

# HOUSE BILL No. 6064

May 23, 2018, Introduced by Reps. Wentworth, Hughes, Sheppard, VanSingel, LaFave, Cole, Frederick, Bellino, Maturen, Webber, McCready, Rendon, Kelly, Howell, Calley, Lower, VanderWall, LaSata, Griffin, Canfield, Leutheuser, Elder, Sabo, Lilly, Guerra, Bizon, Inman and Vaupel and referred to the Committee on Michigan Competitiveness.

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
(MCL 125.2001 to 125.2094) by adding chapter 8E.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

### CHAPTER 8E

#### SEC. 90/. AS USED IN THIS CHAPTER:

(A) "AFFILIATE" MEANS AN ENTITY THAT, DIRECTLY OR INDIRECTLY, THROUGH 1 OR MORE INTERMEDIARIES, CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH ANOTHER ENTITY. FOR THE PURPOSES OF THIS SUBDIVISION, AN ENTITY IS CONTROLLED BY ANOTHER ENTITY IF THE CONTROLLING ENTITY HOLDS, DIRECTLY OR INDIRECTLY, THE MAJORITY VOTING OR OWNERSHIP INTEREST IN THE CONTROLLED ENTITY OR HAS CONTROL OVER THE DAY-TO-DAY OPERATIONS OF THE CONTROLLED ENTITY BY

1 CONTRACT OR LAW.

2 (B) "CLOSING DATE" MEANS THE DATE ON WHICH A RURAL DEVELOPMENT  
3 FUND HAS RECEIVED A REPAYABLE GRANT.

4 (C) "EARNED JOB FACTOR" MEANS AN AMOUNT EQUAL TO \$25,000.00.

5 (D) "FULL-TIME EQUIVALENT EMPLOYEES" MEANS THE NUMBER OF  
6 SALARIED EMPLOYMENT POSITIONS PLUS THE QUOTIENT OBTAINED BY  
7 DIVIDING THE TOTAL NUMBER OF HOURS FOR WHICH EMPLOYEES WITH AN  
8 HOURLY WAGE RATE OF AT LEAST 150% OF THE FEDERAL MINIMUM WAGE WERE  
9 COMPENSATED FOR EMPLOYMENT OVER THE PRECEDING 12-MONTH PERIOD BY  
10 2,080 WITH RESPECT TO HOURLY EMPLOYEES.

11 (E) "GROWTH INVESTMENT" MEANS ANY CAPITAL OR EQUITY INVESTMENT  
12 IN A QUALIFIED BUSINESS OR ANY LOAN TO A QUALIFIED BUSINESS WITH A  
13 STATED MATURITY AT LEAST 1 YEAR AFTER THE DATE OF ISSUANCE. A  
14 SECURED LOAN OR THE PROVISION OF A REVOLVING LINE OF CREDIT TO A  
15 QUALIFIED BUSINESS IS A GROWTH INVESTMENT ONLY IF THE RURAL  
16 DEVELOPMENT FUND OBTAINS AN AFFIDAVIT FROM THE PRESIDENT OR CHIEF  
17 EXECUTIVE OFFICER OF THE QUALIFIED BUSINESS ATTESTING THAT THE  
18 QUALIFIED BUSINESS SOUGHT AND WAS DENIED SIMILAR FINANCING FROM A  
19 COMMERCIAL BANK.

20 (F) "INVESTMENT AUTHORITY" MEANS THE AMOUNT STATED ON THE  
21 CERTIFICATE UNDER SECTION 90M CERTIFYING THE RURAL DEVELOPMENT  
22 FUND. A RURAL DEVELOPMENT FUND'S INVESTMENT AUTHORITY SHALL BE  
23 COMPOSED OF EQUAL AMOUNTS OF REPAYABLE GRANTS BY THE FUND AND  
24 PRIVATE CONTRIBUTIONS.

