

**SUBSTITUTE FOR
HOUSE BILL NO. 4157**

A bill to create certain loan programs for information, communications, and technology improvements; to create certain boards; to facilitate the operation of certain programs; to prescribe certain powers and to impose certain duties on certain state officers and employees; to make an appropriation; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Department" means the department of technology,
3 management, and budget.

4 (b) "Director" means the director of the department.

5 (c) "Information, communications, and technology innovation
6 fund" or "fund" means the information, communications, and
7 technology innovation fund created in section 5.

1 (d) "Information, communications, and technology innovation
2 fund investment board" or "board" means the information,
3 communications, and technology innovation fund investment board
4 created in section 2.

5 (e) "Information, communications, and technology innovation
6 loan program" or "loan program" means the information,
7 communications, and technology loan program created in section 3.

8 (f) "Loan project" means the project to be accomplished from
9 the loan proceeds.

10 (g) "Local unit of government" means a city, village,
11 township, county, local authority, or entity created under the
12 urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to
13 124.512.

14 Sec. 2. (1) The information, communications, and technology
15 innovation fund investment board is created within the department.

16 (2) The board shall consist of the following 5 members:

17 (a) The director of the department or his or her designee.

18 (b) The director of the state budget office or his or her
19 designee.

20 (c) The state chief information officer or his or her
21 designee.

22 (d) The chief executive officer of the Michigan economic
23 development corporation or his or her designee.

24 (e) One member of the public appointed by the governor for a
25 term not to exceed 4 years as determined by the governor.

26 (3) If a vacancy occurs on the board, the governor shall make
27 an appointment for the unexpired term.

1 (4) The board shall elect from among its members a chairperson
2 and other officers as it considers necessary or appropriate. The
3 board shall meet at least quarterly, or more frequently at the call
4 of the chairperson or if requested by 3 or more members.

5 (5) A majority of the members of the board constitute a quorum
6 for the transaction of business at a meeting of the board. A
7 majority of the members present and serving are required for
8 official action of the board.

9 (6) The business that the board may perform shall be conducted
10 at a public meeting of the board held in compliance with the open
11 meetings act, 1976 PA 267, MCL 15.261 to 15.275.

12 (7) A writing prepared, owned, used, in the possession of, or
13 retained by the board in the performance of an official function is
14 subject to the freedom of information act, 1976 PA 442, MCL 15.231
15 to 15.246.

16 (8) Members of the board shall serve without compensation.
17 However, members of the board may be reimbursed for their actual
18 and necessary expenses incurred in the performance of their
19 official duties as members of the board.

20 (9) Except for budgeting, procurement, and related functions
21 of the board that shall be performed under the direction and
22 supervision of the director, the board shall exercise its
23 prescribed statutory powers, duties, and functions independently of
24 the department.

25 Sec. 3. (1) The board shall create and operate an information,
26 communications, and technology innovation loan program.

27 (2) The board has the powers necessary to carry out and

1 effectuate the purposes and provisions of this act, and powers
2 vested in the board under other laws of this state, including, but
3 not limited to, all of the following powers:

4 (a) To operate the loan program.

5 (b) To authorize and make loans.

6 (c) To renegotiate the terms of outstanding loans.

7 (d) To make, execute, and deliver contracts and other
8 instruments necessary or convenient to the exercise of its powers.

9 (e) To authorize a loan to a local unit of government, a
10 public college or public university in this state, a school
11 district, or an intermediate school district, as determined by the
12 board.

13 (f) To develop a management and operation process including,
14 but not limited to, solicitation of projects, application and
15 eligibility criteria, selection, management, monitoring,
16 performance, accountability, contractual reporting, loan repayment,
17 project termination, and other management provisions the board
18 considers necessary.

19 (3) The board shall determine all of the following:

20 (a) The amount of a loan.

21 (b) The rate or rates of interest on a loan. The rate of
22 interest charged by the board shall be a market rate as determined
23 by the board but not less than the rate this state pays when
24 borrowing on short-term notes as determined by the department of
25 treasury.

26 (c) Subject to section 5(2), the recipient of a loan.

27 (d) The termination of a loan agreement on the basis of

1 performance or due to the unavailability of funds.

2 (e) Any other terms and conditions related to a loan.

3 (4) The department shall provide staff services to the board
4 to carry out this act.

5 (5) The board and the department shall make available on its
6 website a clear description of the loan program, including the
7 application process, eligibility criteria, and the selection
8 process.

9 Sec. 4. (1) In determining loan recipients, the board shall
10 consider all of the following criteria:

11 (a) The benefits that inure to the state of Michigan from the
12 loan project.

13 (b) The feasibility of the loan project.

14 (c) The ability of the entity to repay the loan.

15 (d) The potential for the loan project to provide innovative
16 technology improvement, efficiencies, transferability, or other
17 value.

18 (e) Any other criteria the board considers reasonable or
19 necessary.

20 (2) The board shall not make loans for projects for facilities
21 or services owned or operated by a local unit of government, a
22 public college or university, a school district, or an intermediate
23 school district, if the service is to be provided to the private
24 sector for compensation in competition with private sector
25 entities.

26 Sec. 5. (1) The information, communications, and technology
27 innovation fund is created within the state treasury.

1 (2) The state treasurer may receive money or other assets from
2 any source for deposit into the fund and shall deposit the money
3 from repayments of loans into the fund. The state treasurer shall
4 direct the bond and equity investments of the fund. The state
5 treasurer shall credit to the fund interest and earnings from fund
6 investments.

7 (3) Money in the fund at the close of the fiscal year shall
8 remain in the fund and shall not lapse to the general fund.

9 (4) The department shall be the administrator of the fund for
10 auditing purposes.

11 (5) The department shall expend money from the fund, upon
12 appropriation, to create and operate an information,
13 communications, and technology innovation loan program as provided
14 in this act.

15 Sec. 6. The board shall monitor the fund and loan program
16 projects on a monthly basis and submit quarterly status reports and
17 an annual assessment and report to the governor, members of the
18 senate and house appropriations subcommittee on general government,
19 and the senate and house fiscal agencies. Monitoring and reporting
20 requirements shall be based on specific loan program awards as well
21 as basic fund criteria, integrated with the budget process, and
22 comply with state government accounting and accountability
23 standards. The annual report shall be submitted not later than
24 December 31 for the immediately preceding fiscal year.

25 Enacting section 1. Section 831 of article VIII of 2014 PA 252
26 is repealed.