

HOUSE BILL No. 5702

July 16, 2014, Introduced by Rep. Abed and referred to the Committee on Appropriations.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 88r (MCL 125.2088r), as added by 2011 PA 250.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88r. (1) The fund shall create and operate the Michigan
2 business development program to provide grants, loans, and other
3 economic assistance to qualified businesses that make qualified
4 investments in this state or provide qualified new jobs in this
5 state.

6 (2) The Michigan business development program shall provide
7 for all of the following:

8 (a) Grants, loans, and other economic assistance to assist
9 qualified businesses in making qualified investments and providing
10 new jobs in this state, with preference given to qualified

1 businesses that need additional assistance for deal-closing and for
2 second stage company gap financing.

3 (b) A detailed application, approval, and compliance process
4 published and available on the fund's website. The detailed
5 application, approval, and compliance process shall, at a minimum,
6 contain the following:

7 (i) A qualified business may apply for a grant, loan, or other
8 economic assistance in a form and manner determined by the fund.

9 (ii) After receipt of an application, the fund may enter into a
10 written agreement with the qualified business if the qualified
11 business agrees to make certain qualified investments or create a
12 certain number of new jobs in this state.

13 (iii) The written agreement shall provide in a clear and concise
14 manner all of the conditions imposed, including specific time
15 frames, on the qualified business to receive a grant, loan, or
16 other economic assistance under this section.

17 (iv) The written agreement shall provide for a repayment
18 provision of any grants, loans, or other economic assistance if the
19 qualified business fails to comply with the provisions of the
20 written agreement.

21 (v) The written agreement shall provide for an audit provision
22 that requires the fund to verify that established milestones for
23 the project have been met.

24 (vi) **THE WRITTEN AGREEMENT SHALL PROVIDE THAT THE QUALIFIED**
25 **BUSINESS WILL FOLLOW A COMPETITIVE BID PROCESS FOR THE**
26 **CONSTRUCTION, REHABILITATION, DEVELOPMENT, OR RENOVATION OF A**
27 **FACILITY OR PROJECT THAT IS A QUALIFIED INVESTMENT, AND THAT THIS**

1 PROCESS WILL BE OPEN TO ALL MICHIGAN RESIDENTS AND FIRMS. THE
2 QUALIFIED BUSINESS MAY NOT DISCRIMINATE AGAINST ANY CONTRACTOR ON
3 THE BASIS OF ITS AFFILIATION OR NONAFFILIATION WITH ANY COLLECTIVE
4 BARGAINING ORGANIZATION.

5 (vii) THE WRITTEN AGREEMENT SHALL PROVIDE THAT THE QUALIFIED
6 BUSINESS WILL MAKE A GOOD-FAITH EFFORT TO EMPLOY, IF QUALIFIED,
7 MICHIGAN RESIDENTS AT THE FACILITY OR PROJECT THAT IS A QUALIFIED
8 INVESTMENT.

9 (viii) THE WRITTEN AGREEMENT SHALL PROVIDE THAT THE QUALIFIED
10 BUSINESS WILL MAKE A GOOD-FAITH EFFORT TO EMPLOY OR CONTRACT WITH
11 MICHIGAN RESIDENTS AND FIRMS TO CONSTRUCT, REHABILITATE, DEVELOP,
12 OR RENOVATE THE FACILITY OR PROJECT THAT IS A QUALIFIED INVESTMENT.

13 (ix) THE WRITTEN AGREEMENT SHALL PROVIDE THAT THE QUALIFIED
14 BUSINESS IS ENCOURAGED TO MAKE A GOOD-FAITH EFFORT TO UTILIZE
15 MICHIGAN-BASED SUPPLIERS AND VENDORS WHEN PURCHASING GOODS AND
16 SERVICES.

17 (c) In any fiscal year, a qualified business shall not receive
18 more than \$10,000,000.00 for a project funded under this section.

19 (3) The fund shall not enter into a written agreement with a
20 qualified business unless all of the following are met:

21 (a) The municipality makes a staff, financial, or economic
22 commitment to the project as determined by the fund.

