

SENATE BILL No. 1382

June 12, 2008, Introduced by Senator CLARKE and referred to the Committee on Commerce and Tourism.

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

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88e. When creating programs for 21st century investments
2 under this chapter, the fund shall create and operate a private
3 equity investment program. The fund board shall authorize
4 investments only in or alongside a qualified private equity fund.
5 The private equity investment program shall do all of the
6 following:

7 (a) Provide that the return on investment that is sought is
8 greater than the return on investment under the commercial loan
9 portion of the loan enhancement program to reflect the greater

1 risk.

2 (b) Provide that the qualified private equity fund will have
3 an amount at risk greater than the fund's investment.

4 (c) Provide that a qualified private equity fund is not
5 eligible to participate in a private equity investment program
6 unless it operates **OR ENTERS INTO AN AGREEMENT FOR THE OPERATION OF**
7 a business development office in this state staffed with at least 1
8 full-time equivalent ~~employee~~-**PERSON** who is actively seeking
9 opportunities for investments in businesses located in this state
10 unless the investment opportunity requested by the qualified
11 private equity fund is targeted to a specific transaction that will
12 save jobs and will not occur without the fund's investment as
13 determined by the fund board.

14 (d) Provide that a qualified private equity fund is not
15 eligible to participate in a private equity investment program
16 unless it agrees to make investments in this state at a percentage
17 rate that is not less than the percentage rate that the fund's
18 investment in the qualified private equity fund bears to the total
19 amount in the qualified private equity fund.

20 (e) Provide that a qualified private equity fund is not
21 eligible to participate in a private equity investment program if
22 its investment strategy provides for the breakup and liquidation of
23 businesses. The fund board shall make sure that the agreements with
24 a private equity fund have the appropriate provisions to prohibit
25 the actions described in this subdivision.