

**SUBSTITUTE FOR  
SENATE BILL NO. 358**

A bill to create and provide for the operation of the life science investment authority; to provide for the creation and appointment of a board to govern the authority and to prescribe its powers and duties; to provide for the powers and duties of the authority; to extend protections against certain liabilities to the authority; to provide for the issuance of certain bonds, notes, and other obligations; to promote economic growth; to exempt property, income, and operations of an authority from tax; and to provide an appropriation.

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

1           Sec. 1. This act shall be known and may be cited as the "life  
2 science investment authority act".

3           Sec. 2. As used in this act:

1 (a) "Authority" means the life science investment authority  
2 created under section 3.

3 (b) "Board" means the life science investment authority board  
4 described in section 4.

5 (c) "Department" means the department of treasury.

6 (d) "Fund" means the life science investment fund created in  
7 section 18.

8 (e) "Governmental agency" means a department, agency, or  
9 commission of this state or of a county, city, village, or township  
10 of this state.

11 (f) "Investment management company" means the entity hired by  
12 the board to make qualified investments from the fund.

13 (g) "Life science products" means a product that requires food  
14 and drug administration approval or registration prior to its  
15 introduction in the marketplace and is a drug or medical device as  
16 defined by the federal food, drug, and cosmetic act, 21 USC 301 to  
17 399.

18 (h) "Local unit of government" means a city, county, township,  
19 or village.

20 (i) "Michigan life science pipeline" or "pipeline" means  
21 members of the Michigan life science pipeline described in section  
22 78 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2078.

23 (j) "Person" means an individual, partnership, corporation,  
24 limited liability company, association, governmental entity, or  
25 other legal entity.

26 (k) "Qualified agreement" means an agreement between a  
27 qualified business and the investment management company. A

1 qualified agreement shall include, but is not limited to, all of  
2 the following:

3 (i) A condition that the qualified business match the qualified  
4 investment, which shall not exceed 10% of the total need to  
5 complete work on the requested round. A qualified investment may be  
6 made in follow-on rounds.

7 (ii) A condition that the investment management company ensures  
8 a return on this state's investment similar to other investors in  
9 the qualified business as determined by the investment management  
10 company.

11 (iii) A condition that the qualified businesses utilize members  
12 of the Michigan life science pipeline to develop their life science  
13 product, if the services needed are readily available as determined  
14 by the investment management company.

15 (iv) A condition that a qualified investment will not be used  
16 to engage in or support human cloning as defined in section 16274  
17 of the public health code, 1978 PA 368, MCL 333.16274, or stem cell  
18 research with embryonic tissue.

19 (l) "Qualified business" is a business entity that develops,  
20 markets, or commercializes life science products.

21 (m) "Qualified investments" means a loan or investment in a  
22 qualified business under the terms of a qualified agreement.

23 Sec. 3. (1) There is created by this act a public body  
24 corporate and politic known as the life science investment  
25 authority. The authority shall be located within the department.

26 (2) The authority shall exercise its prescribed statutory  
27 powers, duties, and functions independently of the state treasurer.

1 The budgeting, procurement, and related administrative functions of  
2 the authority shall be performed under the direction and  
3 supervision of the state treasurer.

4 (3) The authority may contract with the department for the  
5 purpose of maintaining the rights and interests of the authority.

6 (4) The accounts of the authority may be subject to annual  
7 financial audits by the state auditor general. Records of the  
8 authority shall be maintained according to generally accepted  
9 accounting principles.

10 Sec. 4. (1) The authority created under this act shall be  
11 governed by the life science investment authority board, which  
12 shall consist of 7 board members who are residents of this state.  
13 Of the members first appointed under subsection (2)(c), 2 shall be  
14 appointed for a term of 2 years and 3 shall be appointed for a term  
15 of 3 years.

16 (2) The members of the board shall be as follows:

17 (a) The state treasurer, or his or her designee.

18 (b) The chief executive officer of the Michigan economic  
19 development corporation, or his or her designee.

20 (c) Five other members appointed by the governor by and with  
21 the advice and consent of the senate who are not employed by this  
22 state. Members appointed shall have knowledge, skill, and  
23 experience as follows:

24 (i) At least 1 member in science.

25 (ii) At least 1 member in venture capital investments.

26 (iii) At least 1 member in business in the life science field.

27 (iv) At least 1 member in the business of bringing life science

1 products to market.

