

MICHIGAN EARLY STAGE VENTURE INVESTMENT ACT OF 2003 (EXCERPT)
Act 296 of 2003

125.2247 Agreements with investors; modification of existing agreement.

Sec. 17.

(1) Subject to subsection (9), to secure investment in the fund, the Michigan early stage venture investment corporation shall enter into agreements with investors.

(2) Each agreement shall contain all of the following:

(a) An established and agreed-upon investment amount and repayment schedule.

(b) A negotiated amount or negotiated return on qualified investment by the investor over the term of the agreement.

(c) A maximum amount of tax vouchers that the investor may use to pay a liability under former 1975 PA 228, the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, or the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.713, and the first year in which that tax voucher may be used to pay a liability under former 1975 PA 228, the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, or the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.713, including any withholding tax imposed on the investor under the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.713.

(3) The Michigan early stage venture investment corporation shall notify the department of treasury when agreements are entered into under this section and send a copy of each agreement to the department of treasury. After making the determination required under section 23(2), the department of treasury shall issue an approval letter to the investor that states that the investor is entitled to a tax voucher that is equal to the difference between the amount actually repaid and the amount set as the repayment due in the agreement entered into by the investor and the Michigan early stage venture investment corporation.

(4) The fund shall repay any amounts due from proceeds from the funds raised based on the agreements made under this section and from the proceeds of investments made by the fund.

(5) For tax years that begin after December 31, 2008, investors that have tax voucher certificates issued pursuant to section 23 may use the tax voucher to pay a liability owed by the investor under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601, or the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.713, as provided in this act, up to an amount equal to the difference between the amount actually repaid and the amount set as the repayment due in the agreement entered into by the taxpayer and the Michigan early stage venture investment corporation. The Michigan early stage venture investment corporation shall notify the department of treasury when tax voucher certificates are issued under section 23(5).

(6) Repayment of a debt under this section may be restricted to specific funds or assets of the Michigan early stage venture investment corporation.

(7) The Michigan early stage venture investment corporation may purchase securities and may manage, transfer, or dispose of those securities.

(8) The Michigan early stage venture investment corporation and its directors are not broker-dealers, agents, investment advisors, or investment advisor representatives when carrying out their duties and responsibilities under this act.

(9) The Michigan early stage venture investment corporation shall not enter into any new agreements with investors after the effective date of the amendatory act that added this subsection. However, the Michigan early stage venture investment corporation may modify an existing agreement with an investor as long as no additional principal is borrowed from that investor and tax vouchers are not increased above the level that have been approved under section 23 on the effective date of the amendatory act that added this subsection. However, the Michigan early stage venture investment corporation may modify an existing agreement with an investor that the Michigan early stage venture investment corporation has received a loan or line of credit from and may expend money to modify that agreement, as long as that agreement meets all of the following:

(a) The modification does not result in the Michigan early stage venture investment corporation expending greater than \$500,000.00 in costs, fees, legal fees, management fees, or other expenses without the consent of the state budget director.

(b) Notification of the modification is reported to the state budget office and chairpersons of the house and senate appropriations committees within 30 days of the finalization of the modification.

History: 2003, Act 296, Imd. Eff. Jan. 8, 2004 ;-- Am. 2005, Act 102, Imd. Eff. July 22, 2005 ;-- Am. 2007, Act 173, Imd. Eff. Dec. 21, 2007 ;-- Am. 2015, Act 192, Imd. Eff. Nov. 16, 2015