25 (G) "NEW FULL-TIME EQUIVALENT EMPLOYEES" MEANS THE NUMBER OF  
26 NEW FULL-TIME EQUIVALENT EMPLOYEES BASED ON A COMPUTATION MADE  
27 ANNUALLY BY SUBTRACTING THE NUMBER OF FULL-TIME EQUIVALENT

1 EMPLOYEES AT THE QUALIFIED BUSINESS ON THE DATE OF THE RURAL  
2 DEVELOPMENT FUND'S INITIAL GROWTH INVESTMENT IN THE QUALIFIED  
3 BUSINESS FROM THE MONTHLY AVERAGE OF FULL-TIME EQUIVALENT EMPLOYEES  
4 AT THE QUALIFIED BUSINESS FOR THE APPLICABLE PRECEDING CALENDAR  
5 YEAR. IF THE COMPUTATION RESULTS IN A NUMBER LESS THAN ZERO, THE  
6 NUMBER OF NEW FULL-TIME EQUIVALENT EMPLOYEES PRODUCED BY THE RURAL  
7 DEVELOPMENT FUND'S GROWTH INVESTMENT FOR THAT CALENDAR YEAR PERIOD  
8 SHALL BE ZERO.

9 (H) "PRINCIPAL BUSINESS OPERATIONS" MEANS FOR A QUALIFIED  
10 BUSINESS, THE PLACE OR PLACES WHERE AT LEAST 80% OF ITS EMPLOYEES  
11 WORK OR WHERE EMPLOYEES THAT ARE PAID AT LEAST 80% OF ITS PAYROLL  
12 WORK. AN OUT-OF-STATE BUSINESS THAT HAS AGREED TO RELOCATE  
13 EMPLOYEES USING THE PROCEEDS OF A GROWTH INVESTMENT TO ESTABLISH  
14 ITS PRINCIPAL BUSINESS OPERATIONS IN THIS STATE SHALL BE CONSIDERED  
15 TO HAVE ITS PRINCIPAL BUSINESS OPERATIONS IN THIS NEW LOCATION  
16 PROVIDED IT SATISFIES THIS DEFINITION WITHIN 180 DAYS AFTER  
17 RECEIVING THE GROWTH INVESTMENT OR A LATER DATE, IF AGREED TO BY  
18 THE FUND.

19 (I) "PRIVATE CONTRIBUTIONS" MEANS AN INVESTMENT OF CASH IN A  
20 RURAL DEVELOPMENT FUND TO MATCH DOLLAR-FOR-DOLLAR THE REPAYABLE  
21 GRANT AMOUNT UP TO THE INVESTMENT AUTHORITY OF THE RURAL  
22 DEVELOPMENT FUND. A RURAL DEVELOPMENT FUND'S PRIVATE CONTRIBUTIONS  
23 SHALL BE COMPOSED OF NOT LESS THAN 10% OF EQUITY INVESTMENTS.

24 (J) "QUALIFIED BUSINESS" MEANS AN OPERATING BUSINESS THAT, AT  
25 THE TIME OF THE INITIAL INVESTMENT IN THE BUSINESS BY A RURAL  
26 DEVELOPMENT FUND, HAS FEWER THAN 150 EMPLOYEES AND IS ENGAGED IN  
27 INDUSTRIES ASSIGNED A NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

1 CODE WITHIN SECTORS 11, 21, 23, 31 THROUGH 33, 42, 48, 49, 54,  
2 EXCEPT 541110 THROUGH 541219, 56, 62, AND 81 OR, IF NOT ENGAGED IN  
3 ANY OF THESE INDUSTRIES, THE DEPARTMENT DETERMINES THAT THE  
4 INVESTMENT WILL BE BENEFICIAL TO THE RURAL AREA AND THE ECONOMIC  
5 GROWTH OF THIS STATE.

6 (K) "QUALIFIED RURAL COUNTY" MEANS A COUNTY IN THIS STATE WITH  
7 A POPULATION OF 200,000 OR LESS.

8 (I) "REPAYABLE GRANT" MEANS A GRANT OF CASH BY THE FUND INTO A  
9 RURAL DEVELOPMENT FUND THAT WILL BE MATCHED DOLLAR-FOR-DOLLAR WITH  
10 PRIVATE CONTRIBUTIONS UP TO THE INVESTMENT AUTHORITY OF THE RURAL  
11 DEVELOPMENT FUND.

