

HOUSE BILL NO. 4272

February 28, 2019, Introduced by Reps. Coleman, Lasinski, Cambensy, Elder, Hertel, Haadsma, Robinson, Kennedy, Brenda Carter and Sneller and referred to the Committee on Commerce and Tourism.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 88r (MCL 125.2088r), as amended by 2018 PA 458.

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



1 state.

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

4 (a) Grants, loans, and other economic assistance to assist
5 qualified businesses in making qualified investments and providing
6 new jobs in this state, with preference given to qualified
7 businesses that need additional assistance for deal-closing and for
8 second stage company gap financing.

9 (b) A detailed application, approval, and compliance process
10 published and available on the fund's website. The detailed
11 application, approval, and compliance process must, at a minimum,
12 contain the following:

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

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

19 (iii) The written agreement must provide in a clear and concise
20 manner all of the conditions imposed, including specific time
21 frames, on the qualified business to receive a grant, loan, or
22 other economic assistance under this section.

23 (iv) The written agreement must provide for a repayment
24 provision of any grants, loans, or other economic assistance if the
25 qualified business fails to comply with the provisions of the
26 written agreement.

27 (v) The written agreement must provide for an audit provision
28 that requires the fund to verify that established milestones for
29 the project have been met.



1 (vi) The written agreement must provide that the qualified
2 business will follow a competitive bid process for the
3 construction, rehabilitation, development, or renovation of a
4 facility or project that is a qualified investment, and that this
5 process will be open to all Michigan residents and firms. The
6 qualified business may not discriminate against any contractor on
7 the basis of its affiliation or nonaffiliation with any collective
8 bargaining organization.

9 (vii) The written agreement must provide that the qualified
10 business will make a good-faith effort to employ, if qualified,
11 Michigan residents at the facility or project that is a qualified
12 investment.

13 (viii) The written agreement must provide that the qualified
14 business will make a good-faith effort to employ or contract with
15 Michigan residents and firms to construct, rehabilitate, develop,
16 or renovate the facility or project that is a qualified investment.

17 (ix) The written agreement must provide that the qualified
18 business is encouraged to make a good-faith effort to utilize
19 Michigan-based suppliers and vendors when purchasing goods and
20 services.

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

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

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

27 (b) The qualified business provides a business plan or
28 demonstrates the need for the grant, loan, or other economic
29 assistance.



1 (c) The qualified business agrees to provide the data
2 described in the written agreement necessary for the fund to report
3 to the legislature under this act.

4 (d) **The qualified business agrees to all the provisions of the**
5 **Michigan business development program contained in subsection (2).**

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

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

16 (6) The legislature finds and declares that funding authorized
17 under this section to encourage diversification of the economy, to
18 encourage capital investment in this state, **to encourage the hiring**
19 **of residents of this state, to encourage the hiring of Michigan-**
20 **based suppliers and vendors,** and to promote the creation of
21 qualified new jobs in this state is a public purpose and of
22 paramount concern in the interest of the health, safety, and
23 general welfare of the citizens of this state.

24 (7) As used in this section:

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

27 (b) "Qualified business" means a business that is located in
28 or operates in this state or will locate or will operate in this
29 state as determined by the fund. A qualified business may include



1 more than 1 business as determined by the fund board.

2 (c) "Qualified investment" means investment in this state
3 related to a project subject to a written agreement under this
4 section.

5 (d) "Qualified new job" means a job performed by an individual
6 who is a resident of this state whose Michigan income taxes are
7 withheld by an employer, or an employee leasing company or
8 professional employer organization on behalf of the employer, or by
9 an individual who is not a resident of this state and is employed
10 by a business at a project location that is located in this state,
11 provided that the business certifies in writing at the time of
12 disbursement that not less than 75% of the employees of that
13 business are residents of this state, that is in excess of the
14 number of jobs maintained by the qualified business in this state
15 prior to the expansion or location, as determined and verified by
16 the fund.