2 (3) Upon appointment to the board under subsection (2) and  
3 upon the taking and filing of the constitutional oath of office  
4 prescribed in section 1 of article XI of the state constitution of  
5 1963, a member of the board shall enter the office and exercise the  
6 duties of the office.

7 (4) After the first appointment, each member shall serve a  
8 term of 4 years, except that a person appointed to fill a vacancy  
9 shall be appointed for the balance of the unexpired term. The  
10 governor shall fill a vacancy in the office by appointment in the  
11 same manner as an appointment under subsection (2). A member of the  
12 board shall hold office until a successor has been appointed and  
13 qualified. A member of the board is eligible for reappointment.

14 (5) Members of the board and officers and employees of the  
15 authority are considered public servants subject to 1968 PA 317,  
16 MCL 15.321 to 15.330, and 1968 PA 318, MCL 15.301 to 15.310. A  
17 member of the board or an officer, employee, or agent of the  
18 authority shall discharge the duties of the position in a  
19 nonpartisan manner, in good faith, in the best interests of the  
20 authority, and with the degree of diligence, care, and skill that  
21 an ordinarily prudent person would exercise under similar  
22 circumstances in a like position. In discharging duties of the  
23 office, a member of the board or an officer, employee, or agent of  
24 the authority, when acting in good faith, may rely upon a majority  
25 vote of a quorum of the board, upon the opinion of counsel for the  
26 authority, upon the report of an independent appraiser selected  
27 with reasonable care by the board, or upon financial statements of

1 the authority represented to the member of the board, officer,  
2 employee, or agent to be correct by the officer of the authority  
3 having charge of its books or accounts or stated in a written  
4 report by the auditor general or a certified public accountant or a  
5 firm of accountants to fairly reflect the financial condition of  
6 the authority.

7 (6) The board shall elect a chairperson, vice-chairperson,  
8 secretary, and any additional officers of the board considered  
9 necessary by the board from among its members. All elected officers  
10 of the board shall be elected annually by the board. Members of the  
11 board shall serve without compensation, but shall be reimbursed for  
12 actual and necessary expenses.

13 Sec. 5. (1) Upon the appointment of at least 5 members of the  
14 board under section 4, the board may hold its first meeting. The  
15 first meeting of the board shall be held not more than 60 days  
16 after the date the authority is created.

17 (2) The board shall organize and adopt its own policies,  
18 procedures, schedule of regular meetings, and a regular meeting  
19 date, place, and time. The board shall conduct all business at  
20 public meetings held in compliance with the open meetings act, 1976  
21 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and  
22 place of each meeting shall be given in the manner required by the  
23 open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

24 (3) A record or portion of a record, material, or other data  
25 received, prepared, used, or retained by the authority in  
26 connection with an application for a qualified investment that  
27 relates to financial or proprietary information submitted by the

1 applicant that is considered by the applicant and acknowledged by  
2 the authority as confidential shall not be subject to the  
3 disclosure requirements of the freedom of information act, 1976 PA  
4 442, MCL 15.231 to 15.246. A designee of the authority shall make  
5 the determination as to whether the authority acknowledges as  
6 confidential any financial or proprietary information submitted by  
7 the applicant and considered by the applicant as confidential.  
8 Unless considered proprietary information, the authority shall not  
9 acknowledge routine financial information as confidential. If the  
10 designee of the authority determines that information submitted to  
11 the authority is financial or proprietary information and is  
12 confidential, the designee of the authority shall release a written  
13 statement, subject to disclosure under the freedom of information  
14 act, 1976 PA 442, MCL 15.231 to 15.246, which states all of the  
15 following:

16 (a) The name of the person requesting that the information  
17 submitted be confidential as financial or proprietary information.

18 (b) That the information submitted was determined by the  
19 designee of the authority to be confidential as financial or  
20 proprietary information.

21 (c) A broad nonspecific overview of the financial or  
22 proprietary information determined to be confidential.

23 (4) The authority shall not disclose financial or proprietary  
24 information not subject to disclosure pursuant to subsection (3)  
25 without consent of the applicant submitting the information. As  
26 used in this section, "financial or proprietary information" means  
27 information that has not been publicly disseminated or is

1 unavailable from other sources, the release of which might cause  
2 the applicant significant competitive harm.

3 (5) A board may act only by resolution. A majority of the  
4 members of the board then in office, or of any committee of the  
5 board, shall constitute a quorum for the transaction of business.  
6 The board shall meet in person or by means of electronic  
7 communication devices that enable all participants in the meeting  
8 to communicate with each other. A vote of a majority of the members  
9 of the board serving at the time of the vote is necessary to  
10 approve the issuance by the authority of bonds or to approve or  
11 amend the annual budget of the authority. Except as otherwise  
12 provided in this act, a vote of the majority of the board members  
13 present at a meeting at which a quorum is present constitutes the  
14 action of the board.