12 (M) "REPAYMENT AMOUNT" MEANS AN AMOUNT EQUAL TO 50% OF A RURAL  
13 DEVELOPMENT FUND'S INVESTMENT AUTHORITY, MINUS THE SUM OF THE  
14 PRODUCT OF NEW FULL-TIME EQUIVALENT EMPLOYEES REPORTED TO THE FUND  
15 IN EACH OF THE RURAL DEVELOPMENT FUND'S ANNUAL REPORTS SUBMITTED  
16 PURSUANT TO SECTION 90P AND THE EARNED JOB FACTOR AND THE PRODUCT  
17 OF FULL-TIME EQUIVALENT EMPLOYEES AT THE TIME OF THE INITIAL GROWTH  
18 INVESTMENTS IN QUALIFIED BUSINESSES, PROVIDED THE RURAL GROWTH FUND  
19 RECEIVES AN AFFIDAVIT FROM THE PRESIDENT OR CHIEF EXECUTIVE OFFICER  
20 OF THE QUALIFIED BUSINESS ATTESTING THAT THE FULL-TIME EQUIVALENT  
21 EMPLOYEE POSITIONS WOULD HAVE BEEN ELIMINATED WITHOUT RECEIPT OF  
22 THE INITIAL GROWTH INVESTMENT AND 50% OF THE EARNED JOB FACTOR.

23 (N) "RURAL DEVELOPMENT FUND" MEANS AN ENTITY APPROVED BY THE  
24 FUND UNDER SECTION 90M THAT MEETS ALL OF THE FOLLOWING:

25 (i) THE ENTITY OR ITS AFFILIATE IS A RURAL BUSINESS INVESTMENT  
26 COMPANY UNDER 7 USC 2009CC OR A SMALL BUSINESS INVESTMENT COMPANY  
27 UNDER 15 USC 68.

1           (ii) AS OF THE DATE OF THE APPLICATION, THE ENTITY OR ITS  
2 AFFILIATES HAVE INVESTED AT LEAST \$75,000,000.00 IN NONPUBLIC  
3 COMPANIES LOCATED IN COUNTIES THROUGHOUT THE UNITED STATES WITH A  
4 POPULATION LESS THAN 50,000.

5           (iii) AS OF THE DATE OF THE APPLICATION, THE ENTITY OR ITS  
6 AFFILIATES HAVE RECEIVED EQUITY INVESTMENTS FROM INVESTORS WHO ARE  
7 NOT AFFILIATES OF THE APPLICANT IN AN AMOUNT EQUAL TO LEAST  
8 \$100,000,000.00.

9           SEC. 90M. (1) BEGINNING OCTOBER 1, 2018, THE FUND SHALL ACCEPT  
10 APPLICATIONS FOR APPROVAL AS A RURAL DEVELOPMENT FUND. THE  
11 APPLICATION SHALL INCLUDE ALL OF THE FOLLOWING:

12           (A) THE TOTAL INVESTMENT AUTHORITY SOUGHT BY THE APPLICANT.

13           (B) A COPY OF THE APPLICANT'S LICENSE SHOWING THAT THE ENTITY  
14 OR ITS AFFILIATE IS A RURAL BUSINESS INVESTMENT COMPANY UNDER 7 USC  
15 2009CC OR A SMALL BUSINESS INVESTMENT COMPANY UNDER 15 USC 68.

16           (C) EVIDENCE THAT AS OF THE DATE OF THE APPLICATION, THE  
17 ENTITY OR ITS AFFILIATES HAVE INVESTED AT LEAST \$75,000,000.00 IN  
18 NONPUBLIC COMPANIES LOCATED IN COUNTIES THROUGHOUT THE UNITED  
19 STATES WITH A POPULATION LESS THAN 50,000.

