

SENATE BILL NO. 558

September 18, 2025, Introduced by Senators KLINEFELT, WEBBER, HUIZENGA and WOJNO
and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending the title and sections 7 and 9 (MCL 125.2007 and
125.2009), the title as amended by 2005 PA 225, section 7 as
amended by 2020 PA 358, and section 9 as amended by 2024 PA 117,
and by adding section 88v.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 TITLE
- 2 An act relating to the economic development of this state; to

1 create the Michigan strategic fund and to prescribe its powers and
2 duties; to transfer and provide for the acquisition and succession
3 to the rights, properties, obligations, and duties of the job
4 development authority and the Michigan economic development
5 authority to the Michigan strategic fund; to provide for the
6 expenditure of proceeds in certain funds to which the Michigan
7 strategic fund succeeds in ownership; to provide for the issuance
8 of, and terms and conditions for, certain notes and bonds of the
9 Michigan strategic fund; to create certain boards and funds; to
10 create certain permanent funds; to exempt the property, income, and
11 operation of the fund and its bonds and notes, and the interest
12 thereon, from certain taxes; to provide for the creation of certain
13 centers within and for the purposes of the Michigan strategic fund;
14 to provide for the creation and funding of certain accounts for
15 certain purposes; to impose certain powers and duties upon certain
16 officials, departments, and authorities of this state; to make
17 certain loans, grants, and investments; **to designate certain**
18 **incentive zones and certify tax credits to support military**
19 **installations;** to provide penalties; to make an appropriation; and
20 to repeal acts and parts of acts.

21 Sec. 7. The fund shall have the powers and duties provided in
22 this act, the powers delegated by other laws or executive orders,
23 including, but not limited to, the power to do 1 or more of the
24 following:

25 (a) Sue and be sued; to have a seal and alter the seal at
26 pleasure; to have perpetual succession; to make, execute, and
27 deliver contracts, conveyances, and other instruments necessary or
28 convenient to the exercise of its powers; and to make and amend
29 bylaws.

1 (b) Solicit and accept gifts, grants, loans, and other aids
2 from any person or the federal, state, or a local government or any
3 agency of the federal, state, or a local government, or to
4 participate in any other way in any federal, state, or local
5 government program.

6 (c) Make grants, loans, and investments; to guarantee and
7 insure loans, leases, bonds, notes, or other indebtedness, whether
8 public or private; and to issue letters of credit.

9 (d) Construct; acquire by gift, purchase, installment
10 purchase, or lease; and reconstruct, improve, repair, or equip a
11 project or any part of a project.

12 (e) Borrow money and issue bonds and notes to finance part or
13 all of the project costs of a project, including the Special
14 Purpose FWC Settlement Entity, or of a loan under subdivision (r)
15 for an export transaction, and to secure those bonds and notes by
16 mortgage, assignment, or pledge of any of its money, revenues,
17 income, and properties. The authority provided by this subdivision
18 includes, but is not limited to, issuing bonds and notes to acquire
19 and install machinery, equipment, furnishings, and other personal
20 property, notwithstanding that the fund does not own or propose to
21 own or finance the building or land in or near to which the
22 machinery, equipment, furnishings, and other personal property is
23 or is to be located.

24 (f) Acquire or contract to acquire from any person,
25 municipality, the federal or state government, or any agency of the
26 foregoing, or otherwise, leaseholds, real or personal property or
27 any interest in real or personal property; to own, hold, clear,
28 improve, and rehabilitate and to sell, assign, exchange, transfer,
29 convey, lease, mortgage, or otherwise dispose of or encumber

1 leaseholds, real or personal property or any interest in real or
2 personal property, as is convenient for the accomplishment of the
3 purposes of this act and of the fund.

4 (g) Procure insurance against any loss in connection with the
5 fund's property, assets, or activities.

6 (h) Invest any money of the fund at the fund's discretion, in
7 any obligations determined proper by the fund, and name and use
8 depositories for its money.

9 (i) Engage personnel as is necessary and engage the services
10 of private consultants, managers, counsel, auditors, engineers, and
11 scientists for rendering professional management and technical
12 assistance and advice, payable out of any money of the fund legally
13 available for this purpose.

