

# HOUSE BILL No. 4157

January 31, 2013, Introduced by Reps. Poleski, Rendon, MacGregor, Pscholka and Lyons  
and referred to the Committee on Appropriations.

A bill to create certain loan programs for information, communications, and technology improvements; to facilitate the operation of certain programs; and to impose certain duties on certain state officers and employees.

## 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) "Information, communications, and technology innovation  
5 revolving fund investment board" or "board" means the information,  
6 communications, and technology innovation fund investment board  
7 created in section 2.

8       (c) "Information, communications, and technology innovation  
9 revolving fund" or "fund" means the information, communications,

1 and technology innovation revolving fund created in section 5.

2 (d) "Information, communications, and technology revolving  
3 loan program" or "loan program" means the information,  
4 communications, and technology loan program created in section 3.

5 Sec. 2. (1) The information, communications, and technology  
6 innovation revolving fund investment board is created within the  
7 department.

8 (2) The board shall consist of the following members,  
9 appointed by governor:

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

11 (b) The state chief information officer or his or her  
12 designee.

13 (c) The chief executive officer of the Michigan economic  
14 development corporation or his or her designee.

15 (d) Two members of the public.

16 (3) Members of the board shall serve for terms of 4 years or  
17 until a successor is appointed, whichever is later, except that the  
18 members described in subsection (2)(d) first appointed shall serve  
19 for terms of less than 4 years as determined by the governor.

20 (4) If a vacancy occurs on the board, the governor shall make  
21 an appointment for the unexpired term in the same manner as the  
22 original appointment.

23 (5) The governor may remove a member of the board for  
24 incompetence, dereliction of duty, malfeasance, misfeasance, or  
25 nonfeasance in office, or any other good cause.

26 (6) The first meeting of the board shall be called by the  
27 governor. At the first meeting, the board shall elect from among

1 its members a chairperson and other officers as it considers  
2 necessary or appropriate. After the first meeting, the board shall  
3 meet at least quarterly, or more frequently at the call of the  
4 chairperson or if requested by 3 or more members.

5 (7) 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 (8) 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 (9) 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 (10) 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 Sec. 3. (1) The board shall create and operate an information,  
21 communications, and technology loan program that does all the  
22 following:

23 (a) Makes loans to state agencies, local units of government,  
24 colleges and universities in this state, school districts, other  
25 public entities that provide public sector services, and not-for-  
26 profit organizations that provide public section services, as  
27 determined by the department.

1 (b) The board shall develop a management and operation process  
2 for the loan program. The loan program shall include solicitation  
3 of projects, eligibility criteria, selection, management,  
4 monitoring, performance, and accountability, contractual reporting,  
5 loan repayment, project termination, and other management  
6 provisions the board considers necessary.

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

11 (d) The board shall solicit, select, monitor, and manage loan  
12 program projects, and has authority to terminate projects on the  
13 basis of performance or because of unavailability of funds.

14 (e) Loan program application proposals shall be evaluated by  
15 the board based on, but not limited to, the following criteria:

16 (i) Compliance with funding priorities and benefits to  
17 customers, citizens, and government.

18 (ii) Return on investment and ability to repay the loan.

19 (iii) Transferability of solutions, technologies, and processes  
20 to other state agencies or organizations.

21 (iv) The project's ability to improve or upgrade business and  
22 operational processes.

23 (v) Innovation and re-engineering of processes to streamline  
24 government or processes.

25 (vi) Timeline of development and deployment of the project.

26 (vii) Postloan and design sustainability.

27 (viii) Geographic location of loan recipients.

1 (f) Except as otherwise provided in this subdivision,  
2 individual loans under the loan program are limited to a maximum of  
3 \$250,000.00 for any individual project. Recipients must demonstrate  
4 the ability to fund and sustain ongoing and future operations.  
5 Loans in the amount of greater than \$250,000.00 are available for 1  
6 or more of the following:

7 (i) Enterprise level, multiagency initiatives.

8 (ii) Shared service projects with other levels of government or  
9 the private sector.

10 (iii) Single-agency or program efficiency improvements with  
11 significant return on investment and repayment ability.

12 (g) The term of a loan under the loan program shall not exceed  
13 5 years.

14 (h) A loan made under this act shall bear an annual rate of  
15 interest, as established by the board.

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

26 Sec. 4. The director may establish best practices innovation  
27 management function of the department, with responsibility for

1 supporting the activities of the board, state government agencies,  
2 local units of government, other jurisdictions, and partnerships  
3 with the private and nonprofit sectors. The department shall  
4 develop, coordinate, and integrate existing and new loan program  
5 innovation strategies, including, but not limited to, the fund,  
6 with state agency business process management goals, strategies,  
7 and operations.

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

10       (2) The state treasurer may receive money or other assets from  
11 any source for deposit into the fund including the repayments of  
12 loans. The state treasurer shall direct the investment of the fund.  
13 The state treasurer shall credit to the fund interest and earnings  
14 from fund investments.

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

17       (4) The department shall be the administrator of the fund for  
18 auditing purposes.

19       (5) The department shall expend money from the fund, upon  
20 appropriation, to create and operate an information,  
21 communications, and technology loan program as provided in this  
22 act.