20           (D) EVIDENCE THAT AS OF THE DATE OF THE APPLICATION, THE  
21 ENTITY OR ITS AFFILIATES HAVE RECEIVED EQUITY INVESTMENTS FROM  
22 INVESTORS WHO ARE NOT AFFILIATES OF THE APPLICANT IN AN AMOUNT  
23 EQUAL TO LEAST \$100,000,000.00.

24           (2) THE FUND SHALL MAKE APPLICATION DETERMINATIONS BY NOVEMBER  
25 30, 2018, IN THE ORDER IN WHICH THE APPLICATIONS ARE RECEIVED. THE  
26 FUND SHALL CONSIDER APPLICATIONS RECEIVED ON THE SAME DAY TO HAVE  
27 BEEN RECEIVED SIMULTANEOUSLY. THE FUND SHALL NOT APPROVE MORE THAN

1 \$100,000,000.00 IN INVESTMENT AUTHORITY AND \$50,000,000.00 IN  
2 REPAYABLE GRANTS. IF REQUESTS FOR INVESTMENT AUTHORITY RECEIVED  
3 SIMULTANEOUSLY WOULD RESULT IN THE LIMITATION PROVIDED IN THIS  
4 SUBSECTION BEING EXCEEDED, THE FUND SHALL PROPORTIONALLY ALLOT THE  
5 INVESTMENT AUTHORITY AND REPAYABLE GRANTS AMONG THE APPROVED  
6 APPLICATIONS. UPON APPROVAL OF AN APPLICATION, THE FUND SHALL  
7 PROVIDE A GRANT CERTIFICATE TO THE APPLICANT DESIGNATING THE  
8 APPLICANT AS A RURAL DEVELOPMENT FUND AND SPECIFYING THE AMOUNT OF  
9 THE RURAL DEVELOPMENT FUND'S INVESTMENT AUTHORITY AND THE AMOUNT OF  
10 THE REPAYABLE GRANT TO BE RECEIVED.

11 (3) THE FUND MAY DENY AN APPLICATION SUBMITTED UNDER THIS  
12 SECTION ONLY FOR THE FOLLOWING REASONS:

13 (A) THE APPLICANT DOES NOT SATISFY ALL THE CRITERIA DESCRIBED  
14 IN THIS SECTION.

15 (B) THE FUND HAS ALREADY APPROVED THE MAXIMUM AMOUNT OF  
16 INVESTMENT AUTHORITY ALLOWED UNDER THIS SECTION.

17 (4) IF THE FUND DENIES AN APPLICATION, THE APPLICANT MAY  
18 PROVIDE ADDITIONAL INFORMATION TO THE FUND WITHIN 5 DAYS OF THE  
19 NOTICE OF DENIAL. THE FUND SHALL REVIEW AND RECONSIDER THE  
20 APPLICATION AND ADDITIONAL INFORMATION WITHIN 10 DAYS BUT NOT  
21 BEYOND DECEMBER 15, 2018. A RECONSIDERED APPLICATION SHALL RETAIN  
22 THE ORIGINAL DATE OF RECEIPT PROVIDED UNDER THIS SECTION FOR  
23 PURPOSES OF PRIORITY.

24 (5) A RURAL DEVELOPMENT FUND SHALL DO ALL OF THE FOLLOWING:

25 (A) WITHIN 60 DAYS AFTER RECEIVING THE APPROVAL ISSUED UNDER  
26 THIS SECTION, COLLECT PRIVATE CONTRIBUTIONS EQUAL TO 50% OF THE  
27 RURAL DEVELOPMENT FUND'S INVESTMENT AUTHORITY.

1 (B) WITHIN 65 DAYS AFTER RECEIVING THE APPROVAL ISSUED UNDER  
2 THIS SECTION, SEND TO THE FUND DOCUMENTATION SUFFICIENT TO PROVE  
3 THAT THE AMOUNTS DESCRIBED IN SUBDIVISION (A) HAVE BEEN COLLECTED.