15 (6) Before the beginning of each fiscal year, the board shall  
16 prepare a budget containing an itemized statement of the estimated  
17 current operational expenses for the operation of the authority,  
18 the amount necessary to pay the principal and interest of any  
19 outstanding bonds or other obligations of the authority maturing  
20 during the ensuing fiscal year or that have previously matured and  
21 are unpaid, an estimate of the revenue of the authority from all  
22 sources for the ensuing fiscal year, and other amounts necessary to  
23 further the purposes of this act. The authority's budget shall be  
24 funded by proceeds derived from gifts, grants, loans,  
25 appropriations, and other aids from any person or the federal  
26 government, this state, or a local government or any agency of the  
27 federal government, this state, or a local government.



1           Sec. 6. (1) The board may appoint a person, other than a  
2 member of the board, to serve as director of the authority, to whom  
3 the authority may delegate any of its administrative powers.

4           (2) Subject to the approval of the board, the director shall  
5 supervise, and be responsible for, all of the following:

6           (a) The performance of the functions of the authority under  
7 this act.

8           (b) A regular report describing the activities and financial  
9 condition of the authority.

10          (c) The issuance of bonds, notes, or other obligations  
11 approved by the board.

12          (d) All other activities or functions that the board considers  
13 necessary.

14          (3) The board may employ legal and technical experts, private  
15 consultants and engineers, accountants, scientists, and other  
16 agents or employees for rendering professional and technical  
17 assistance and advice as may be necessary. The authority shall  
18 determine the qualifications, duties, and compensation of those it  
19 employs.

20          (4) The board shall contract with an investment management  
21 company to make qualified investments in qualified businesses under  
22 terms of qualified agreements as determined by the board. The board  
23 shall require the investment management company to do all of the  
24 following:

25           (a) Make early seed investments in qualified businesses for  
26 life science products.

27           (b) Utilize peer review of the science involved in the life

1 science product before entering into a qualified investment.

2 (c) Coordinate with the pipeline to ensure that members of the  
3 pipeline are providing services at prices that are competitive  
4 within the industry.

5 (d) Work with the board to ensure that the purposes of this  
6 act are accomplished.

7 (e) Report not less than quarterly to the board as determined  
8 by the board.

9 (f) Any other requirements determined by the board.

10 Sec. 7. Except as otherwise provided in this act, the  
11 authority may do all things necessary to implement the purposes of  
12 this act, including, but not limited to, all of the following:

13 (a) Adopt, amend, and repeal bylaws for the regulation of its  
14 affairs and the conduct of its business.

15 (b) Adopt an official seal and alter the seal at the pleasure  
16 of the board.

17 (c) Sue and be sued in its own name and plead and be  
18 impleaded.

19 (d) Solicit and accept gifts, grants, loans, and other  
20 assistance from any person or the federal, the state, or a local  
21 government or any agency of the federal, the state, or a local  
22 government or participate in any other way in any federal, state,  
23 or local government program.

24 (e) Finance and otherwise aid in the development and  
25 commercialization of life science products.

26 (f) Make loans and investments; guarantee and insure loans,  
27 leases, bonds, notes, or other indebtedness, whether public or

1 private; and issue letters of credit.

2 (g) Borrow money and issue bonds and notes to finance part or  
3 all of the costs of developing and commercializing life science  
4 products and secure those bonds and notes by mortgage, assignment,  
5 or pledge of any of its money, revenues, income, and properties.

6 (h) Procure insurance against any loss in connection with the  
7 authority's property, assets, or activities.

8 (i) Invest any money of the authority, at the board's  
9 discretion, in any bond, note, or other obligation determined  
10 proper by the board, and name and use depositories for its money.

11 (j) Contract for goods and services and engage personnel as  
12 necessary and engage the services of private consultants, managers,  
13 legal counsel, engineers, accountants, scientists, and auditors for  
14 rendering professional financial assistance and advice payable out  
15 of any money of the authority.

16 (k) Charge, impose, and collect fees and charges in connection  
17 with any transaction and provide for reasonable penalties for  
18 delinquent payment of fees or charges.

