



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 418 (as reported without amendment)  
Sponsor: Senator Jason E. Allen  
Committee: Commerce and Tourism

### **CONTENT**

The bill would amend Chapter 8A (21<sup>st</sup> Century Investment Programs and Activities) of the Michigan Strategic Fund Act to do the following:

- Allow the Michigan Strategic Fund (MSF) board to spend up to \$60.0 million from the 21<sup>st</sup> Century Jobs Trust Fund appropriations on the Centers of Energy Excellence Program for fiscal year (FY) 2009-10 through FY 2011-12.
- Delete authorization for grants for the Program to be used to provide a match for foundation funding or international investments.
- Require that all of the funds allocated to the Program be used to match Federal funding, and delete the current requirement that at least 50% of the allocated funds be used to match foundation funding, Federal funding, or international investments.
- Include a national laboratory in the Act's definition of "qualified entity", which currently includes a qualified business (a business entity located in Michigan), an institution of higher education, a Michigan nonprofit corporation, or a political subdivision of the State.
- Require an agreement between the MSF board and a qualified entity for the operation of a Center of Energy Excellence, to include participation by at least one qualified business and at least one institution of higher education or a national laboratory.

Currently, the MSF board may spend up to \$45.0 million of the money appropriated for programs authorized under Chapter 8A from the 21<sup>st</sup> Century Jobs Trust Fund for the Centers of Energy Excellence Program. Under the bill, the MSF board could spend not more than that amount through FY 2008-09 and not more than \$60.0 for FY 2009-10 through FY 2011-12.

MCL 125.2088q

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would increase the amount that the Michigan Strategic Fund board may allocate from its appropriations from the 21<sup>st</sup> Century Jobs Trust Fund to the Centers of Energy Excellence Program by a total of \$60.0 million from FY 2009-10 through FY 2011-12.

The 21<sup>st</sup> Century Jobs Trust Fund is scheduled in statute to receive an allocation of \$75.0 million annually from FY 2007-08 to FY 2014-15 from the State's tobacco settlement revenue. In FY 2008-09, however, the appropriation from the 21<sup>st</sup> Century Jobs Trust Fund to the MSF board was reduced to \$62.0 million due to State budgetary constraints.

The MSF board allocates the annual appropriation from the 21<sup>st</sup> Century Jobs Trust Fund according to the statutory guidelines in the MSF Act. The Act requires, for example, that at least \$25.0 million of the annual appropriation be allocated by the MSF board for a

commercialization competition administered by the Strategic Economic Investment and Commercialization Board. The Act also permits up to 4% of the annual appropriation to be used for administration and up to 5% for business development and marketing. The Legislature has earmarked funds for projects, such as the \$1.4 million FY 2008-09 allocation for the Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Federal matching grant program. Remaining funds may be allocated by the board to the other 21<sup>st</sup> Century programs including investments, loan enhancement, Centers of Energy Excellence, and the Choose Michigan Fund.

Under current law, the Michigan Strategic Fund is authorized to operate a Centers of Energy Excellence Program. The MSF board may allocate up to \$45.0 million from its appropriations from the 21<sup>st</sup> Century Jobs Trust Fund to fund for-profit companies working in collaboration with an institution of higher education for projects that promote the development, acceleration, and sustainability of the State's energy sector. In FY 2007-08, from the \$75.0 million appropriated from the 21<sup>st</sup> Century Jobs Trust Fund to the MSF, the MSF board allocated \$18.1 million to the Centers of Energy Excellence Program. In FY 2008-09, from 21<sup>st</sup> Century Jobs Trust Fund appropriations of \$62.0 million, the MSF board allocated an additional \$24.9 million to the Centers of Energy Excellence Program. The remaining \$2.0 million of authorization for Centers of Energy Excellence has not been allocated to date.

The bill would retain the existing \$45.0 million limit on authorization for the Program for allocation through FY 2008-09 and authorize the MSF board to spend an additional \$60.0 million from the 21<sup>st</sup> Century Jobs Trust Fund appropriation for Centers of Energy Excellence for FY 2009-10 through FY 2011-12. If the MSF board supported the Centers of Energy Excellence pursuant to the authorization in the bill, then fewer resources would be available for allocation by the MSF board to other 21<sup>st</sup> Century programs, including loan enhancement, investment programs, and the Choose Michigan Fund. In testimony on the MSF budget before the Senate Appropriations Subcommittee on General Government on March 18, 2009, staff from the Michigan Economic Development Corporation proposed an allocation of \$30.0 million in FY 2009-10 for Centers of Energy Excellence.

Date Completed: 5-13-09

Fiscal Analyst: Elizabeth Pratt  
Maria Tyszkiewicz

floor\sb418

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.