4 (6) IF THE RURAL DEVELOPMENT FUND FAILS TO FULLY COMPLY WITH  
5 SUBSECTION (5), THE RURAL DEVELOPMENT FUND'S APPROVAL IS FORFEITED,  
6 AND THE FUND SHALL FIRST AWARD THE CORRESPONDING INVESTMENT  
7 AUTHORITY TO EXISTING APPLICANTS WHO RECEIVED INVESTMENT AUTHORITY  
8 LOWER THAN THE AMOUNT REQUESTED UNDER THIS SECTION AND THEN TO NEW  
9 APPLICANTS.

10 (7) THE FUND SHALL TRANSFER THE REPAYABLE GRANT TO THE RURAL  
11 DEVELOPMENT FUND UPON RECEIPT OF THE DOCUMENTATION DESCRIBED IN  
12 SUBSECTION (5) (B) WITHIN 1 BUSINESS DAY.

13 SEC. 90N. (1) THE RURAL DEVELOPMENT JOB CREATION FUND IS  
14 CREATED WITHIN THE STATE TREASURY.

15 (2) THE STATE TREASURER MAY RECEIVE MONEY OR OTHER ASSETS FROM  
16 ANY SOURCE FOR DEPOSIT INTO THE RURAL DEVELOPMENT JOB CREATION  
17 FUND. THE STATE TREASURER SHALL DIRECT THE INVESTMENT OF THE RURAL  
18 DEVELOPMENT JOB CREATION FUND. THE STATE TREASURER SHALL CREDIT TO  
19 THE RURAL DEVELOPMENT JOB CREATION FUND INTEREST AND EARNINGS FROM  
20 RURAL DEVELOPMENT JOB CREATION FUND INVESTMENTS.

21 (3) MONEY IN THE RURAL DEVELOPMENT JOB CREATION FUND AT THE  
22 CLOSE OF THE FISCAL YEAR SHALL REMAIN IN THE RURAL DEVELOPMENT JOB  
23 CREATION FUND AND SHALL NOT LAPSE TO THE GENERAL FUND.

24 (4) THE DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT SHALL BE  
25 THE ADMINISTRATOR OF THE RURAL DEVELOPMENT JOB CREATION FUND FOR  
26 AUDITING PURPOSES.

27 (5) THE FUND SHALL EXPEND MONEY FROM THE RURAL DEVELOPMENT JOB

1 CREATION FUND, UPON APPROPRIATION, ONLY TO MAKE REFUNDABLE GRANTS  
2 TO RURAL DEVELOPMENT FUNDS IN THIS STATE.

3 SEC. 900. (1) THE FUND SHALL DEMAND IMMEDIATE REPAYMENT OF THE  
4 REPAYABLE GRANT ISSUED UNDER THIS CHAPTER IF ANY OF THE FOLLOWING  
5 OCCURS WITH RESPECT TO THE RURAL DEVELOPMENT FUND BEFORE IT IS  
6 CERTIFIED TO EXIT THE PROGRAM AS PROVIDED IN THIS CHAPTER:

7 (A) THE RURAL DEVELOPMENT FUND DOES NOT INVEST ALL ITS  
8 INVESTMENT AUTHORITY IN GROWTH INVESTMENTS IN THIS STATE WITHIN 3  
9 YEARS OF THE CLOSING DATE WITH 100% OF ITS INVESTMENT AUTHORITY  
10 INVESTED IN GROWTH INVESTMENTS IN QUALIFIED BUSINESSES WITH  
11 PRINCIPAL BUSINESS OPERATIONS LOCATED IN QUALIFIED RURAL COUNTIES.