14 (j) Charge, impose, and collect fees and charges in connection
15 with any transaction and provide for reasonable penalties for
16 delinquent payment of fees or charges.

17 (k) Indemnify and procure insurance indemnifying any members
18 of the board from personal loss or accountability from liability
19 asserted by a person on the bonds or notes of the fund or from any
20 personal liability or accountability by reason of the issuance of
21 the bonds, notes, insurance, or guarantees; by reason of
22 acquisition, construction, ownership, or operation of a project; or
23 by reason of any other action taken or the failure to act by the
24 fund.

25 (l) Enter into a lease for the use or sale of a project. The
26 lease may provide for options to purchase or renew.

27 (m) Mortgage or create security interests in a project or any
28 part of a project, or in a lease or loan, or in the rents,
29 revenues, or sums to be paid thereunder, in favor of the holders of

1 the bonds or notes issued by the fund.

2 (n) Convey or release a project or any part of a project to a
3 lessee, purchaser, or borrower under any agreement after provision
4 has been made for the retirement in full of the bonds or notes
5 issued for that project under terms and conditions provided in the
6 agreement or as may be agreed with the holders of the bonds or
7 notes, at any time where the obligation of the lessee, purchaser,
8 or borrower to make the payments prescribed shall remain fixed as
9 provided in the agreement notwithstanding the conveyance or
10 release, or as may otherwise be agreed with the holders of the
11 bonds or notes.

12 (o) Make loans, participate in the making of loans, undertake
13 commitments to make loans and mortgages, buy and sell loans and
14 mortgages at public or private sale, rewrite loans and mortgages,
15 discharge loans and mortgages, foreclose on a mortgage, commence an
16 action to protect or enforce a right conferred upon the fund by a
17 law, mortgage, loan, contract, or other agreement, bid for and
18 purchase property which was the subject of the mortgage at a
19 foreclosure or other sale, acquire or take possession of the
20 property and in that event complete, administer, pay the principal
21 and interest on obligations incurred in connection with that
22 property, and dispose of and otherwise deal with the property, in a
23 manner as may be necessary or desirable to protect the interests of
24 the fund.

25 (p) Certify, for the purpose of determining eligible
26 investments for the basis of a single business tax credit, minority
27 venture capital companies, as defined by law.

28 (q) Except as otherwise provided in this subdivision, to
29 create and operate centers, accounts, and funds as required or

1 permitted by law for the use and disbursement of assets of the
2 fund. The powers granted under this subdivision do not apply to
3 chapter 8A.

4 (r) Make loans to a financial institution to facilitate
5 financing of all or part of an export related transaction
6 including, but not limited to, pre-export working capital financing
7 and postexport receivable financing.

8 (s) Procure goods and services, purchase and sell real and
9 personal property, and lease property independent of any other
10 department or state agency.

11 (t) Appoint any individuals, including strategic fund
12 employees and MEDC employees, to boards to represent the interests
13 of the fund.

14 (u) Establish and operate a job training fund that will
15 support the training of workers for Michigan businesses as
16 determined by the fund.

17 (v) Establish and operate a brownfield historic investment
18 program that provides capital for projects as determined by the
19 fund.

20 (w) Take necessary and reasonable steps to pursue repayment of
21 funds disbursed for any grant or loan for failing to comply with
22 provisions of a written agreement as required under section
23 88r(2) (b) (iv) and section 90b(7) .

24 (x) Borrow money and issue bonds or notes for financing a
25 Special Purpose FWC Settlement Entity, which entity may use the
26 financed proceeds only to pay the expenses, costs, and fees
27 associated with the Special Purpose FWC Settlement Entity, to
28 reimburse this state for its initial \$5,000,000.00 payment to the
29 FWC Qualified Settlement Fund, and to pay the FWC Qualified

Settlement Fund, and which shall be secured by a pledge of repayment from anticipated state appropriations and from any other sources.

(y) Provide for the designation of certain incentive zones and certify, for the purpose of determining eligible expenses for the basis of tax credits allowed under sections 279 and 679 of the income tax act of 1967, 1967 PA 281, MCL 206.279 and 206.679.

(z) ~~(y)~~—Do all other things necessary or convenient to achieve the objectives and purposes of the fund, this act, or other laws that relate to the purposes and responsibilities of the fund.

