



HOUSE BILL No. 4841

May 16, 1995, Introduced by Rep. Llewellyn and referred to the Committee on Tax Policy.

A bill to amend section 8 of Act No. 24 of the Public Acts of 1995, entitled "Michigan economic growth authority act," being section 207.808 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 8 of Act No. 24 of the Public Acts of
2 1995, being section 207.808 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 8. (1) After receipt of an application, the authority
5 may enter into an agreement with an eligible business for a tax
6 credit under section 9 if the authority determines that all of
7 the following are met:

8 (a) The eligible business creates a minimum of 75 qualified
9 new jobs at the facility if expanding in this state, 150
10 qualified new jobs at the facility if locating in this state, or

1 25 qualified new jobs at the facility if the facility is located
2 in a neighborhood enterprise zone as determined under the neigh-
3 borhood enterprise zone act, Act No. 147 of the Public Acts of
4 1992, being sections 207.771 to 207.787 of the Michigan Compiled
5 Laws, or is located in a federally designated empowerment zone,
6 rural enterprise community, or enterprise community, within 12
7 months of the expansion or location as determined by the
8 authority.

9 (b) The eligible business agrees to maintain a minimum of 75
10 qualified new jobs at the facility if expanding in this state, a
11 minimum of 150 qualified new jobs at the facility if locating in
12 this state, or 25 qualified new jobs at the facility if the
13 facility is located in a neighborhood enterprise zone as deter-
14 mined under ~~the neighborhood enterprise zone act,~~ Act No. 147
15 of the Public Acts of 1992 ~~, being sections 207.771 to 207.787~~
16 ~~of the Michigan Compiled Laws,~~ or is located in a federally des-
17 igned empowerment zone, rural enterprise community, or enter-
18 prise community, for each year that a credit is authorized under
19 this act.

20 (c) In addition to the jobs specified in subdivision (b),
21 the eligible business, if already located within this state,
22 agrees to maintain a number of full-time jobs equal to or greater
23 than the number of full-time jobs it maintained in this state
24 prior to the expansion, as determined by the authority.

25 (d) The average wage paid for all qualified new jobs is
26 equal to or greater than 150% of the federal minimum wage.

1 (e) The expansion or location of the eligible business will
2 not occur in this state without the tax credits offered under
3 this act.

4 (f) The local governmental unit in which the eligible busi-
5 ness will expand or be located, or a local economic development
6 corporation or similar entity, will make a staff, financial, or
7 economic commitment to the eligible business for the expansion or
8 location.

9 (g) The financial statements of the eligible business indi-
10 cated that it is financially sound and that its plans for the
11 expansion or location are economically sound.

12 (h) The eligible business has not begun construction of the
13 facility.

14 (i) The expansion or location of the eligible business will
15 benefit the people of this state by increasing opportunities for
16 employment and by strengthening the economy of this state.

17 (j) The tax credits offered under this act are an incentive
18 to expand or locate the eligible business in Michigan and address
19 the competitive disadvantages with sites outside this state.

20 (k) A cost/benefit analysis reveals that authorizing the
21 eligible company to receive tax credits under this act will
22 result in an overall positive fiscal impact to the state.

23 (l) If feasible, as determined by the authority, in locating
24 the facility, the authorized business reuses or redevelops prop-
25 erty that was previously used for an industrial or commercial
26 purpose.

1 (m) That the expansion or location of the qualified business
2 will not have the effect of transferring employment from 1 or
3 more local governmental units to the local governmental unit in
4 which the facility is to be located unless the legislative body
5 of each local governmental unit from which employment is to be
6 transferred consents by resolution to the transfer.

7 (2) If the authority determines that the requirements of
8 subsection (1) have been met, the authority shall determine the
9 amount and duration of tax credits to be authorized under section
10 9, and shall enter into a written agreement as provided in this
11 section. The duration of the tax credits shall not exceed 20
12 years. In determining the amount and duration of tax credits
13 authorized, the authority shall consider the following factors:

14 (a) The number of qualified new jobs to be created.

15 (b) The average wage level of the qualified new jobs rela-
16 tive to the average wage paid by private entities in the county
17 in which the facility is located.

18 (c) The total capital investment the eligible business will
19 make.

20 (d) The cost differential to the business between expanding
21 or locating in Michigan and a site outside of Michigan.

22 (e) The potential impact of the expansion or location on the
23 economy of Michigan.

24 (f) The cost of the credit under section 9, the staff,
25 financial, or economic assistance provided by the local govern-
26 ment unit, or local economic development corporation or similar

1 entity, and the value of assistance otherwise provided by the
2 state.

3 (3) A written agreement between an eligible business and the
4 authority shall include, but need not be limited to, all of the
5 following:

6 (a) A description of the business expansion or location that
7 is the subject of the agreement.

8 (b) Conditions upon which the authorized business designa-
9 tion is made.

10 (c) A statement by the eligible business that a violation of
11 the written agreement may result in the revocation of the designa-
12 tion as an authorized business and the loss or reduction of
13 future credits under section 9.

14 (d) A statement by the eligible business that a misrepresen-
15 tation in the application may result in the revocation of the
16 designation as an authorized business and the refund of credits
17 received under section 9.

18 (e) A method for measuring full-time jobs prior to and after
19 an expansion or location of an authorized business in this
20 state.

21 (f) A written certification from the eligible business
22 regarding all of the following:

23 (i) The eligible business will follow a competitive bid pro-
24 cess for the construction, rehabilitation, development, or reno-
25 vation of the facility, and that this process will be open to all
26 Michigan residents and firms. The eligible business may not
27 discriminate against any contractor on the basis of its

1 affiliation or nonaffiliation with any collective bargaining
2 organization.

3 (ii) The eligible business will make a good faith effort to
4 employ, if qualified, Michigan residents at the facility.

5 (iii) The eligible business will make a good faith effort to
6 employ or contract with Michigan residents and firms to con-
7 struct, rehabilitate, develop, or renovate the facility.

8 (g) If the authority determines that it is necessary to pro-
9 vide infrastructure assistance for the location or expansion of
10 an eligible business within an international tradeport develop-
11 ment zone under the international tradeport development authority
12 act, Act No. 325 of the Public Acts of 1994, being
13 sections 125.2521 to 125.2546 of the Michigan Compiled Laws, a
14 statement that if the authorized business locates or expands
15 within that international tradeport development zone, that all or
16 a portion of the tax credit received each year by the authorized
17 business, as determined by the authority, shall be assigned by
18 the authorized business to the international tradeport develop-
19 ment authority for infrastructure improvements within the inter-
20 national tradeport development zone under Act No. 325 of the
21 Public Acts of 1994.

22 (4) Upon execution of a written agreement as provided in
23 this section, an eligible business is an authorized business.

24 (5) The authority shall not execute more than ~~25~~ 30 new
25 written agreements each year.