12 (B) THE RURAL DEVELOPMENT FUND, AFTER SATISFYING SUBDIVISION  
13 (A), FAILS TO MAINTAIN GROWTH INVESTMENTS AT THE LEVELS REQUIRED BY  
14 SUBDIVISION (A) UNTIL THE SIXTH ANNIVERSARY OF THE CLOSING DATE.  
15 FOR THE PURPOSES OF THIS SUBDIVISION, AN INVESTMENT IS MAINTAINED  
16 EVEN IF THE INVESTMENT IS SOLD OR REPAYED SO LONG AS THE RURAL  
17 DEVELOPMENT FUND REINVESTS AN AMOUNT EQUAL TO THE CAPITAL RETURNED  
18 OR RECOVERED BY THE RURAL DEVELOPMENT FUND FROM THE ORIGINAL  
19 INVESTMENT, EXCLUSIVE OF ANY PROFITS REALIZED, IN OTHER GROWTH  
20 INVESTMENTS IN THIS STATE WITHIN 12 MONTHS OF THE RECEIPT OF THAT  
21 CAPITAL. AMOUNTS RECEIVED BY A RURAL DEVELOPMENT FUND PURSUANT TO  
22 PERIODIC REPAYMENTS SHALL BE TREATED AS CONTINUALLY INVESTED IN  
23 GROWTH INVESTMENTS IF THE AMOUNTS ARE REINVESTED IN 1 OR MORE  
24 GROWTH INVESTMENTS BY THE END OF THE FOLLOWING CALENDAR YEAR. A  
25 RURAL DEVELOPMENT FUND IS NOT REQUIRED TO REINVEST CAPITAL RETURNED  
26 FROM GROWTH INVESTMENTS AFTER THE FIFTH ANNIVERSARY OF THE CLOSING  
27 DATE, AND THOSE GROWTH INVESTMENTS SHALL BE CONSIDERED HELD



1 CONTINUOUSLY BY THE RURAL DEVELOPMENT FUND THROUGH THE SIXTH  
2 ANNIVERSARY OF THE CLOSING DATE.

3 (C) THE RURAL DEVELOPMENT FUND, BEFORE EXITING THE PROGRAM IN  
4 ACCORDANCE WITH THIS CHAPTER, MAKES A DISTRIBUTION OR PAYMENT THAT  
5 RESULTS IN THE RURAL DEVELOPMENT FUND HAVING LESS THAN 100% OF ITS  
6 INVESTMENT AUTHORITY INVESTED IN GROWTH INVESTMENTS IN THIS STATE  
7 OR AVAILABLE FOR INVESTMENT IN GROWTH INVESTMENTS AND HELD IN CASH  
8 AND OTHER MARKETABLE SECURITIES.

9 (D) THE RURAL DEVELOPMENT FUND MAKES A GROWTH INVESTMENT IN A  
10 QUALIFIED BUSINESS THAT DIRECTLY OR INDIRECTLY THROUGH AN AFFILIATE  
11 OWNS, HAS THE RIGHT TO ACQUIRE AN OWNERSHIP INTEREST, MAKES A LOAN  
12 TO, OR MAKES AN INVESTMENT IN THE RURAL DEVELOPMENT FUND, AN  
13 AFFILIATE OF THE RURAL DEVELOPMENT FUND, OR AN INVESTOR IN THE  
14 RURAL DEVELOPMENT FUND. THIS SECTION DOES NOT APPLY TO INVESTMENTS  
15 IN PUBLIC-TRADED SECURITIES. FOR PURPOSES OF THIS SUBDIVISION, A  
16 RURAL DEVELOPMENT FUND WILL NOT BE CONSIDERED AN AFFILIATE OF A  
17 BUSINESS SOLELY BECAUSE OF ITS GROWTH INVESTMENT.

18 (2) NO MORE THAN \$5,000,000.00 IN GROWTH INVESTMENTS IN A  
19 QUALIFIED BUSINESS, INCLUDING GROWTH INVESTMENTS IN AFFILIATES OF  
20 THE QUALIFIED BUSINESS, SHALL COUNT TOWARD THE REQUIREMENTS OF  
21 SUBSECTION (1) (A) AND (B) .

22 (3) BEFORE DEMANDING REPAYMENT UNDER THIS SECTION, THE FUND  
23 SHALL NOTIFY THE RURAL DEVELOPMENT FUND OF THE REASONS FOR THE  
24 PENDING REPAYMENT. THE RURAL DEVELOPMENT FUND SHALL HAVE 90 DAYS  
25 FROM THE DATE THE NOTICE WAS DISPATCHED TO CORRECT ANY VIOLATION  
26 OUTLINED IN THE NOTICE TO THE SATISFACTION OF THE FUND AND AVOID  
27 REPAYMENT OF THE REFUNDABLE GRANT.