Sec. 9. (1) The fund shall transmit to each member of the legislature, the governor, the clerk of the house of representatives, the secretary of the senate, and the senate and house fiscal agencies annually a report of its activities. The report must be transmitted not later than April 10 of each year for activities in the immediately preceding state fiscal year. The report must not include information exempt from disclosure under section 5. The report must include, but is not limited to, all of the following for each program operated under this act:

(a) A list of entities that received financial assistance.

(b) The type of project or product being financed.

(c) The amount and type of financial assistance.

(d) For each separate form of financial assistance, all of the following:

(i) The number of new jobs committed or projected when the financial assistance was applied for.

(ii) The number of retained jobs committed or projected when the financial assistance was applied for.

(iii) The actual number of new jobs created that are not

1 temporary employees.

2 (iv) The actual number of retained jobs that are not temporary
3 employees.

4 (v) The average annual salary of the new jobs created that are
5 not temporary employees.

6 (vi) The average annual salary of the retained jobs that are
7 not temporary employees.

8 (e) The duration of the financial assistance.

9 (f) The amount of financial support other than state
10 resources.

11 (g) Money or other revenue or property returned to the fund,
12 including any repayments through a clawback provision in the
13 agreement.

14 (h) The status of all loans of the fund.

15 (i) A list of all entities that are in bankruptcy, of which
16 the fund has received actual notice, filed by a direct recipient of
17 an active single incentive of not less than \$500,000.00. In
18 addition, the fund shall, within 120 days after the fund receives
19 notice, provide a report of the notice of bankruptcy on its website
20 and forward the report to each of the following:

21 (i) The senate majority leader and the senate minority leader.

22 (ii) The speaker of the house and the house minority leader.

23 (iii) The members of the house ~~commerce and tourism~~ **economic**
24 **competitiveness** committee.

25 (iv) The members of the house appropriations subcommittee on
26 general government.

27 (v) The members of the senate economic and ~~small business~~
28 **community** development committee.

29 (vi) The members of the senate appropriations subcommittee on

1 general government.

2 (j) A summary of the approximate administrative costs used to
3 administer the programs and activities authorized under this act.

4 (k) Any other information as required by this section.

5 (2) The auditor general or a certified public accountant
6 appointed by the auditor general annually shall conduct and remit
7 to the legislature an audit of the fund and, in the conduct of the
8 audit, shall have access to all records of the fund at any time,
9 whether or not confidential. Each audit required by this section
10 must include a determination of whether the fund is likely to be
11 able to continue to meet its obligations, including a report on the
12 status of outstanding loans and agreements made by the fund.

13 (3) The fund shall also transmit the audit described in
14 subsection (2) to the chairperson and minority vice-chairperson of
15 the senate appropriations subcommittee on general government and
16 the house of representatives appropriations subcommittee on general
17 government. The fund shall make the report and audit available to
18 the public on the fund's website.

19 (4) The report described in subsection (1) must also contain
20 all of the following that are related to a 21st century investment
21 made by the fund board under chapter 8A:

22 (a) The amount of qualified venture capital fund investments,
23 qualified mezzanine fund investments, and qualified private equity
24 fund investments under management in this state, including year-to-
25 year growth.

26 (b) The value of loan enhancement program investments,
27 qualified private equity fund investments, qualified mezzanine fund
28 investments, and qualified venture capital investments in qualified
29 businesses, including year-to-year growth.

1 (c) A statement of the amount of money in each loan reserve
2 fund established under the small business capital access program
3 required under chapter 8A.

4 (5) The report described in subsection (1) must also include,
5 but is not limited to, all of the following for all actions under
6 section 88r:

7 (a) The total actual amount of qualified investment attracted
8 under section 88r as reported to the fund.

9 (b) The total actual number of new jobs created under section
10 88r as reported to the fund.

11 (c) The actual amount of the grant, loan, or other economic
12 assistance made under section 88r separately for each qualified
13 business verified by the fund.

14 (d) For each qualified business, whether it is a new business,
15 whether it is an expansion of an existing business, or whether it
16 relocated from outside of this state.

17 (e) An evaluation of the aggregate return on investment that
18 this state realizes on the actual qualified new jobs and actual
19 qualified investment made by qualified businesses.

