

# SENATE BILL No. 40

January 18, 2017, Introduced by Senator ZORN and referred to the Committee on Economic Development and International Investment.

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending section 88r (MCL 125.2088r), as amended by 2014 PA 506.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 88r. (1) The fund shall create and operate the Michigan  
2 business development program to provide grants, loans, and other  
3 economic assistance to qualified businesses that make qualified  
4 investments in this state or provide qualified new jobs in this  
5 state.

6           (2) The Michigan business development program shall provide  
7 for all of the following:

8           (a) Grants, loans, and other economic assistance to assist  
9 qualified businesses in making qualified investments and providing  
10 new jobs in this state, with preference given to qualified  
11 businesses that need additional assistance for deal-closing and for

1 second stage company gap financing.

2 (b) A detailed application, approval, and compliance process  
3 published and available on the fund's website. The detailed  
4 application, approval, and compliance process ~~shall,~~**MUST**, at a  
5 minimum, contain the following:

6 (i) A qualified business may apply for a grant, loan, or other  
7 economic assistance in a form and manner determined by the fund.

8 (ii) After receipt of an application, the fund may enter into  
9 a written agreement with the qualified business if the qualified  
10 business agrees to make certain qualified investments or create a  
11 certain number of new jobs in this state.

12 (iii) The written agreement ~~shall~~**MUST** provide in a clear and  
13 concise manner all of the conditions imposed, including specific  
14 time frames, on the qualified business to receive a grant, loan, or  
15 other economic assistance under this section.

16 (iv) The written agreement ~~shall~~**MUST** provide for a repayment  
17 provision of any grants, loans, or other economic assistance if the  
18 qualified business fails to comply with the provisions of the  
19 written agreement.

20 (v) The written agreement ~~shall~~**MUST** provide for an audit  
21 provision that requires the fund to verify that established  
22 milestones for the project have been met.

23 (c) In any fiscal year, a qualified business shall not receive  
24 more than \$10,000,000.00 for a project funded under this section.

25 (3) The fund shall not enter into a written agreement with a  
26 qualified business unless all of the following are met:

27 (a) The municipality makes a staff, financial, or economic

1 commitment to the project as determined by the fund.

2 (b) The qualified business provides a business plan or  
3 demonstrates the need for the grant, loan, or other economic  
4 assistance.

5 (c) The qualified business agrees to provide the data  
6 described in the written agreement necessary for the fund to report  
7 to the legislature under this act.

8 (4) The fund shall post on its website or post on the website  
9 of the Michigan economic development corporation the name and  
10 location of each qualified business that received a grant, loan, or  
11 other economic assistance awarded under this section and the amount  
12 of the grant, loan, or other economic assistance.

13 (5) Beginning February 1, 2012 and not less than every 3  
14 months thereafter, the fund shall post on its internet website the  
15 name and location of a qualified business that received approval of  
16 a grant, loan, or other economic assistance under this section in  
17 the immediately preceding 3-month period.

18 (6) The legislature finds and declares that funding authorized  
19 under this section to encourage diversification of the economy, to  
20 encourage capital investment in this state, and to promote the  
21 creation of qualified new jobs in this state is a public purpose  
22 and of paramount concern in the interest of the health, safety, and  
23 general welfare of the citizens of this state.

24 (7) As used in this section:

25 (a) "Other economic assistance" means any other form of  
26 assistance allowed under this act that is not a grant or a loan.

27 (b) "Qualified business" means a business that is located in

1 or operates in this state or will locate or will operate in this  
2 state as determined by the fund. A qualified business may include  
3 more than 1 business as determined by the fund board.

4 (c) "Qualified investment" means investment in this state  
5 related to a project subject to a written agreement under this  
6 section.

7 (d) "Qualified new job" means a job performed by an individual  
8 who is a resident of this state whose Michigan income taxes are  
9 withheld by an employer, or an employee leasing company or  
10 professional employer organization on behalf of the employer, **OR AN**  
11 **INDIVIDUAL WHO IS NOT A RESIDENT OF THIS STATE BUT IS EMPLOYED BY A**  
12 **BUSINESS THAT IS LOCATED IN A COUNTY IN THIS STATE THAT BORDERS**  
13 **ANOTHER STATE OR COUNTRY AND THAT INDIVIDUAL WORKS AT A PROJECT**  
14 **LOCATED IN THIS STATE AS DESCRIBED IN A WRITTEN AGREEMENT,** that is  
15 in excess of the number of jobs maintained by the qualified  
16 business maintained in this state prior to the expansion or  
17 location, as determined and verified by the fund.