1           (4) A RURAL DEVELOPMENT FUND, BEFORE MAKING A GROWTH  
2 INVESTMENT, MAY REQUEST FROM THE FUND A WRITTEN OPINION AS TO  
3 WHETHER THE BUSINESS IN WHICH IT PROPOSES TO INVEST IS A QUALIFIED  
4 BUSINESS AS DEFINED IN THIS CHAPTER. THE FUND, NOT LATER THAN THE  
5 FIFTEENTH BUSINESS DAY AFTER THE DATE OF RECEIPT OF THE REQUEST,  
6 SHALL NOTIFY THE RURAL DEVELOPMENT FUND OF ITS DETERMINATION. IF  
7 THE FUND FAILS TO NOTIFY THE RURAL DEVELOPMENT FUND BY THE  
8 FIFTEENTH BUSINESS DAY OF ITS DETERMINATION, THE QUALIFIED BUSINESS  
9 IN WHICH THE RURAL DEVELOPMENT FUND PROPOSES TO INVEST IS A  
10 QUALIFIED BUSINESS.

11           SEC. 90P. (1) A RURAL DEVELOPMENT FUND SHALL SUBMIT AN ANNUAL  
12 REPORT TO THE FUND ON OR BEFORE THE LAST DAY OF FEBRUARY OF EACH  
13 YEAR UNTIL THE RURAL DEVELOPMENT FUND HAS EXITED THE PROGRAM IN  
14 ACCORDANCE WITH THIS CHAPTER. THE ANNUAL REPORT SHALL PROVIDE  
15 DOCUMENTATION AS TO THE RURAL DEVELOPMENT FUND'S GROWTH INVESTMENTS  
16 AND INCLUDE ALL OF THE FOLLOWING:

17           (A) A BANK STATEMENT EVIDENCING EACH GROWTH INVESTMENT.

18           (B) THE NAME, LOCATION, AND INDUSTRY OF EACH QUALIFIED  
19 BUSINESS RECEIVING A GROWTH INVESTMENT, INCLUDING EITHER THE  
20 DETERMINATION LETTER SET FORTH IN SECTION 900 OR EVIDENCE THAT THE  
21 BUSINESS WAS A QUALIFIED BUSINESS AT THE TIME THE GROWTH INVESTMENT  
22 WAS MADE.

23           (C) THE NUMBER OF NEW FULL-TIME EQUIVALENT EMPLOYEES AT THE  
24 QUALIFIED BUSINESS IN THIS STATE.

25           (D) THE NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES AT THE  
26 QUALIFIED BUSINESS ON THE DATE OF RECEIPT OF THE INITIAL GROWTH  
27 INVESTMENT IN THIS STATE.

1 (E) ANY OTHER INFORMATION REQUIRED BY THE FUND.

2 (2) WITHIN 60 DAYS OF RECEIPT OF AN ANNUAL REPORT, THE FUND  
3 SHALL PROVIDE WRITTEN CONFIRMATION TO THE RURAL DEVELOPMENT FUND OF  
4 THE NEW FULL-TIME EQUIVALENT EMPLOYEES THE RURAL DEVELOPMENT FUND  
5 HAS BEEN CREDITED FOR THAT YEAR.

6 (3) BY THE FIFTH BUSINESS DAY AFTER THE THIRD ANNIVERSARY OF  
7 THE CLOSING DATE, A RURAL DEVELOPMENT FUND SHALL SUBMIT A REPORT TO  
8 THE FUND EVIDENCING ITS COMPLIANCE WITH THE INVESTMENT REQUIREMENTS  
9 OF THIS CHAPTER.

10 (4) THE FUND MAY ADOPT RULES NECESSARY TO IMPLEMENT THIS  
11 CHAPTER.

12 (5) THE FUND SHALL SUBMIT AN ANNUAL REPORT TO EACH HOUSE OF  
13 THE LEGISLATURE ON OR BEFORE APRIL 1, 2020. THE ANNUAL REPORT SHALL  
14 INCLUDE ALL OF THE FOLLOWING:

15 (A) THE NAME AND NUMBER OF ALL THE RURAL DEVELOPMENT FUNDS  
16 APPROVED TO PARTICIPATE IN THE PROGRAM.