19 (l) Indemnify and procure insurance indemnifying any members of  
20 the board or employees of the board from personal loss or  
21 accountability from liability asserted by a person on the bonds or  
22 notes of the authority or from any personal liability or  
23 accountability by reason of the issuance of the bonds, notes,  
24 insurance, or guarantees; by reason of acquisition, construction,  
25 ownership, or operation of a project; or by reason of any other  
26 action taken or the failure to act by the authority.

27 (m) Promulgate rules pursuant to the administrative procedures

1 act of 1969, 1969 PA 306, MCL 24.201 to 24.328, necessary to carry  
2 out the purposes of this act.

3 (n) Do all other things necessary to promote and finance  
4 development and commercialization of life science products in this  
5 state.

6 Sec. 8. (1) The authority may authorize and issue its bonds or  
7 notes payable solely from revenues or funds available to the  
8 authority. Bonds and notes of the authority are not a debt or  
9 liability of this state and do not create or constitute any  
10 indebtedness, liability, or obligations of this state or constitute  
11 a pledge of the full faith or credit of this state. All authority  
12 bonds and notes shall be payable solely from revenues or funds  
13 pledged or available for their payment as authorized in this act.  
14 Each bond and note shall contain on its face a statement to the  
15 effect that the authority is obligated to pay the principal of and  
16 the interest on the bond or note only from revenue or funds of the  
17 authority pledged for the payment of principal and interest and  
18 that this state is not obligated to pay that principal and interest  
19 and that neither the full faith and credit nor the taxing power of  
20 this state is pledged to the payment of the principal of or the  
21 interest on the bond or note.

22 (2) All expenses incurred in carrying out this section shall  
23 be payable solely from revenues or funds provided or to be provided  
24 under this act. This act does not authorize the authority to incur  
25 any indebtedness or liability on behalf of or payable by this  
26 state.

27 (3) Bonds and notes issued under this act are not subject to

1 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to  
2 141.2821.

3 (4) The issuance of bonds and notes under this section is  
4 subject to the agency financing reporting act, 2002 PA 470, MCL  
5 129.171 to 129.177.

6 Sec. 9. (1) The authority may issue from time to time bonds or  
7 notes in principal amounts the authority considers necessary to  
8 provide funds for any purpose, including, but not limited to, all  
9 of the following:

10 (a) The payment, funding, or refunding of the principal of,  
11 interest on, or redemption premiums on bonds or notes issued by the  
12 authority whether the bonds or notes or interest to be funded or  
13 refunded has or has not become due.

14 (b) The establishment or increase of reserves to secure or to  
15 pay authority bonds or notes or interest on those bonds or notes.

16 (c) The payment of interest on the bonds or notes for a period  
17 as the authority determines.

18 (d) The payment of all other costs or expenses of the  
19 authority incident to and necessary or convenient to carry out its  
20 authorized purposes and powers.

21 (2) The bonds or notes of the authority shall not be a general  
22 obligation of the authority but shall be payable solely from the  
23 revenues or funds, or both, pledged to the payment of the principal  
24 of and interest on the bonds or notes as provided in the resolution  
25 authorizing the bonds or notes.

26 (3) The bonds or notes of the authority:

27 (a) Shall be authorized by resolution of the authority.

1 (b) Shall bear the date or dates of issuance.

2 (c) May be issued as either tax-exempt bonds or notes or  
3 taxable bonds or notes for federal income tax purposes.

4 (d) Shall be serial bonds, term bonds, or term and serial  
5 bonds.

6 (e) Shall mature at a time or times not exceeding 20 years  
7 from the date of issuance.

8 (f) May provide for sinking fund payments.

9 (g) May provide for redemption at the option of the authority  
10 at any time for any reason or reasons.

11 (h) May provide for redemption at the option of the bondholder  
12 at any time for any reason.

13 (i) Shall bear interest at a fixed or variable rate or rates  
14 of interest per year or at no interest.

15 (j) Shall be registered bonds, coupon bonds, or both.

16 (k) May contain a conversion feature.

17 (l) May be transferable.

18 (m) Shall be in the form, denomination or denominations, and  
19 with such other provisions and terms as are determined necessary or  
20 beneficial by the authority.

21 Sec. 10. (1) The authority may authorize and approve an  
22 insurance contract, an agreement for a line of credit, a letter of  
23 credit, a commitment to purchase notes or bonds, an agreement to  
24 remarket bonds or notes, or any other transaction to provide  
25 security to assure timely payment of a bond or note.

