

# HOUSE BILL No. 6295

June 29, 2006, Introduced by Reps. David Law, Kahn, Jones, Ball, Emmons, Caul, Shaffer and Pearce and referred to the Committee on Health Policy.

A bill to amend 1984 PA 270, entitled "Michigan strategic fund act," by amending section 88a (MCL 125.2088a), as added by 2005 PA 225.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 88a. As used in this chapter:

2       (a) "Advanced automotive, manufacturing, and materials  
3 technology" means any technology that involves 1 or more of the  
4 following:

5       (i) Materials with engineered properties created through the  
6 development of specialized process and synthesis technology.

7       (ii) Nanotechnology, including materials, devices, or systems  
8 at the atomic, molecular, or macromolecular level, with a scale  
9 measured in nanometers.

10       (iii) Microelectromechanical systems, including devices or

1 systems integrating microelectronics with mechanical parts and a  
2 scale measured in micrometers.

3 (iv) Improvements to vehicle safety, vehicle performance,  
4 vehicle production, or environmental impact, including, but not  
5 limited to, vehicle equipment and component parts.

6 (v) A new technology, device, or system that enhances or  
7 improves the manufacturing process of wood, timber, or  
8 agricultural-based products.

9 (vi) Any technology that involves an alternative energy vehicle  
10 or its components, as alternative energy vehicle is defined under  
11 section 2 of the Michigan next energy authority act, 2002 PA 593,  
12 MCL 207.822.

13 (vii) Advanced computing or electronic device technology  
14 related to technology described under this subdivision.

15 (viii) Design, engineering, testing, or diagnostics related to  
16 technology described under this subdivision.

17 (ix) Product research and development related to technology  
18 described under this subdivision.

19 (b) "Advanced computing" means any technology used in the  
20 design and development of 1 or more of the following:

21 (i) Computer hardware and software.

22 (ii) Data communications.

23 (iii) Information technologies.

24 (c) "Alternative energy technology" means applied research or  
25 commercialization of new or next generation technology in 1 or more  
26 of the following:

27 (i) Alternative energy technology as that term is defined in

1 section 2 of the Michigan next energy authority act, 2002 PA 593,  
2 MCL 207.822.

3 (ii) Devices or systems designed and used solely for the  
4 purpose of generating energy from agricultural crops, residue and  
5 waste generated from the production and processing of agricultural  
6 products, animal wastes, or food processing wastes, not including a  
7 conventional gasoline or diesel fuel engine or retrofitted  
8 conventional gasoline or diesel fuel engine.

9 (iii) A new technology, product, or system that permits the  
10 utilization of biomass for the production of specialty, commodity,  
11 or foundational chemicals or of novel or economical commodity  
12 materials through the application of biotechnology that minimizes,  
13 complements, or replaces reliance on petroleum for the production.  
14 Alternative energy technology also includes a new technology,  
15 product, or system that utilizes wind energy.

16 (iv) Advanced computing or electronic device technology related  
17 to technology described under this subdivision.

18 (v) Design, engineering, testing, or diagnostics related to  
19 technology described under this subdivision.

20 (vi) Product research and development related to a technology  
21 described under this subdivision.

22 (d) "Applied research" means translational research conducted  
23 with the objective of attaining a specific benefit or to solve a  
24 practical problem, or other research activity that seeks to  
25 utilize, synthesize, or apply existing knowledge, information, or  
26 resources to the resolution of a specified problem, question, or  
27 issue, with high potential for commercial application to create

1 jobs in this state.

2 (e) "Basic research" means any original investigation for the  
3 advancement of scientific or technological knowledge that will  
4 enhance the research capacity of this state in a way that increases  
5 the ability to attract to or develop companies, jobs, researchers,  
6 or students in this state.

7 (f) "Commercialization" means the transition from research to  
8 the actions necessary to achieve market entry and general market  
9 competitiveness of new innovative technologies, processes, and  
10 products and the services that support, assist, equip, finance, or  
11 promote a person or an entity with that transition.

12 (g) "Competitive edge technology" means 1 or more of the  
13 following:

14 (i) Life sciences technology.

15 (ii) Advanced automotive, manufacturing, and materials  
16 technology.

17 (iii) Homeland security and defense technology.

18 (iv) Alternative energy technology.

19 (h) "Electronic device technology" means any technology that  
20 involves microelectronics, semiconductors, electronic equipment,  
21 and instrumentation, radio frequency, microwave, and millimeter  
22 electronics; optical and optic-electrical devices; or data and  
23 digital communications and imaging devices.

24 (i) "Fund board" means the board of the Michigan strategic  
25 fund described in section 5.

26 (j) "Homeland security and defense technology" means  
27 technology that assists in the assessment of threats or damage to

1 the general population and critical infrastructure, protection of,  
2 defense against, or mitigation of the effects of foreign or  
3 domestic threats, disasters, or attacks, or support for crisis or  
4 response management, including, but not limited to, 1 or more of  
5 the following:

6 (i) Sensors, systems, processes, or equipment for  
7 communications, identification and authentication, screening,  
8 surveillance, tracking, and data analysis.

9 (ii) Advanced computing or electronic device technology related  
10 to technology described under this subdivision.

11 (iii) Aviation technology, including, but not limited to,  
12 avionics, airframe design, sensors, early warning systems, and  
13 services related to technology described under this subdivision.

14 (iv) Design, engineering, testing, or diagnostics related to  
15 technology described under this subdivision.

16 (v) Product research and development related to technology  
17 described under this subdivision.

