

# HOUSE BILL No. 5808

February 11, 2010, Introduced by Reps. Byrnes, Roberts, Lisa Brown, Bettie Scott and Womack and referred to the Committee on New Economy and Quality of Life.

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending section 88a (MCL 125.2088a), as amended by 2006 PA 639.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 88a. As used in this chapter:

2       (a) "Advanced automotive, manufacturing, ~~and~~ materials, **AND**  
3 **INFORMATION** technology" means any technology that involves 1 or  
4 more of the following:

5       (i) Materials with engineered properties created through the  
6 development of specialized process and synthesis technology.

7       (ii) Nanotechnology, including materials, devices, or systems  
8 at the atomic, molecular, or macromolecular level, with a scale  
9 measured in nanometers.

10       (iii) Microelectromechanical systems, including devices or  
11 systems integrating microelectronics with mechanical parts and a

1 scale measured in micrometers.

2 (iv) Improvements to vehicle safety, vehicle performance,  
3 vehicle production, or environmental impact, including, but not  
4 limited to, vehicle equipment and component parts.

5 (v) A new technology, device, or system that enhances or  
6 improves the manufacturing process of wood, timber, or  
7 agricultural-based products.

8 (vi) Any technology that involves an alternative energy vehicle  
9 or its components, as alternative energy vehicle is defined under  
10 section 2 of the Michigan next energy authority act, 2002 PA 593,  
11 MCL 207.822.

12 (vii) Advanced computing or electronic device technology.  
13 ~~related to technology described under this subdivision.~~

14 (viii) Design, engineering, testing, or diagnostics related to  
15 technology described under this subdivision.

16 (ix) Product research and development related to technology  
17 described under this subdivision.

18 (b) "Advanced computing" means any technology used in the  
19 design and development of 1 or more of the following:

20 (i) Computer hardware and software.

21 (ii) Data communications.

22 (iii) Information technologies.

23 (c) "Alternative energy technology" means applied research or  
24 commercialization of new or next generation technology in 1 or more  
25 of the following:

26 (i) Alternative energy technology as that term is defined in  
27 section 2 of the Michigan next energy authority act, 2002 PA 593,

1 MCL 207.822.

2 (ii) Devices or systems designed and used solely for the  
3 purpose of generating energy from agricultural crops, residue and  
4 waste generated from the production and processing of agricultural  
5 products, animal wastes, or food processing wastes, not including a  
6 conventional gasoline or diesel fuel engine or retrofitted  
7 conventional gasoline or diesel fuel engine.

8 (iii) A new technology, product, or system that permits the  
9 utilization of biomass for the production of specialty, commodity,  
10 or foundational chemicals or of novel or economical commodity  
11 materials through the application of biotechnology that minimizes,  
12 complements, or replaces reliance on petroleum for the production.  
13 Alternative energy technology also includes a new technology,  
14 product, or system that utilizes wind energy.

15 (iv) Advanced computing or electronic device technology related  
16 to technology described under this subdivision.

17 (v) Design, engineering, testing, or diagnostics related to  
18 technology described under this subdivision.

19 (vi) Product research and development related to a technology  
20 described under this subdivision.

21 (d) "Applied research" means translational research conducted  
22 with the objective of attaining a specific benefit or to solve a  
23 practical problem, or other research activity that seeks to  
24 utilize, synthesize, or apply existing knowledge, information, or  
25 resources to the resolution of a specified problem, question, or  
26 issue, with high potential for commercial application to create  
27 jobs in this state.

1 (e) "Basic research" means any original investigation for the  
2 advancement of scientific or technological knowledge that will  
3 enhance the research capacity of this state in a way that increases  
4 the ability to attract to or develop companies, jobs, researchers,  
5 or students in this state.

6 (f) "Commercialization" means the transition from research to  
7 the actions necessary to achieve market entry and general market  
8 competitiveness of new innovative technologies, processes, and  
9 products and the services that support, assist, equip, finance, or  
10 promote a person or an entity with that transition.

