

SENATE BILL No. 278

March 19, 2013, Introduced by Senator KOWALL and referred to the Committee on Economic Development.

A bill to amend 1984 PA 270, entitled "Michigan strategic fund act," by amending section 88h (MCL 125.2088h), as amended by 2012 PA 145.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88h. (1) The jobs for Michigan investment fund is created
2 within the fund as a permanent fund authorized by section 19 of
3 article IX of the state constitution of 1963. Money in the
4 investment fund at the close of the fiscal year shall remain in the
5 investment fund and shall not lapse to the general fund. Money in
6 the investment fund shall not be transferred to another
7 governmental entity or a separate legal entity and public body
8 corporate established under the urban cooperation act of 1967, 1967
9 (Ex Sess) PA 7, MCL 124.501 to 124.512, except as authorized in
10 this ~~chapter~~. **ACT.**

11 (2) Money or other assets deposited in the investment fund

1 shall be held as permanent funds as provided under section 19 of
2 article IX of the state constitution of 1963 and invested only as
3 authorized under this ~~chapter~~, **ACT**, including, but not limited to,
4 investments in the stock of a company, association, or corporation.

5 (3) The investment fund shall be invested as authorized under
6 this ~~chapter~~ **ACT** for the benefit of the people of the state of
7 Michigan and for the purpose of creating incentives for the
8 following in this state:

9 (a) Retaining or creating jobs.

10 (b) Increasing capital investment activity.

11 (c) Increasing commercial lending activity.

12 (d) Encouraging the development and commercialization of
13 competitive edge technologies.

14 (e) Revitalizing Michigan communities.

15 (4) Funds or other assets of the investment fund also may be
16 invested in debt instruments or debt obligations for loans or
17 guarantees authorized under this ~~chapter~~ **ACT**.

18 (5) The investment fund shall consist of all of the following:

19 (a) Any funds appropriated to, transferred to, or deposited in
20 the investment fund from the 21st century jobs trust fund under the
21 Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260.

22 (b) Earnings, royalties, return on investments, return of
23 principal, payments made, or other money received by or payable to
24 the fund under agreements related to grants, loans, investments, or
25 expenditures by the fund under this chapter or chapter 8C.

26 (c) Assets, property, money, earnings, royalties, return on
27 investments, return of principal, payments made, or other money

1 owed, received by, or payable to the fund or the Michigan economic
2 development corporation under agreements related to grants, loans,
3 investments, or other payments funded by appropriations from the
4 state general fund or tobacco settlement revenue under 1 or more of
5 the following:

6 (i) Section 418 of 1999 PA 120, commonly known as the health
7 and aging research and development initiative or the Michigan life
8 sciences corridor initiative, or any successor program.

9 (ii) Section 410 of 2000 PA 292, commonly known as the health
10 and aging research and development initiative or the Michigan life
11 sciences corridor initiative, or any successor program.

12 (iii) Section 410 of 2001 PA 80, commonly known as the health
13 and aging research and development initiative or the Michigan life
14 sciences corridor initiative, or any successor program.

15 (iv) Section 410 of 2002 PA 517, commonly known as the Michigan
16 life sciences corridor initiative, or any successor program.

17 (v) Section 410 of 2003 PA 169, commonly known as the Michigan
18 life sciences and technology tri-corridor initiative, or any
19 successor program.

20 (vi) Section 510 of 2004 PA 354, commonly known as the Michigan
21 technology tri-corridor and life sciences initiative, or any
22 successor program.

23 (vii) Section 801 of 2005 PA 11, commonly known as the
24 technology tri-corridor and life sciences initiative, or any
25 successor program.

26 (viii) Section 381(1)(c) of 2003 PA 173, providing for payments
27 to the life sciences commercial development fund.

1 (d) Money or assets received by the state treasurer or the
2 fund from any source for deposit in the investment fund.

3 (e) Interest and earnings on any funds or other assets
4 deposited in the investment fund or other net income of the
5 investment fund.

6 (6) The net income of the investment fund may be expended by
7 the fund only for purposes authorized under this ~~chapter or chapter~~
8 ~~8C-**ACT**~~ pursuant to an appropriation authorized by law. As used in
9 this section, the net income of the investment fund shall be
10 computed annually as of the last day of the state fiscal year in
11 accordance with generally accepted accounting principles, excluding
12 any unrealized gains or losses.

13 (7) The fund board shall be the trustees of the investment
14 fund and shall direct the investment and reinvestment of the funds
15 and assets of the investment fund as consistent with the objectives
16 of this ~~chapter or chapter 8C-**ACT**~~.

17 (8) The fund board may establish restricted subaccounts within
18 the investment fund as necessary to administer the investment fund.
19 The fund board may contract with the state treasurer to assist the
20 fund board in administering the investment fund. The fund board may
21 authorize money in the investment fund not invested as authorized
22 under ~~sections 88d, 88e, 88f, 88g, 88q, and 88r and chapter 8C-**THIS**~~
23 **ACT** to be managed by the state treasurer as part of the common cash
24 fund of this state under 1967 PA 55, MCL 12.51 to 12.53. Money
25 managed by the state treasurer under this subsection shall be
26 separately accounted for by the state treasurer. When authorized
27 under this subsection, the state treasurer may invest the funds or

1 assets of the investment fund in any investment authorized under
2 1855 PA 105, MCL 21.141 to 21.147, for surplus funds of this state,
3 in obligations issued by any state or political subdivision or
4 instrumentality of the United States, or in any obligation issued,
5 assumed, or guaranteed by a solvent entity created or existing
6 under the laws of the United States or of any state, district, or
7 territory of the United States, which are not in default as to
8 principal or interest.

9 (9) A member of the fund board or officer of the fund shall
10 not gain from any investment of funds or assets of the investment
11 fund. A member of the fund board or officer of the fund shall not
12 have any direct or indirect interest in an investment of funds or
13 assets of the investment fund. A member of the fund board or person
14 connected with the investment fund directly or indirectly, for
15 himself or herself, or as an agent or partner of others, shall not
16 borrow any of the funds or assets of the investment fund or in any
17 manner use funds or assets of the investment fund except as
18 authorized under this ~~chapter~~ **ACT**. A member of the fund board or
19 officer of the fund shall not become an endorser or surety or
20 become in any manner an obligor for money loaned by or borrowed
21 from the investment fund. Failure to comply with this subsection
22 constitutes misconduct in office subject to removal under section
23 94. In addition to any other sanction, a person who violates this
24 subsection is guilty of a misdemeanor punishable by imprisonment
25 for not more than 90 days or a fine of not more than \$500.00, or
26 both.

27 (10) **THE FUND BOARD MAY USE THE SAME PERCENTAGE PROVIDED IN**

1 SECTION 88B FOR ADMINISTRATIVE COSTS FOR ADMINISTERING PROGRAMS
2 FUNDED UNDER THE INVESTMENT FUND.