18 (k) "Independent peer review expert" means a person or persons  
19 selected by the commercialization board with appropriate expertise  
20 to conduct an independent, unbiased, objective, and competitive  
21 evaluation of activities funded under section 88k. The person or  
22 persons shall demonstrate the capability and experience, as  
23 appropriate or necessary for the particular activity funded, to do  
24 all of the following:

25 (i) Conduct a highly competitive and intensive, independent,  
26 multiphased, peer-review-based evaluation process.

27 (ii) Employ personnel with appropriate business, scientific,

1 technical, commercial, or other specialized expertise to carry out  
2 each aspect of the evaluation process.

3 (iii) Provide recommendations to or assist the commercialization  
4 board in identifying high-quality activities for funding that are  
5 likely to result in the development and commercialization of  
6 competitive edge technology and job creation in this state. The  
7 recommendations shall include all materials used by the independent  
8 peer review expert in making the recommendation.

9 (iv) Assure that any peer review process developed maintains a  
10 high level of integrity.

11 (l) "Institution of higher education" means an institution of  
12 higher education or a community or junior college described in  
13 section 4, 5, 6, or 7 of article VIII of the state constitution of  
14 1963 or an independent nonprofit degree-granting institution of  
15 postsecondary education in this state that is approved by the state  
16 board of education.

17 (m) "Jobs for Michigan investment fund" or "investment fund"  
18 means the jobs for Michigan investment fund created in section ~~88f~~  
19 **88H**.

20 (n) "Life sciences" means science for the examination or  
21 understanding of life or life processes, including, but not limited  
22 to, all of the following:

23 (i) Bioengineering.

24 (ii) Biomedical engineering.

25 (iii) Genomics.

26 (iv) Proteomics.

27 (v) Molecular and chemical ecology.

1           (vi) Biotechnology, including any technology that uses living  
2 organisms, cells, macromolecules, microorganisms, **UMBILICAL CORD**  
3 **BLOOD**, or substances from living organisms to make or modify a  
4 product for useful purposes. Biotechnology or life sciences does  
5 not include any of the following:

6           (A) Activities prohibited under section 2685 of the public  
7 health code, 1978 PA 368, MCL 333.2685.

8           (B) Activities prohibited under section 2688 of the public  
9 health code, 1978 PA 368, MCL 333.2688.

10           (C) Activities prohibited under section 2690 of the public  
11 health code, 1978 PA 368, MCL 333.2690.

12           (D) Activities prohibited under section 16274 of the public  
13 health code, 1978 PA 368, MCL 333.16274.

14           (E) Stem cell research with human embryonic tissue.

15           (o) "Life sciences technology" means any technology derived  
16 from life sciences intended to improve human health or the overall  
17 quality of human life, including, but not limited to, systems,  
18 processes, or equipment for drug or gene therapies, biosensors,  
19 testing, medical devices or instrumentation with a therapeutic or  
20 diagnostic value, a pharmaceutical or other product that requires  
21 United States food and drug administration approval or registration  
22 prior to its introduction in the marketplace and is a drug or  
23 medical device as defined by the federal food, drug, and cosmetic  
24 act, 21 USC 301 to 399, or 1 or more of the following:

25           (i) Advanced computing or electronic device technology related  
26 to technology described under this subdivision.

27           (ii) Design, engineering, testing, or diagnostics related to

1 technology or the commercial manufacturing of technology described  
2 under this subdivision.

3 (iii) Product research and development related to technology  
4 described under this subdivision.

5 (p) "Qualified business" means a business entity located in  
6 this state.

7 (q) "Qualified mezzanine fund" means a person or entity  
8 primarily engaged in making loans or investments ranging in size  
9 from \$250,000.00 to \$6,000,000.00 that is managed by 2 or more  
10 individuals with no less than 5 years' direct experience in  
11 mezzanine lending or capital investments and that holds investment  
12 capital or has commitments from investors other than the fund and  
13 at least 2 financial institutions.

14 (r) "Qualified private equity fund" means a firm principally  
15 or primarily engaged in investing in or acquiring businesses that  
16 is managed by 2 or more individuals with no less than 5 years of  
17 direct experience in private equity investments, and that holds  
18 investment capital from investors other than the fund.

19 (s) "Qualified venture capital fund" means a firm principally  
20 or primarily engaged in investing in or acquiring early stage  
21 businesses with growth potential that have not yet demonstrated  
22 consistent profitability or a proven business model, that is  
23 managed by 2 or more individuals with not less than 5 years of  
24 direct experience in venture capital, and that holds capital from  
25 investors other than the fund.

26 (t) "Small business" means a business entity formed or doing  
27 business in this state, including the affiliates of the business

1 concern, which business entity is independently owned and operated  
2 and employs fewer than 250 full-time employees or has gross annual  
3 sales of less than \$6,000,000.00.

4 (u) "21st century investments" means investments in 1 or more  
5 of the following:

6 (i) Commercial loan guarantees under a loan enhancement program  
7 operated by the fund.

8 (ii) Private equity investments under a private equity  
9 investment program operated by the fund.

10 (iii) Venture capital investments under a venture capital  
11 investment program operated by the fund.

12 (iv) Mezzanine investments under a mezzanine investment program  
13 operated by the fund.

14 (v) "Strategic economic investment and commercialization  
15 board" or "commercialization board" means the strategic economic  
16 investment and commercialization board created in section 88k.

17 (w) "University technology transfer" means innovative methods  
18 to accelerate the creation of start-up companies affiliated with  
19 institutions of higher education or the transfer of competitive  
20 edge technology research from an institution of higher education to  
21 a qualified business in Michigan.