11 (g) "Competitive edge technology" means 1 or more of the  
12 following:

13 (i) Life sciences technology.

14 (ii) Advanced automotive, manufacturing, ~~and~~ materials, **AND**  
15 **INFORMATIONAL** technology.

16 (iii) Homeland security and defense technology.

17 (iv) Alternative energy technology.

18 (h) "Electronic device technology" means any technology that  
19 involves microelectronics, semiconductors, electronic equipment,  
20 and instrumentation, radio frequency, microwave, and millimeter  
21 electronics; optical and optic-electrical devices; or data and  
22 digital communications and imaging devices.

23 (i) "Fund board" means the board of the Michigan strategic  
24 fund described in section 5.

25 (j) "Homeland security and defense technology" means  
26 technology that assists in the assessment of threats or damage to  
27 the general population and critical infrastructure, protection of,

1 defense against, or mitigation of the effects of foreign or  
2 domestic threats, disasters, or attacks, or support for crisis or  
3 response management, including, but not limited to, 1 or more of  
4 the following:

5 (i) Sensors, systems, processes, or equipment for  
6 communications, identification and authentication, screening,  
7 surveillance, tracking, and data analysis.

8 (ii) Advanced computing or electronic device technology related  
9 to technology described under this subdivision.

10 (iii) Aviation technology, including, but not limited to,  
11 avionics, airframe design, sensors, early warning systems, and  
12 services related to technology described under this subdivision.

13 (iv) Design, engineering, testing, or diagnostics related to  
14 technology described under this subdivision.

15 (v) Product research and development related to technology  
16 described under this subdivision.

17 (k) "Independent peer review expert" means a person or persons  
18 selected by the commercialization board with appropriate expertise  
19 to conduct an independent, unbiased, objective, and competitive  
20 evaluation of activities funded under section 88k. The person or  
21 persons shall demonstrate the capability and experience, as  
22 appropriate or necessary for the particular activity funded, to do  
23 all of the following:

24 (i) Conduct a highly competitive and intensive, independent,  
25 multiphased, peer-review-based evaluation process.

26 (ii) Employ personnel with appropriate business, scientific,  
27 technical, commercial, or other specialized expertise to carry out

1 each aspect of the evaluation process.

2 (iii) Provide recommendations to or assist the commercialization  
3 board in identifying high-quality activities for funding that are  
4 likely to result in the development and commercialization of  
5 competitive edge technology and job creation in this state. The  
6 recommendations shall include all materials used by the independent  
7 peer review expert in making the recommendation.

8 (iv) Assure that any peer review process developed maintains a  
9 high level of integrity.

10 (l) "Institution of higher education" means an institution of  
11 higher education or a community or junior college described in  
12 section 4, 5, 6, or 7 of article VIII of the state constitution of  
13 1963 or an independent nonprofit degree-granting institution of  
14 postsecondary education in this state that is approved by the state  
15 board of education.

16 (m) "Jobs for Michigan investment fund" or "investment fund"  
17 means the jobs for Michigan investment fund created in section 88h.

18 (n) "Life sciences" means science for the examination or  
19 understanding of life or life processes, including, but not limited  
20 to, all of the following:

21 (i) Bioengineering.

22 (ii) Biomedical engineering.

23 (iii) Genomics.

24 (iv) Proteomics.

25 (v) Molecular and chemical ecology.

26 (vi) Biotechnology, including any technology that uses living  
27 organisms, cells, macromolecules, microorganisms, umbilical cord

1 blood, or substances from living organisms to make or modify a  
2 product for useful purposes. Biotechnology or life sciences does  
3 not include any of the following:

4 (A) Activities prohibited under section 2685 of the public  
5 health code, 1978 PA 368, MCL 333.2685.

