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**BILL ANALYSIS**

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Senate Bill 270 (as introduced 3-19-13)
Sponsor: Senator Judy K. Emmons
Committee: Economic Development

Date Completed: 3-20-13

CONTENT

The bill would amend the Michigan Strategic Fund (MSF) Act to do the following:

- **Revise the amount of the appropriation from the 21st Century Jobs Trust Fund that may be used for business development and marketing costs.**
- **Eliminate provisions requiring a specified percentage of funding to be targeted to people and entities outside the State.**
- **Authorize the MSF Board to spend funds appropriated to it by law without further appropriation, regardless of the source of those funds.**

The Act requires the MSF to create and operate programs authorized under Chapter 8A (21st Century Investment Programs and Activities); determine the annual allocation of money for programs authorized under Chapter 8A; and make authorized expenditures or investments from the investment fund of the 21st Century Jobs Trust Fund for programs and activities authorized under Chapter 8A. The bill would refer to the Act, rather than Chapter 8A, in these requirements.

The Act provides that money transferred or appropriated by law to the MSF for the purposes of carrying out Chapter 8A or 8C (Community Revitalization Program) must be spent or invested for the following purposes:

- 21st century investments (investments in commercial loan guarantees and private equity, venture capital, and mezzanine investments under programs operated by the MSF).
- Grants and loans approved by the Strategic Economic Investment and Commercialization Board (described below).
- Promotion of tourism in Michigan (which is administered through a program under Chapter 8B).
- Grants, loans, or other economic assistance under the Chapter 8A Michigan Business Development Program and the Community Revitalization Program under Chapter 8C.
- Other programs or activities authorized under Chapter 8A.

In the last provision, the bill would refer to other programs or activities authorized under Chapter 8A, any other chapter of the Act, or as provided in an appropriation act.

(The Act provides for the Strategic Economic Investment and Commercialization Board within the MSF. The Board must award grants and loans from the 21st Century Jobs Trust Fund and the Jobs for Michigan Investment Fund for basic research, applied research,

university technology transfer, and commercialization of products, processes, and services to encourage the development of competitive edge technologies to create jobs in Michigan. Under the bill, as of October 18, 2010, "Strategic Economic Investment and Commercialization Board" would mean the MSF Board.)

Under the Act, not more than 5% of the annual appropriation from the 21st Century Jobs Trust Fund may be used for business development and business marketing costs. The bill would limit this amount to \$7.25 million, rather than 5% of the appropriation.

At least 80% of the funds committed for business development and marketing costs must be targeted to people or entities outside of the State. The bill would delete this requirement.

The Act also requires at least 75% of the funds appropriated under the Chapter 8B tourism promotion program, to be targeted to people or entities outside of the State. The bill would delete this requirement.

The bill would authorize the MSF Board to spend funds appropriated by law to the Board or the Fund without further appropriation, regardless of the source of those funds.

MCL 125.2088a et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would increase the amount of appropriations from the 21st Century Jobs Trust Fund that the Michigan Strategic Fund Board may allocate for business development and business marketing. Current law limits this to not more than 5% of the annual appropriation from the 21st Century Jobs Trust Fund. In FY 2012-13, the annual appropriation from the Trust Fund is \$75.0 million, which makes the maximum allocation for business marketing \$3,750,000. The bill would change this limit from a percentage of the appropriation to a fixed amount of \$7,250,000, an increase of \$3.5 million or 93.3% in the amount of appropriations that the MSF Board is permitted to use for business development and marketing.

The bill also would increase the authority of the Michigan Strategic Fund Board to allocate funds among the programs it operates. Currently, within the limits imposed by annual appropriations, the MSF Board has authority to allocate funds from the 21st Century Jobs Trust Fund among 21st Century programs, including investments, grants, loans, and loan enhancements; tourism promotion; community revitalization; and business development. The bill would expand the MSF Board's authority to allocate appropriations from the Trust Fund among any of the programs that the MSF operates.

Fiscal Analyst: Elizabeth Pratt

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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.