

Legislative Analysis



RURAL JOBS AND CAPITAL INVESTMENT FUND

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5575 (proposed substitute H-1)

Sponsor: Rep. Triston Cole

Committee: Regulatory Reform

Complete to 5-13-20

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5575 would amend the Michigan Strategic Fund Act to revise the definition of a rural jobs and capital investment fund. Generally speaking, money from a fund may be used only to make grants, loans, or other types of economic assistance to rural jobs and capital investments funds in the state.

Currently, a rural jobs and capital investment fund is defined to mean an entity approved by the Michigan Strategic Fund that meets all of the following criteria:

- The entity or its affiliate (a term defined in the act) is a rural business investment company or small business company under federal law; is registered as an investment adviser under federal law; and is regulated by the Securities and Exchange Commission.
- As of the date of the application, the entity or its affiliates had invested at least \$100.0 million in nonpublic companies located in counties throughout the U.S. with a population of less than 50,000.
- As of the date of the application, the entity or its affiliates had received equity investments from investors who are not affiliates of the applicant equal to at least \$100.0 million.

The bill would revise the first element of the definition above to instead require the entity or *one or more of its affiliates* to be regulated by the Securities and Exchange Commission and to be either a rural business investment company or small business investment company under federal law or registered as an investment adviser under federal law. The other conditions in the definition would not be revised.

MCL 125.2090/

FISCAL IMPACT:

The bill would have no fiscal impact on state or local government.

Legislative Analyst: Susan Stutzky

Fiscal Analyst: Ben Gielczyk

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