

**SUBSTITUTE FOR
HOUSE BILL NO. 5575**

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 90~~l~~ (MCL 125.2090~~l~~), as added by 2018 PA 423.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 90~~l~~. As used in this chapter:

2 (a) "Affiliate" means an entity that, directly or indirectly,
3 through 1 or more intermediaries, controls, is controlled by, or is
4 under common control with another entity. For the purposes of this
5 subdivision, an entity is controlled by another entity if the
6 controlling entity holds, directly or indirectly, the majority
7 voting or ownership interest in the controlled entity or has
8 control over the day-to-day operations of the controlled entity by



1 contract or law.

2 (b) "Closing date" means the date on which a rural jobs and
3 capital investment fund has received a grant, loan, or other type
4 of economic assistance.

5 (c) "Earned job factor" means an amount equal to \$7,500.00 for
6 factor 1 jobs with an hourly wage rate of at least 125% of the
7 federal minimum wage, \$15,000.00 for factor 2 jobs with an hourly
8 wage rate of at least 150% of the federal minimum wage, \$25,000.00
9 for factor 3 jobs with an hourly wage rate of at least 200% of the
10 federal minimum wage, and \$35,000.00 for factor 4 jobs with an
11 hourly wage rate of at least 125% of the federal minimum wage and
12 employ veterans, senior citizens, ex-offenders, citizens with
13 disabilities, or any citizen concurrently in a Michigan department
14 of health and human services assistance program.

15 (d) "Full-time equivalent employees" means the number of
16 salaried employment positions plus the quotient obtained by
17 dividing the total number of hours for which employees with an
18 hourly wage rate of at least 150% of the federal minimum wage were
19 compensated for employment over the preceding 12-month period by
20 2,080 with respect to hourly employees.

21 (e) "Growth investment" means any capital or equity investment
22 in a qualified business or any loan to a qualified business with a
23 stated maturity at least 1 year after the date of issuance. A
24 secured loan or the provision of a revolving line of credit to a
25 qualified business is a growth investment only if the rural jobs
26 and capital investment fund obtains an affidavit from the president
27 or chief executive officer or equivalent position of the qualified
28 business attesting that the qualified business sought and was
29 denied similar financing from a commercial bank.



1 (f) "Investment authority" means the amount stated on the
2 certificate under section 90m certifying the rural jobs and capital
3 investment fund. A rural jobs and capital investment fund's
4 investment authority shall be composed of equal amounts of grants,
5 loans, or other types of economic assistance by the fund and
6 private contributions.

7 (g) "New full-time equivalent employees" means the number of
8 jobs performed by an individual who is employed for consideration
9 for at least 35 hours of work each week based in this state and for
10 whom the company, an employee leasing company, or a professional
11 employer organization on behalf of the company, or other entity
12 authorized under this act, withholds income and United States
13 Social Security taxes.

14 (h) "Principal business operations" means the operations of a
15 business are located at the place or places where at least 60% of
16 its employees work or where employees that are paid at least 60% of
17 its payroll work. A business that has agreed to relocate or hire
18 new employees using the proceeds of a growth investment to
19 establish its principal business operations in a qualified rural
20 local governmental unit in the state shall be considered to have
21 its principal business operations in this new location provided it
22 satisfies this definition within 180 days after receiving the
23 growth investment, unless the fund agrees to a later date. A
24 business located in this state that has agreed to hire new
25 employees in a qualified rural local governmental unit using the
26 proceeds of a growth investment to establish its principal business
27 operations in that qualified rural local governmental unit shall be
28 considered to have its principal business operations in a qualified
29 rural local governmental unit provided it hires the necessary



1 employees within 180 days after receiving the growth investment or
2 a later date, if agreed to by the fund.

3 (i) "Private contributions" means an investment of cash in a
4 rural jobs and capital investment fund to match dollar-for-dollar
5 the grants, loans, or other types of economic assistance up to the
6 investment authority of the rural jobs and capital investment fund.
7 A rural jobs and capital investment fund's private contributions
8 shall be composed of not less than 10% of equity investments.

9 (j) "Qualified business" means an operating business that, at
10 the time of the initial investment in the business by a rural jobs
11 and capital investment fund, has fewer than 150 employees and is
12 engaged in industries assigned a North American Industry
13 Classification System code within sectors 11, 21, 23, 31 through
14 33, 42, 48, 49, 54, except 541110 through 541219, 56, 62, and 81
15 or, if not engaged in any of these industries, the fund determines
16 that the investment will be beneficial to the rural area, the
17 economic growth of this state, and the industry is not assigned a
18 North American Industry Classification System code within sector
19 51.

20 (k) "Qualified rural local governmental unit" means a county
21 in this state with a population of 225,000 or less.

22 (l) "Repayment amount" means an amount equal to 50% of a rural
23 jobs and capital investment fund's investment authority, minus the
24 sum of the product of new full-time equivalent employees reported
25 to the fund for each of the rural jobs and capital investment
26 fund's annual reports submitted pursuant to section 90p and the
27 appropriate earned job factor rate.

28 (m) "Rural jobs and capital investment fund" means an entity
29 approved by the fund under section 90m that meets all of the



1 following:

2 (i) The entity or **1 or more of its affiliate meets all**
3 **affiliates are regulated by the Securities and Exchange Commission**
4 **and meet either** of the following:

5 (A) Is a rural business investment company under 7 USC 2009cc
6 or a small business investment company under 15 USC ~~68-681~~.

7 (B) Is registered as an investment adviser under 15 USC 80b-1
8 to 80b-21.

9 ~~(C) Is regulated by the Securities and Exchange Commission.~~

10 (ii) As of the date of the application, the entity or its
11 affiliates have invested at least \$100,000,000.00 in nonpublic
12 companies located in counties throughout the United States with a
13 population less than 50,000.

14 (iii) As of the date of the application, the entity or its
15 affiliates have received equity investments from investors who are
16 not affiliates of the applicant in an amount equal to at least
17 \$100,000,000.00.

