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BILL ANALYSIS



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Senate Bill 358 (Substitute S-1 as reported)  
Sponsor: Senator Bill Hardiman  
Committee: Commerce and Labor

## **CONTENT**

The bill would create the "Life Science Investment Authority Act" to do all of the following:

- Create the Life Science Investment Authority within the Department of Treasury.
- Provide for the Authority to be governed by a board consisting of seven members, including the State Treasurer and the chief executive officer of the Michigan Economic Development Corporation (MEDC) or their designees.
- Require the board to contract with an investment management company to make qualified investments in qualified businesses (businesses that develop, market, or commercialize life science products, i.e., drugs or medical devices).
- Require the board to require the investment management company to make early seed investments in qualified businesses; use peer review of the science involved in a life science product before investing; and perform other functions.
- Require the agreement between the investment management company and a qualified business to include a match requirement, conditions regarding a return on the investment and the use of members of the Life Science Pipeline (proposed by Senate Bill 359), and a condition that the investment not be used for human cloning or stem cell research with embryonic tissue.
- Provide for the confidentiality of applicants' financial or proprietary information.
- Specify the powers of the Authority, including the power to promulgate rules.
- Authorize the Authority to issue bonds and notes payable solely from revenue or funds available to the Authority.
- Create the "Life Science Investment Fund", which could be administered for the general operations of the Authority and to secure its notes and bonds.
- Exempt the Authority from certain taxes.
- Appropriate \$100,000 from the General Fund for the Act's initial implementation costs.

The bill is tie-barred to Senate Bill 359, which would codify the Biosciences Research and Commercialization Center.

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

The bill contains an initial appropriation of \$100,000 for implementation costs under the bill. However, actual costs would depend on future appropriations and the amount of bonds issued by the Authority. The MEDC funds life sciences projects through the appropriations for the Technology TriCorridor - Life Sciences line item. The following amounts have been appropriated for the program over recent fiscal years: FY 2001-02 - \$45 million; FY 2002-03 - \$32.5 million; FY 2003-04 - \$25 million; and FY 2004-05 - \$30 million.

Date Completed: 5-12-05

Fiscal Analyst: Bill Bowerman

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Analysis available @ <http://www.michiganlegislature.org>

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