23 (b) The qualified business provides a business plan or
24 demonstrates the need for the grant, loan, or other economic
25 assistance.

26 (c) The qualified business agrees to provide the data
27 described in the written agreement necessary for the fund to report

1 to the legislature under this act.

2 (D) THE QUALIFIED BUSINESS AGREES TO ALL THE PROVISIONS OF THE
3 MICHIGAN BUSINESS DEVELOPMENT PROGRAM CONTAINED IN SUBSECTION (2).

4 (4) The fund shall post on its website or post on the website
5 of the Michigan economic development corporation the name and
6 location of each qualified business that received a grant, loan, or
7 other economic assistance awarded under this section and the amount
8 of the grant, loan, or other economic assistance.

9 (5) The fund, with assistance from the Michigan economic
10 development corporation and the office of the chief compliance
11 officer, shall establish policies and procedures to conduct
12 background checks on each qualified business applying for a grant,
13 loan, or other economic assistance under this section.

14 (6) Beginning November 1, 2012 and each year thereafter, the
15 fund shall report to each house of the legislature on the
16 activities of the fund under this section that occurred in the
17 previous fiscal year. The report shall be made available in an
18 electronic format. The report shall include, but is not limited to,
19 all of the following:

20 (a) The total proposed amount of qualified investment
21 attracted under this section.

22 (b) The total actual amount of qualified investment attracted
23 under this section as reported to the fund.

24 (c) The total committed number of new jobs created under this
25 section.

26 (d) The total actual number of new jobs created under this
27 section as reported to the fund.

1 (e) The total number of new written agreements.

2 (f) The amount of the grant, loan, or other economic
3 assistance awarded under this section separately for each qualified
4 business.

5 (g) The actual amount of the grant, loan, or other economic
6 assistance made under this section separately for each qualified
7 business verified by the fund.

8 (h) For each qualified business, whether it is a new business,
9 whether it is an expansion of an existing business, or whether it
10 relocated from outside of this state.

11 (i) An evaluation of the aggregate return on investment that
12 this state realizes on the actual qualified new jobs and actual
13 qualified investment made by qualified businesses.

14 (j) A report on the individuals hired by the qualified
15 business that includes the number of individuals hired by the
16 qualified business, their educational attainment, including, but
17 not limited to, high school diploma or equivalent, higher education
18 certificate or degree, or advanced degree or training, and the
19 number of individuals hired by the qualified business who relocated
20 to this state as reported to the fund.

21 (7) Beginning February 1, 2012 and not less than every 3
22 months thereafter, the fund shall post on its internet website the
23 name and location of a qualified business that received approval of
24 a grant, loan, or other economic assistance under this section in
25 the immediately preceding 3-month period.

26 (8) The legislature finds and declares that funding authorized
27 under this section to encourage diversification of the economy, to

1 encourage capital investment in this state, **TO ENCOURAGE THE HIRING**
2 **OF RESIDENTS OF THIS STATE, TO ENCOURAGE THE HIRING OF MICHIGAN-**
3 **BASED SUPPLIERS AND VENDORS**, and to promote the creation of
4 qualified new jobs in this state is a public purpose and of
5 paramount concern in the interest of the health, safety, and
6 general welfare of the citizens of this state.

7 (9) As used in this section:

8 (a) "Other economic assistance" means any other form of
9 assistance allowed under this act that is not a grant or a loan.

10 (b) "Qualified business" means a business that is located in
11 or operates in this state or will locate or will operate in this
12 state as determined by the fund.

13 (c) "Qualified investment" means investment in this state
14 related to a project subject to a written agreement under this
15 section.

16 (d) "Qualified new job" means a job performed by an individual
17 who is a resident of this state whose Michigan income taxes are
18 withheld by an employer, or an employee leasing company or
19 professional employer organization on behalf of the employer, that
20 is in excess of the number of jobs maintained by the qualified
21 business maintained in this state prior to the expansion or
22 location, as determined and verified by the fund.