

Act No. 373
Public Acts of 2020
Approved by the Governor
January 4, 2021
Filed with the Secretary of State
January 4, 2021
EFFECTIVE DATE: March 24, 2021

**STATE OF MICHIGAN
100TH LEGISLATURE
REGULAR SESSION OF 2020**

Introduced by Reps. Cole, Cambensy, Elder, Sabo, Sheppard, Leutheuser and Frederick

ENROLLED HOUSE BILL No. 5575

AN ACT to amend 1984 PA 270, entitled “An act relating to the economic development of this state; to create the Michigan strategic fund and to prescribe its powers and duties; to transfer and provide for the acquisition and succession to the rights, properties, obligations, and duties of the job development authority and the Michigan economic development authority to the Michigan strategic fund; to provide for the expenditure of proceeds in certain funds to which the Michigan strategic fund succeeds in ownership; to provide for the issuance of, and terms and conditions for, certain notes and bonds of the Michigan strategic fund; to create certain boards and funds; to create certain permanent funds; to exempt the property, income, and operation of the fund and its bonds and notes, and the interest thereon, from certain taxes; to provide for the creation of certain centers within and for the purposes of the Michigan strategic fund; to provide for the creation and funding of certain accounts for certain purposes; to impose certain powers and duties upon certain officials, departments, and authorities of this state; to make certain loans, grants, and investments; to provide penalties; to make an appropriation; and to repeal acts and parts of acts,” by amending section 90l (MCL 125.2090l), as added by 2018 PA 423.

The People of the State of Michigan enact:

Sec. 90l. As used in this chapter:

(a) “Affiliate” means an entity that, directly or indirectly, through 1 or more intermediaries, controls, is controlled by, or is under common control with another entity. For the purposes of this subdivision, an entity is controlled by another entity if the controlling entity holds, directly or indirectly, the majority voting or ownership interest in the controlled entity or has control over the day-to-day operations of the controlled entity by contract or law.

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

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

(d) “Full-time equivalent employees” means the number of salaried employment positions plus the quotient

obtained by dividing the total number of hours for which employees with an hourly wage rate of at least 150% of the federal minimum wage were compensated for employment over the preceding 12-month period by 2,080 with respect to hourly employees.

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

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

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

(h) "Principal business operations" means the operations of a business are located at the place or places where at least 60% of its employees work or where employees that are paid at least 60% of its payroll work. A business that has agreed to relocate or hire new employees using the proceeds of a growth investment to establish its principal business operations in a qualified rural local governmental unit in the state shall be considered to have its principal business operations in this new location provided it satisfies this definition within 180 days after receiving the growth investment, unless the fund agrees to a later date. A business located in this state that has agreed to hire new employees in a qualified rural local governmental unit using the proceeds of a growth investment to establish its principal business operations in that qualified rural local governmental unit shall be considered to have its principal business operations in a qualified rural local governmental unit provided it hires the necessary employees within 180 days after receiving the growth investment or a later date, if agreed to by the fund.

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

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

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

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

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

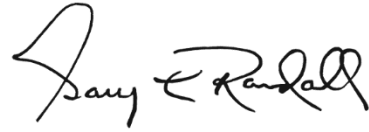
(i) The entity or 1 or more of its affiliates are regulated by the Securities and Exchange Commission and meet either of the following:

(A) Is a rural business investment company under 7 USC 2009cc or a small business investment company under 15 USC 681.

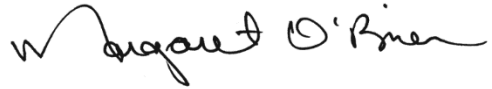
(B) Is registered as an investment adviser under 15 USC 80b-1 to 80b-21.

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

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



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor