

SENATE BILL No. 1368

June 11, 2008, Introduced by Senator PAPPAGEORGE and referred to the Committee on Commerce and Tourism.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending section 88n (MCL 125.2088n), as added by 2005 PA 215.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88n. (1) In addition to any audit requirements under
2 section 9, not later than May 1 ~~, 2007 and each subsequent May 1~~ **OF**
3 **EACH YEAR**, the auditor general shall conduct and report a financial
4 postaudit of the commercialization board, the fund, and the
5 investment fund for the immediately preceding fiscal year. Not less
6 than once every 3 years beginning not later than October 1, 2007,
7 the auditor general shall conduct and report a performance
8 postaudit of the commercialization board, the fund, and the
9 investment fund. The results of the performance postaudit and the

1 postaudit of financial transactions and accounts shall be published
2 on the internet and disseminated by other means in a manner
3 determined by the fund to advise the citizens of this state of the
4 result of the audits. Copies of the audits shall be provided to the
5 governor, the clerk of the house of representatives, the secretary
6 of the senate, and the chairpersons of the senate and house of
7 representatives standing committees on appropriations.

8 (2) The auditor general may employ an independent public
9 accounting firm to conduct the audits described in this section.

10 The costs of the auditor general or of the independent public
11 accounting firm in conducting the audits described in this chapter
12 shall be funded by money in the 21st century jobs trust fund
13 created in the Michigan trust fund act, 2000 PA 489, MCL 12.251 to
14 ~~12.256~~ **12.260**, as provided in an appropriation. Prior to employing
15 the services of an independent public accounting firm under this
16 section, the auditor general shall require the entity to disclose
17 any conflict of interest, criminal convictions, investigations by
18 the internal revenue service or other federal or state taxing body
19 or court, and any pertinent litigation regarding the conduct of the
20 entity.

21 (3) All contracts approved by the fund for 21st century
22 investments and all contracts approved by the commercialization
23 board for grants or loans under this chapter shall contain a
24 provision that the auditor general has access to the books and
25 records, including financial records and all other information and
26 data relevant to the terms of the contract related to the use of
27 the grant, loan, or 21st century investment.

1 (4) If the fund board or the commercialization board has a
2 reasonable belief that a breach of contract has occurred, the fund
3 has the right to have the recipient's annual financial statements
4 separately audited by an independent certified public accountant at
5 its sole cost and expense. If the audit reveals that a breach of
6 contract has occurred, the recipient shall reimburse the fund for
7 the fees and expenses incurred to perform the audit.

8 (5) In addition to any reporting requirements under section 9,
9 not later than March 31 ~~, 2007 and~~ ~~OF~~ each ~~subsequent March 31~~
10 **YEAR**, the commercialization board and the fund shall report to the
11 governor, the clerk of the house of representatives, the secretary
12 of the senate, and the chairpersons of the senate and house of
13 representatives standing committees on appropriations. The report
14 shall contain all of the following for the immediately preceding
15 fiscal year that are related to a grant or ~~loan~~ **INVESTMENT** made by
16 the fund as determined **OR RECOMMENDED** by the commercialization
17 board **UNDER SECTION 88K**:

18 (a) A list of entities that received funding, the amount
19 received, and the type of funding.

20 (b) The number of new patents, copyrights, or trademarks
21 applied for and issued.

22 (c) The number of new start-up businesses.

23 (d) The number of new jobs and projected new job growth.

24 (e) Amounts of other funds leveraged.

25 (f) Money or other revenue or property returned to the
26 investment fund.

27 (g) The total number of new licensing agreements by

1 institution and the number of new licensing agreements entered into
2 with Michigan based firms.

3 (h) Products commercialized.

4 (6) Not later than March 31 ~~, 2007 and OF~~ each subsequent
5 ~~March 31~~ **YEAR**, the fund shall report to the governor, the clerk of
6 the house of representatives, the secretary of the senate, and the
7 chairpersons of the senate and house of representatives standing
8 committees on appropriations. The report shall contain all of the
9 following for the immediately preceding fiscal year that are
10 related to a 21st century investment made by the fund board:

11 (a) A list of entities that received funding, the amount
12 received, and the type of funding.

13 (b) The amount of qualified venture capital fund investments,
14 qualified mezzanine fund investments, and qualified private equity
15 fund investments under management in this state, including year-to-
16 year growth.

17 (c) The value of loan enhancement program investments,
18 qualified private equity fund investments, qualified mezzanine fund
19 investments, and qualified venture capital investments in qualified
20 businesses, including year-to-year growth.

21 (d) A statement of the amount of money received by or returned
22 to the investment fund under this chapter.

23 (e) A statement of the loan enhancement activity of the fund
24 board under this chapter.

25 (f) A statement of the amount of money in each loan reserve
26 fund established under the small business capital access program
27 required under this chapter.

1 (g) Any recommendations for needed changes and any other
2 information the board believes would be of interest to the
3 governor, the legislature, and the public.

4 (7) As a condition of receiving funding under this chapter,
5 the fund shall require a recipient to agree to provide to the fund
6 the information necessary for the fund to produce the reports
7 required under this section.