

HOUSE BILL NO. 5575

February 27, 2020, Introduced by Reps. Cole, Cambensy, Elder, Sabo, Sheppard, Leutheuser and Frederick and referred to the Committee on Regulatory Reform.

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



1 voting or ownership interest in the controlled entity or has
2 control over the day-to-day operations of the controlled entity by
3 contract or law.

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

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

17 (d) "Full-time equivalent employees" means the number of
18 salaried employment positions plus the quotient obtained by
19 dividing the total number of hours for which employees with an
20 hourly wage rate of at least 150% of the federal minimum wage were
21 compensated for employment over the preceding 12-month period by
22 2,080 with respect to hourly employees.

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



1 business attesting that the qualified business sought and was
2 denied similar financing from a commercial bank.

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

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

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



1 considered to have its principal business operations in a qualified
2 rural local governmental unit provided it hires the necessary
3 employees within 180 days after receiving the growth investment or
4 a later date, if agreed to by the fund.

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

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

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

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



1 (m) "Rural jobs and capital investment fund" means an entity
 2 approved by the fund under section 90m that meets all of the
 3 following:

4 (i) The entity or **1 or more of its affiliate**~~affiliates~~ **is**
 5 **regulated by the Securities and Exchange Commission and** meets ~~all~~**1**
 6 **or more** of the following:

7 (A) Is a rural business investment company under 7 USC 2009cc
 8 or a small business investment company under 15 USC 68.

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

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

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

16 (iii) As of the date of the application, the entity or its
 17 affiliates have received equity investments from investors who are
 18 not affiliates of the applicant in an amount equal to at least
 19 \$100,000,000.00.

