do all of the following:

-- Require the board of the Michigan Strategic Fund (MSF) to designate qualified business enterprises (more

than 50% owned by one or more qualified veterans) as Michigan patriot businesses and maintain a public list of those businesses.

- Require the MSF board to provide certain services and assistance to Michigan patriot businesses, and take other actions to implement policy, administer funding, and promote the growth of Michigan patriot businesses.**
- Require the MSF board, in cooperation with the Michigan Economic Development Corporation (MEDC) and the Department of Military and Veterans Affairs (DMVA), to create and operate a window decal program to identify Michigan patriot businesses.**
- Require the MSF, MEDC, and DMVA to promote the Michigan patriot business program on their websites.**
- Require the Department of Management and Budget (DMB) to obtain the list of Michigan patriot businesses from the MSF and make it available to State and Federal agencies and the public.**

Senate Bill 732 (S-1) would define "qualified business enterprise" as a business enterprise that is more than 50% owned by one or more qualified veterans. "Qualified veteran" would mean an individual whose legal residence before, during, and after military service is in Michigan; who served

as a member of any branch of the U.S. armed forces and received an honorable discharge or a discharge for physical reasons with an honorable record; and whose military service included service in the Persian Gulf combat zone as part of Operation Iraqi Freedom or in southern or central Asia as part of Operation Enduring Freedom.

Senate Bill 732 (S-1) is tie-barred to Senate Bills 733 and 734. Senate Bill 734 (S-1) is tie-barred to Senate Bills 732 and 733.

Senate Bill 732 (S-1)

The bill would require the Michigan Strategic Fund board to do all of the following:

- Designate qualified business enterprises as Michigan patriot businesses.
- Maintain a current list of Michigan patriot businesses and make it available to the public on the MSF board's internet website, and available to the DMB for purposes of Section 141(f) of the Management and Budget Act (which Senate Bill 734 (S-1) proposes).
- Provide technical, managerial, and counseling services and assistance to qualified business enterprises.
- Coordinate, apply for, and administer Federal funding grants from Federal agencies, where applicable.
- Establish a center for the development, collection, and dissemination of information that would be helpful to people and organizations throughout the State in undertaking or promoting the establishment and successful operation of qualified business enterprises.
- Assist in experimental and demonstration projects designed to overcome the special problems of qualified business enterprises, and defray all or part of the cost of such projects.
- Recommend appropriate legislative or executive actions to enhance the opportunities of qualified business enterprises in Michigan.
- Assist qualified business enterprises in obtaining governmental or commercial financing for business expansion, establishment of new businesses, or industrial development projects.
- Assist qualified business enterprises in business contract procurement from governmental and private commercial sources.

- Provide a program effort to ensure participation of qualified veterans in qualified business enterprise activities.

With the participation of other State departments and agencies as appropriate, the MSF board would have to develop comprehensive plans and specific program goals for a qualified business enterprise program; establish regular performance monitoring and reporting systems to assure that the goals were being achieved; and evaluate the impact of Federal and State support in achieving the objectives established by the board. The board also would have to implement State policy in support of qualified business enterprise development and coordinate the plans, programs, and operations of State government that affected or could contribute to the establishment, preservation, and strengthening of qualified business enterprises.

In addition, the board would have to promote the mobilization of activities and resources of State agencies and local governments, business and trade associations, universities, foundations, professional organizations, and volunteer and other groups toward the growth of qualified business enterprises, and facilitate the coordination of the efforts of these groups with those of other State departments and agencies.

To ensure consistency with program goals and to preclude duplication of effort of other State agencies with overlapping jurisdictions, the board would have to conduct coordinated reviews of all proposed State training and technical assistance activities in direct support of the qualified business enterprise program.

Senate Bill 733

The bill would require the Michigan Strategic Fund, in cooperation with the MEDC and the DMVA, to create and operate a program that provided window decals to qualified business enterprises. The decals would have to identify the businesses as qualified business enterprises under the proposed Michigan Patriot Business Act.

The MSF, the MEDC, and the DMVA would have to promote the decal program and the

Michigan Patriot Business Act on their websites.

Senate Bill 734 (S-1)

The bill would require the DMB to obtain from the MSF board and make available to State and Federal agencies and the public a current list of business enterprises designated as Michigan patriot businesses under the proposed Act.

Proposed MCL 125.2079 (S.B. 733)
MCL 18.1141 (S.B. 734)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Newly discharged veterans, or returning National Guard members and reservists, often face challenges re-establishing themselves in their communities, including starting up or expanding a business. Although the Federal government has provided some entrepreneurial assistance to veterans (e.g., Public Law 106-50 established veterans business resource centers in 1999), Michigan could do more to assist veterans returning to the State in pursuing business opportunities.

By requiring the MSF board to recognize and provide business development services to businesses that are more than 50% owned by honorably discharged Michigan residents who served in the current conflicts in Iraq or Afghanistan, the Michigan Patriot Business Act would help veterans to pursue entrepreneurial opportunities. Stimulating the development of veteran-owned businesses would assist veterans in providing for themselves and their families and would benefit Michigan's struggling economy. In addition, Senate Bill 734 (S-1) would require the DMB to make a list of Michigan patriot businesses available to State and Federal agencies, thereby helping businesses owned by returning veterans to secure governmental contracts, and Senate Bill 733 would provide for a decal identification program for patriot businesses, which would encourage consumers to patronize those businesses.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

Senate Bill 732 (S-1)

The bill would require the Michigan Strategic Fund to create a new Michigan Qualified Business Enterprise Program similar to the Federal Center for Veterans Enterprise Program run by the U.S. Department of Veterans Affairs. The MSF board would be required to designate qualified businesses as "Michigan patriot businesses" and disseminate information regarding financial resources and support services. No fund source is identified in this bill to cover any costs associated with these additional responsibilities.

There are currently 786,700 veterans in this State, of whom 140,131 are veterans of the Persian Gulf War period that began August 2, 1990, and continues in effect. The bill would apply to the portion of these veterans who served specifically in Operation Iraqi Freedom or Operation Enduring Freedom (which began in March 2003 and October 2001, respectively). The total number of businesses owned by qualified veterans is unknown; however, the U.S. Department of Veterans Affairs website lists 233 registered veteran-owned businesses in Michigan.

Senate Bill 733

The bill would increase the costs of the Michigan Economic Development Corporation, the Michigan Strategic Fund, and the Department of Veterans Affairs by a minimal amount.

Senate Bill 734 (S-1)

There would be no cost to the DMB associated with compiling a list of business enterprises designated as Michigan patriot businesses. There would be no fiscal impact on local government.

Fiscal Analyst: Joe Carrasco
Elizabeth Pratt
Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.