

Legislative Analysis



STRATEGIC FUND AMENDMENTS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4480

Sponsor: Rep. Tom Leonard

House Bill 4481

Sponsor: Rep. Harvey Santana

House Bill 4482

Sponsor: Rep. Frank Foster

Committee: Commerce

Complete to 4-16-13

A SUMMARY OF HOUSE BILLS 4480-4482 AS INTRODUCED 3-20-13

Each of the bills would amend the Michigan Strategic Fund Act. (MCL 125.2001 et seq.) They are part of a multi-bill package that also includes five bills introduced in the Senate, Senate Bills 269-272 and 278. The Michigan Strategic Fund is an entity with broad authority to engage in promoting economic development and job creation and retention. Generally speaking, the programs and activities are administered by the Michigan Economic Development Corporation (MEDC).

House Bill 4480

The bill would amend Section 9, 88c, and 88i of the MSF Act. The language in Section 9 deals with the annual report of the Fund and places the reporting requirement for each program operated under the act into this section rather than having the reporting requirements located in numerous sections.

Currently, the bill requires the MSF to transmit a report of its activities to the Legislature annually. The bill would specify that the report be sent to each member of the Legislature, the Governor, the Clerk of the House of Representatives, and the Secretary of the Senate. It also requires the report to be transmitted no later than April 10 of each year for activities in the immediately preceding state fiscal year.

The bill would also, in Section 88c, require the Fund, with the assistance of the Michigan Economic Development Corporation and the Office of the Chief Compliance Officer, to establish policies and procedures to conduct background checks on each applicant applying for a grant, loan, other economic assistance, or any other incentives or assistance under the act. The intent is that duplicative background check provisions elsewhere in the act be eliminated.

The bill would also amend Section 88i to place the Office of Chief Compliance Officer within the Department of Treasury and not the Strategic Fund. The Department of Treasury would be the appointing authority for the compliance officer rather than the State Administrative Board.

House Bill 4481

The bill would amend Sections 88k and 88n of the MSF Act. Generally speaking, it replaces references to the Strategic Economic Investment and Commercialization Board so that as of October 1, 2010, the powers, duties, and decision-making authority of the SEIC board would be exercised by the board of the Michigan Strategic Fund. It also eliminates reporting requirements in Section 88n since these are to be moved to Section 9, as found in House Bill 4480, eliminates redundant restrictions on the purposes to which money can be put (which are also contained in Section 88c), and eliminates specific restrictions on who can receive money (which appear to be replaced by new background check provisions to be placed in Section 88c). The bill would also strike redundant language on notification requirements and auditing requirements currently imposed on the commercialization board.

House Bill 4482

The bill would amend Section 7 of the act, which deals with the powers and duties of the Fund. It would allow the MSF to do the following:

- Procure goods and services, purchase and sell real and personal property, and lease property independent of any other department or state agency.
- Appoint individuals to private or independent boards to represent the interests of the Fund.
- Establish a program where entities can invest in and collect a return on investment in programs, projects, economic development projects, investments, or investment funds or other programs or ventures described in the act.
- Establish and operate a job training fund that will support the training of workers for Michigan businesses as determined by the Fund.
- Establish and operate a community revitalization investment program that provides capital for projects as determined by the Fund.

FISCAL IMPACT:

Collectively, House Bills 4480, 4481, and 4482 would have an indeterminate, but likely negligible fiscal impact on state government. House Bill 4480 would modify the Michigan Strategic Fund's reporting requirements to include all reporting requirements in one section. Any administrative efficiencies created by centralizing the reporting requirements would be minimal. No cost savings would be realized. It is unclear what kind of impact the granting of discretion in the creation of the background check policies and procedures to the Fund, MEDC, and Office of the Chief Compliance Officer would have; however, the impact is likely to be minimal.

House Bill 4480 would also move the Office of the Chief Compliance Officer to the Department of Treasury. Funding associated with the Chief Compliance Officer would be shifted to the Department of Treasury from the MSF. There would be no net impact on state finances.

House Bill 4481 makes various technical changes to the Michigan Strategic Fund Act to align with the changes in House Bill 4480. Under the provisions of the bill there will be no fiscal impact.

House Bill 4482 would expand the authority of the MSF into the areas highlighted in the legislative analysis above. It is unclear how these expanded authorities will impact the current distribution and expenditure of funds. Current appropriation levels will not be impacted by the provisions of the bill.

Legislative Analyst: Chris Couch
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.