20 (6) The report described in subsection (1) must also include,
21 but is not limited to, all of the following for all actions under
22 chapter 8B:

23 (a) For tourism promotion efforts, all of the following:

24 (i) An itemized list, by market, of how much was spent, types
25 of media purchased, and target of the tourism promotion campaign.

26 (ii) The return on investment analysis that utilizes existing
27 baseline data and compares results with prior outcome evaluations
28 funded by Travel Michigan.

29 (b) For business development efforts, all of the following:

1 (i) An itemized list, by market, of how much was spent, types
2 of media purchased, and target of the business promotion campaign.

3 (ii) A performance analysis that compares the program or
4 campaign objectives and outcome of the campaign or program.

5 (7) The report described in subsection (1) must also include,
6 but is not limited to, all of the following for all actions under
7 section 90d:

8 (a) The total actual amount of private investment attracted
9 under section 90d as reported to the fund.

10 (b) The actual amount of the community revitalization
11 incentives made under chapter 8C separately for each project.

12 (c) The total actual amount of square footage revitalized or
13 added for each project approved under section 90d as reported to
14 the fund. When reporting square footage, the person must report the
15 square footage by category, including, but not limited to,
16 commercial, residential, or retail.

17 (d) The aggregate increase in taxable value of all property
18 subject to a written agreement under chapter 8C when established
19 and recorded by the local units of government and as reported to
20 the fund.

21 (e) The total actual number of residential units revitalized
22 or added for each project approved under section 90d as reported to
23 the fund.

24 (f) Each project that received a community revitalization
25 incentive outside the fund program standards and guidelines and why
26 the variance was given.

27 (8) Beginning on and after January 1, 2012, on a monthly basis
28 the fund shall provide exact copies of all information regarding
29 all actions under chapter 8C that is provided to board members of

1 the fund for the purpose of monthly board meetings, subject to
 2 confidentiality under section 5, to each of the following and post
 3 that information on the fund's website:

4 (a) The chairperson and minority vice-chairperson of the house
 5 ~~commerce and tourism~~ **economic competitiveness** committee.

6 (b) The chairperson and minority vice-chairperson of the house
 7 appropriations subcommittee on general government.

8 (c) The chairperson and minority vice-chairperson of the
 9 senate economic and ~~small business~~ **community** development committee.

10 (d) The chairperson and minority vice-chairperson of the
 11 senate appropriations subcommittee on general government.

12 (9) The report described in subsection (1) must also include a
 13 summary of the approximate administrative costs used to administer
 14 the programs and activities authorized in the following sections:

15 (a) Section 88b.

16 (b) Section 88h.

17 (c) Section 90b.

18 (10) The report described in subsection (1) must also include,
 19 but is not limited to, all of the following for all actions for
 20 business incubators approved by the fund after January 14, 2015:

21 (a) The number of new jobs created and projected new job
 22 growth by current clients of the business incubator.

23 (b) Amounts of other funds leveraged by current clients of the
 24 business incubator.

25 (c) Increases in revenue for current clients of the business
 26 incubator.

27 (11) The report described in subsection (1) must also include
 28 the actual repayments received by the fund for failure to comply
 29 with clawback provisions of the written agreement under all of the

1 following:

2 (a) Section 78.

3 (b) Section 88d.

4 (c) Section 88k.

5 (d) Section 88q.

6 (e) Section 88r.

7 (f) Section 90b.

8 (12) Beginning on July 1, 2015, the fund shall post on the
9 fund's website a list of each contract, agreement, or other written
10 loan or grant documentation for financial assistance under sections
11 88r and 90b that the fund entered into or modified in the
12 immediately preceding fiscal year.

13 (13) Beginning on July 1, 2015, the fund shall post and update
14 periodically all of the following on its website for all loans made
15 under sections 88r and 90b:

16 (a) A description of the project for which the loan was made.

17 (b) The total amount of the loan.

18 (c) Whether payments on the loan balance are current or
19 delinquent.

20 (d) The interest rate of the loan.

21 (14) Beginning July 1, 2015, the report described in
22 subsection (1) must also contain all of the following for each
23 program that provides financial assistance under this act that
24 requires a site visit:

25 (a) A copy of the site visit guidelines for that program.