17 (B) THE AMOUNT OF INVESTMENT AUTHORITY AWARDED TO EACH RURAL  
18 DEVELOPMENT FUND.

19 (C) ANY INVESTMENTS MADE BY THE RURAL DEVELOPMENT FUNDS,  
20 INCLUDING THE LOCATION OF THE INVESTMENTS.

21 (D) WHETHER THE RURAL DEVELOPMENT FUNDS ARE IN COMPLIANCE WITH  
22 THIS CHAPTER.

23 (E) ANY OTHER INFORMATION REQUIRED BY THE FUND.

24 SEC. 90Q. (1) THE FUND SHALL CALCULATE AN ANNUAL FEE TO BE  
25 PAID BY EACH RURAL DEVELOPMENT FUND APPROVED PURSUANT TO THIS  
26 CHAPTER BY DIVIDING \$25,000.00 BY THE NUMBER OF APPLICATIONS  
27 APPROVED UNDER THIS CHAPTER AND NOTIFY EACH RURAL DEVELOPMENT FUND

1 OF THE AMOUNT OF THE ANNUAL FEE.

2 (2) THE INITIAL ANNUAL FEE IS DUE AND PAYABLE TO THE FUND  
3 WITHIN 1 BUSINESS DAY OF RECEIPT OF A REPAYABLE GRANT. AFTER THE  
4 INITIAL ANNUAL FEE, AN ANNUAL FEE IS DUE AND PAYABLE TO THE FUND ON  
5 OR BEFORE THAT LAST DAY OF FEBRUARY OF EACH YEAR.

6 (3) AN ANNUAL FEE IS NOT REQUIRED ONCE A RURAL DEVELOPMENT  
7 FUND HAS EXITED THE PROGRAM IN ACCORDANCE WITH THIS CHAPTER.

8 (4) TO MAINTAIN AN AGGREGATE ANNUAL FEE OF \$25,000.00 FOR ALL  
9 RURAL DEVELOPMENT FUNDS, THE FUND SHALL RECALCULATE THE ANNUAL FEE  
10 AS NEEDED UPON THE LAPSE OF ANY CERTIFICATION UNDER THIS CHAPTER,  
11 THE DEMAND OF REPAYMENT UNDER THIS CHAPTER, OR A RURAL DEVELOPMENT  
12 FUND'S EXIT FROM THE PROGRAM.

13 SEC. 90R. (1) ON OR AFTER THE SIXTH ANNIVERSARY OF THE CLOSING  
14 DATE, A RURAL DEVELOPMENT FUND MAY EXIT THE PROGRAM AND NO LONGER  
15 BE SUBJECT TO THE PROVISIONS OF THIS CHAPTER. THE FUND SHALL  
16 RESPOND TO THE APPLICATION WITHIN 30 DAYS OF RECEIPT AND INCLUDE A  
17 CALCULATION OF ANY REPAYMENT AMOUNT DUE.

18 (2) NO DISTRIBUTIONS OTHER THAN THOSE PERMITTED BY SECTION  
19 900(1)(B) MAY BE MADE WITH RESPECT TO THE EQUITY INTERESTS OF THE  
20 RURAL DEVELOPMENT FUND MORE THAN THE SUM OF THE AMOUNT OF EQUITY  
21 CAPITAL INVESTED INTO THE RURAL DEVELOPMENT FUND WITH RESPECT TO  
22 THE EQUITY INTERESTS AND AN AMOUNT EQUAL TO ANY PROJECTED INCREASE  
23 IN THE FEDERAL OR STATE TAX LIABILITY OF HOLDERS OF THOSE INTERESTS  
24 RELATED TO THE OWNERSHIP OF THE RURAL DEVELOPMENT FUND UNTIL THE  
25 RURAL DEVELOPMENT FUND HAS MADE PAYMENTS TO THE FUND EQUAL TO THE  
26 REPAYMENT AMOUNT.