

ALLOW LEGISLATIVE MINORITY LEADERS TO APPOINT MEMBERS TO MICHIGAN STRATEGIC FUND BOARD

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<http://www.house.mi.gov/hfa>

House Bill 4219 as introduced

Sponsor: Rep. Matt Hall

Committee: Economic Development and Small Business

Revised 3-16-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4219 would amend the Michigan Strategic Fund Act to allow the minority leaders from both chambers of the state legislature to each appoint one member to the Michigan Strategic Fund (MSF) Board of Directors.¹

Executive Reorganization Order No. 2019-3 transferred the MSF to the Department of Labor and Economic Opportunity (LEO) and created a new MSF Board of Directors, which currently consists of the following eleven members:²

- The director of LEO, or a designee from within LEO.
- The state treasurer, or a designee from within the Department of Treasury.
- The director of the Michigan Department of Transportation (MDOT), or a designee from within MDOT.
- The CEO of the Michigan Economic Development Corporation (MEDC), or a designee of the CEO.
- Seven Michigan residents appointed by the governor with advice and consent of the Senate.

The following apply to the seven appointees, who are appointed to serve four-year terms:

- At least six must be from the private sector.
- One must be appointed from a list of at least three nominees submitted by the Senate Majority Leader to represent individuals in the private sector.
- One must be appointed from a list of at least three nominees submitted by the Speaker of the House to represent individuals in the private sector.
- At least two must have experience in private equity or venture capital investments.
- At least one must have experience in commercial lending.
- At least one must have experience in commercialization of technology.

The governor must designate a board member other than the director of LEO as the president of the MSF, who serves as the chairperson of the MSF Board of Directors.

¹ More information on the MSF and a list of current board members can be found here:

<https://www.michigan.gov/whitmer/appointments/oma/all/3/michigan-strategic-fund-board-of-directors>.

² The full order can be found here: <https://www.legislature.mi.gov/documents/mcl/pdf/mcl-125-1998.pdf>.

House Bill 4219 would amend section 5 of the Michigan Strategic Fund Act to reflect in statute the changes made by Executive Reorganization Order No. 2019-3 and to expand the MSF Board of Directors to include the following two members:

- One appointed from a list of at least three nominees submitted by the Senate Minority Leader to represent individuals in the private sector.
- One appointed from a list of at least three nominees submitted by the House Minority Leader to represent individuals in the private sector.

The governor would have to appoint the new members by December 31, 2023, and their terms would expire on December 31, 2027.

MCL 125.2005

FISCAL IMPACT:

The bill would have no significant fiscal impact on the Department of Labor and Economic Opportunity and no impact on local governments. Because the Michigan Strategic Fund Act requires that members of the Michigan Strategic Fund Board of Directors serve without compensation, but allows reimbursement for members' travel and expenses, the amount of any increased costs to the department would be limited to the amount of any reimbursement for travel and expenses for the two new board members.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.