



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 40 (as introduced 1-18-17)
Sponsor: Senator Dale W. Zorn
Committee: Economic Development and International Investment

Date Completed: 1-31-17

CONTENT

The bill would amend Chapter 8A (21st Century Investment Programs and Activities) of the Michigan Strategic Fund Act to include in the definition of "qualified new job" a job performed by an individual who is not a resident of the State but is employed by a business that is located in a county in the State that borders another state or country and who works at a project located in the State.

Section 88r, in Chapter 8A, requires the Michigan Strategic Fund (MSF) to create and operate the Michigan Business Development Program to provide grants, loans, and other economic assistance to qualified businesses that make qualified investments or provide qualified new jobs in the State. The Michigan Business Development Program must provide for all of the following:

- Grants, loans, and other economic assistance to assist qualified businesses in making qualified investments and providing new jobs in the State, with preference given to qualified businesses that need additional assistance for deal-closing and for second stage company gap financing.
- A detailed application, approval, and compliance process published and available on the MSF's website that meets specific criteria outlined under Section 88r, including requirements regarding a written agreement between the MSF and a qualified business.

In any fiscal year, a qualified business may not receive more than \$10.0 million for a project funded under Section 88r.

"Qualified business" means a business that is located in or operates in, or will locate or operate in, the State as determined by the MSF. A qualified business may include more than one business. "Qualified investment" means investment in the State related to a project subject to a written agreement.

"Qualified new job" means a job performed by an individual who is a resident of the State whose Michigan income taxes are withheld by an employer, or an employee leasing company or professional employer organization on behalf of the employer, that exceeds the number of jobs maintained by the qualified business in the State prior to the expansion or location, as determined and verified by the MSF. The bill would include a job performed by an individual who is not a resident of Michigan but is employed by a business that is located in a border county and works at a project located in the State as described in a written agreement, in excess of the number of jobs maintained by the qualified business in Michigan before the expansion or location.

MCL 125.2088r

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a minimal impact on the Department of Talent and Economic Development, but would not result in an overall increase in the total spending on economic development-related programs. The Department, which houses the Michigan Strategic Fund, would experience some additional costs to modify the system for calculating a "qualified new job". These costs would be minimal and likely within current appropriation. It is likely that 21st Century Investment Programs that use a "qualified new job" definition in calculating the incentive would have increases in the individual awards/grants to individual recipients/projects. However, since these programs cap the amount that can be awarded in total or in a single year, this bill would not result in additional costs beyond the caps placed on these programs or total appropriations.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Cory Savino