26 (2) The authority may authorize payment from the proceeds of  
27 the notes or bonds, or other funds available, of the costs of

1 issuance, including, but not limited to, fees for placement,  
2 charges for insurance, letters of credit, lines of credit,  
3 remarketing agreements, reimbursement agreements, or purchase or  
4 sales agreements or commitments, or agreements to provide security  
5 to assure timely payment of notes or bonds.

6 (3) The authority shall not invest or otherwise approve an  
7 insurance contract, an agreement for a line of credit, a letter of  
8 credit, a commitment to purchase notes or bonds, an agreement to  
9 remarket bonds or notes, or an issuance of bonds or notes or any  
10 other transaction that results in a combined liability of the  
11 authority in excess of \$50,000,000.00.

12 Sec. 11. Within limitations contained in the issuance or  
13 authorization resolution of the authority, the authority may  
14 authorize a member of the board, the director, or other officer of  
15 the authority to do 1 or more of the following:

16 (a) Sell and deliver and receive payment for notes or bonds.

17 (b) Refund notes or bonds by the delivery of new notes or  
18 bonds whether or not the notes or bonds to be refunded have matured  
19 or are subject to redemption.

20 (c) Deliver notes or bonds, partly to refund notes or bonds  
21 and partly for any other authorized purpose.

22 (d) Buy notes or bonds that are issued and resell those notes  
23 or bonds.

24 (e) Approve interest rates or methods for fixing interest  
25 rates, prices, discounts, maturities, principal amounts,  
26 denominations, dates of issuance, interest payment dates,  
27 redemption rights, at the option of the authority or the holder,

1 the place of delivery and payment, and other matters and procedures  
2 necessary to complete the transactions authorized.

3 (f) Direct the investment of any and all funds of the  
4 authority.

5 (g) Approve the terms of a contract and execute and deliver  
6 the contract subject to the restrictions of this part.

7 (h) Approve the terms of any insurance contract, agreement for  
8 a line of credit, a letter of credit, a commitment to purchase  
9 notes or bonds, an agreement to remarket bonds or notes, an  
10 agreement to manage payment, revenue, or interest rate exposure, or  
11 any other transaction to provide security to assure timely payment  
12 of a bond or note.

13 (i) Perform any power, duty, function, or responsibility of  
14 the authority.

15 Sec. 12. A resolution authorizing bonds or notes may provide  
16 for all of the following that shall be part of the contract with  
17 the holders of the bonds or notes:

18 (a) A pledge to any payment or purpose all or any part of  
19 authority revenues or assets to which its right then exists or may  
20 later come to exist, of money derived from the revenues or assets,  
21 and of the proceeds of bonds or notes or of an issue of bonds or  
22 notes, subject to any existing agreements with bondholders or  
23 noteholders.

24 (b) A pledge of a loan, grant, or contribution from the  
25 federal, state, or local government.

26 (c) The establishment and setting aside of reserves or sinking  
27 funds and the regulation and disposition of reserves or sinking



1 funds subject to this act.

2 (d) Authorization for and limitations on the issuance of  
3 additional bonds or notes for the purposes provided for in the  
4 resolution and the terms upon which additional notes or bonds may  
5 be issued and secured.

6 (e) The procedure, if any, by which the terms of a contract  
7 with noteholders or bondholders may be amended or abrogated, the  
8 number of noteholders or bondholders who are required to consent to  
9 the amendment or abrogation, and the manner in which consent may be  
10 given.

11 (f) A contract with the bondholders as to the custody,  
12 collection, securing, investment, and payment of any money of the  
13 authority. Money of the authority and deposits of money may be  
14 secured in the manner determined by the authority. Banks and trust  
15 companies may give security for the deposits.

16 (g) Vest in a trustee, or a secured party, the property,  
17 income, revenue, receipts, rights, remedies, powers, and duties in  
18 trust or otherwise as the authority determines necessary or  
19 appropriate to adequately secure and protect noteholders and  
20 bondholders or to limit or abrogate the right of the holders of  
21 bonds or notes of the authority to appoint a trustee under this act  
22 or to limit the rights, powers, and duties of the trustee.

23 (h) Provide the trustee, the noteholders, or the bondholder's  
24 remedies that may be exercised if the authority fails or refuses to  
25 comply with this act or defaults in an agreement made with the  
26 holders of an issue of bonds or notes, which may include, but are  
27 not limited to, the following:

1           (i) By mandamus or other action or proceeding at law or in  
2 equity, to enforce the rights of the bondholders or noteholders and  
3 require the authority to carry out any other agreement with the  
4 holders of those notes or bonds and to perform the duties of the  
5 authority under this act.

6           (ii) Bring action upon the notes or bonds.

7           (iii) By action, require the authority to account as if it were  
8 the trustee of an express trust for the holders of the notes or  
9 bonds.

10          (iv) By action in equity, enjoin any acts or things that may be  
11 unlawful or in violation of the rights of the holders of the notes  
12 or bonds.

13          (v) Declare the notes or bonds due and payable and, if all  
14 defaults shall be made good, then, as permitted by the resolution,  
15 annul that declaration and its consequences.

16          (i) Any other matters of like or different character that in  
17 any way affect the security or protection of the bonds or notes.

18          Sec. 13. A pledge made by the authority shall be valid and  
19 binding from the time the pledge is made. The money or property  
20 pledged and then received by the authority immediately is subject  
21 to the lien of the pledge without physical delivery or further act.  
22 The lien of a pledge is valid and binding as against parties having  
23 claims of any kind in tort, contract, or otherwise against the  
24 authority and is valid and binding as against the transfers of  
25 money or property pledged, irrespective of whether parties have  
26 notice. The resolution, the trust agreement, or any other  
27 instrument by which a pledge is created is not required to be

1 recorded in order to establish and perfect a lien or security  
2 interest in the property pledged.

3 Sec. 14. The members of the board and any person executing  
4 bonds or notes issued as provided in this act and any person  
5 executing any agreement on behalf of the authority is not  
6 personally liable on the bonds or notes by reason of their  
7 issuance.

8 Sec. 15. The authority may hold, cancel, or resell authority  
9 bonds or notes subject to or in accordance with an agreement with  
10 holders of authority bonds or notes.

11 Sec. 16. This state pledges to and agrees with the holders of  
12 bonds or notes issued in accordance with this act that this state  
13 shall not limit or restrict the rights vested in the authority by  
14 this act to fulfill the terms of an agreement made with the holders  
15 of authority bonds or notes or in any way impair the rights or  
16 remedies of the holders of the bonds or notes of the authority  
17 until the bonds and notes, together with interest on the bonds or  
18 notes and interest on any unpaid installments of interest, and all  
19 costs and expenses in connection with an action or proceedings by  
20 or on behalf of those holders are fully met, paid, and discharged.

21 Sec. 17. Notwithstanding any restriction in any other law,  
22 this state and a public officer, local unit of government, agency  
23 of this state or a local unit of government, an intergovernmental  
24 entity created under the laws of this state; a bank, trust company,  
25 savings bank and institution, savings and loan association,  
26 investment company, or other person carrying on a banking business;  
27 an insurance company, insurance association, or other person

1 carrying on an insurance business; or an executor, administrator,  
2 guardian, trustee, or other fiduciary may legally invest funds  
3 belonging to them or within their control in bonds or notes issued  
4 under this act, and authority bonds or notes shall be authorized  
5 security for public deposits.

6 Sec. 18. (1) The life science investment fund is created under  
7 the jurisdiction and control of the authority and may be  
8 administered for the general operations of the authority and to  
9 secure any notes and bonds of the authority.

10 (2) The authority may receive money or other assets from any  
11 source for deposit into the fund. The authority shall credit to the  
12 fund interest and earnings from fund investments.

13 (3) Money in the fund at the close of the fiscal year shall  
14 remain in the fund and shall not lapse to the general fund.

15 (4) The authority shall expend money from the fund only for  
16 the authorized purposes provided in this act.

17 Sec. 19. The authority created under this act shall be exempt  
18 from and shall not be required to pay taxes on property, both real  
19 and personal, belonging to the authority, which is used for a  
20 public or governmental purpose. Property of the authority is public  
21 property devoted to an essential public or governmental function  
22 and purpose. The authority's income and operation, including bonds  
23 or notes issued by the authority or the interest and income derived  
24 from the bonds or notes, are exempt from all taxes and special  
25 assessments of this state or a political subdivision of this state.

26 Sec. 20. This act shall be construed liberally to effectuate  
27 the legislative intent and its purposes. All powers granted shall

1 be cumulative and not exclusive and shall be broadly interpreted to  
2 effectuate the intent and purposes and not as a limitation of  
3 powers.

4       Sec. 21. There is appropriated from the general fund for  
5 initial implementation costs for this act the sum of \$100,000.00.

6       Enacting section 1. This act does not take effect unless  
7 Senate Bill No. 359 of the 93rd Legislature is enacted into law.