6 (B) Activities prohibited under section 2688 of the public  
7 health code, 1978 PA 368, MCL 333.2688.

8 (C) Activities prohibited under section 2690 of the public  
9 health code, 1978 PA 368, MCL 333.2690.

10 (D) Activities prohibited under section 16274 of the public  
11 health code, 1978 PA 368, MCL 333.16274.

12 (E) Stem cell research with human embryonic tissue.

13 (o) "Life sciences technology" means any technology derived  
14 from life sciences intended to improve human health or the overall  
15 quality of human life, including, but not limited to, systems,  
16 processes, or equipment for drug or gene therapies, biosensors,  
17 testing, medical devices or instrumentation with a therapeutic or  
18 diagnostic value, a pharmaceutical or other product that requires  
19 United States food and drug administration approval or registration  
20 prior to its introduction in the marketplace and is a drug or  
21 medical device as defined by the federal food, drug, and cosmetic  
22 act, 21 USC 301 to ~~399~~**399A**, or 1 or more of the following:

23 (i) Advanced computing or electronic device technology related  
24 to technology described under this subdivision.

25 (ii) Design, engineering, testing, or diagnostics related to  
26 technology or the commercial manufacturing of technology described  
27 under this subdivision.

1           (iii) Product research and development related to technology  
2 described under this subdivision.

3           (p) "Qualified business" means a business entity located in  
4 this state.

5           (q) "Qualified mezzanine fund" means a person or entity  
6 primarily engaged in making loans or investments ranging in size  
7 from \$250,000.00 to \$6,000,000.00 that is managed by 2 or more  
8 individuals with no less than 5 years' direct experience in  
9 mezzanine lending or capital investments and that holds investment  
10 capital or has commitments from investors other than the fund and  
11 at least 2 financial institutions.

12          (r) "Qualified private equity fund" means a firm principally  
13 or primarily engaged in investing in or acquiring businesses that  
14 is managed by 2 or more individuals with no less than 5 years of  
15 direct experience in private equity investments, and that holds  
16 investment capital from investors other than the fund.

17          (s) "Qualified venture capital fund" means a firm principally  
18 or primarily engaged in investing in or acquiring early stage  
19 businesses with growth potential that have not yet demonstrated  
20 consistent profitability or a proven business model, that is  
21 managed by 2 or more individuals with not less than 5 years of  
22 direct experience in venture capital, and that holds capital from  
23 investors other than the fund.

24          (t) "Small business" means a business entity formed or doing  
25 business in this state, including the affiliates of the business  
26 concern, which business entity is independently owned and operated  
27 and employs fewer than 250 full-time employees or has gross annual



1 sales of less than \$6,000,000.00.

2 (u) "21st century investments" means investments in 1 or more  
3 of the following:

4 (i) Commercial loan guarantees under a loan enhancement program  
5 operated by the fund.

6 (ii) Private equity investments under a private equity  
7 investment program operated by the fund.

8 (iii) Venture capital investments under a venture capital  
9 investment program operated by the fund.

10 (iv) Mezzanine investments under a mezzanine investment program  
11 operated by the fund.

12 (v) **CONVERTIBLE LOANS, EQUITY INVESTMENTS, OR WARRANTS FROM**  
13 **THE INVESTMENT FUND RECOMMENDED BY THE COMMERCIALIZATION BOARD**  
14 **UNDER SECTION 88K FOR APPROVAL BY THE FUND BOARD.**

15 (vi) **INVESTMENTS IN MICHIGAN BUSINESS DEVELOPMENT CORPORATIONS.**

16 (v) "Strategic economic investment and commercialization  
17 board" or "commercialization board" means the strategic economic  
18 investment and commercialization board created in section 88k.

19 (w) "University technology transfer" means innovative methods  
20 to accelerate the creation of start-up companies affiliated with  
21 institutions of higher education or the transfer of competitive  
22 edge technology research from an institution of higher education to  
23 a qualified business in Michigan.