26 (b) The number of site visits conducted under that program.

27 (c) The chief compliance officer shall review and evaluate
28 compliance with the site visit guidelines.

29 (15) The fund shall post on its website and update

1 periodically all of the information described in subsection (14).

2 (16) The report described in subsection (1) must also include,
3 but is not limited to, all of the following for all written
4 agreements related to the good jobs for Michigan program created
5 under chapter 8D:

6 (a) The name of the authorized business.

7 (b) The number of certified new jobs required to be
8 maintained.

9 (c) The amount and duration of the withholding tax capture
10 revenues.

11 (17) The report described in subsection (1) must also include
12 the activities of the critical industry program described in
13 section 88s.

14 (18) The report described in subsection (1) must also include
15 the activities of the Michigan strategic site readiness program
16 described in section 88t.

17 (19) The fund shall cooperate with the department of treasury
18 and assist in preparing the ~~report~~**tax credit reports** required
19 under ~~section~~**sections 679 and** 718 of the income tax act of 1967,
20 1967 PA 281, MCL **206.679 and** 206.718.

21 (20) As used in this section, "financial assistance" means
22 grants, loans, other economic assistance, and any other incentives
23 or assistance under this act.

24 **Sec. 88v. (1) The fund, in cooperation with the office of**
25 **defense and aerospace innovation and the department of treasury,**
26 **shall create and operate an aerospace defense incentive program to**
27 **preserve, protect, and enhance military installations in this state**
28 **and support defense and aerospace-related manufacturing and**
29 **initiatives. The authorized employees, officers, and agents of the**

1 fund, which may include employees of the Michigan economic
2 development corporation and the office of defense and aerospace
3 innovation, shall operate and implement the program. The program
4 must include, at a minimum, the designation of aerospace defense
5 zones within this state and the certification of certain expenses
6 as the basis for tax credits under sections 279 and 679 of the
7 income tax act of 1967, 1967 PA 281, MCL 206.279 and 206.679.

8 (2) The office of defense and aerospace innovation shall not
9 designate more than 6 aerospace defense zones within this state
10 under the program created under subsection (1). An aerospace
11 defense zone must be within 10 miles of a military installation or
12 a research university in this state. The fund must post on its
13 website or post on the website of the Michigan economic development
14 corporation the list of the designated aerospace defense zones in
15 this state.

16 (3) The fund, in cooperation with the department of treasury
17 and the office of defense and aerospace innovation, shall develop
18 and use a detailed application, approval, and certification process
19 published and available on the fund's website for businesses to
20 apply for certification of credits under sections 279 and 679 of
21 the income tax act of 1967, 1967 PA 281, MCL 206.279 and 206.679.
22 Subject to the limitations under sections 279 and 679 of the income
23 tax act of 1967, 1967 PA 281, MCL 206.279 and 206.679, if the fund
24 determines that a business is a qualified business and eligible for
25 a credit, the fund shall issue a certificate to that applicant. The
26 certificate required by this subsection must state all of the
27 following:

28 (a) The business is a qualified business and the date on which
29 the business was designated as a qualified business.

1 (b) The amount of the credit under section 279(1) or (2), or
2 both, or section 679(1) or (2), or both, whichever is applicable,
3 for the qualified business for the designated tax year.

4 (c) The qualified business's federal employer identification
5 number or the Michigan department of treasury number assigned to
6 the business.

7 (4) As used in this section, "qualified business" means a
8 business that that is located in an aerospace defense zone or plans
9 to relocate in or expand its current location in an aerospace
10 defense zone and satisfies either of the following:

11 (i) Is a business whose primary business activity is defense
12 contracting, aerospace defense, aerospace equipment manufacturing,
13 or other aerospace and defense technology activities.

14 (ii) Is a business that is a tier 1, tier 2, or tier 3 defense
15 supplier, aerospace supplier, aerospace defense supplier, or
16 aerospace defense contractor with less than \$5,000,000.00 in annual
17 gross revenue.

18 Enacting section 1. This amendatory act does not take effect
19 unless Senate Bill No. ____ (request no. S00385'25) or House Bill
20 No. ____ (request no. H00385'25) of the 103rd Legislature is
21 enacted into law.