SUBSTITUTE FOR

SENATE BILL NO. 1483

A bill to amend 1996 PA 376, entitled

"Michigan renaissance zone act,"

by amending sections 8d and 9 (MCL 125.2688d and 125.2689), section 8d as amended by 2008 PA 117 and section 9 as amended by 2007 PA 186.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 8d. (1) The board of the Michigan strategic fund described in section 4 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2004, may designate not more than ~~25~~ **35** tool and die renaissance recovery zones within this state in 1 or more cities, villages, or townships if that city, village, or township or combination of cities, villages, or townships consents to the creation of a recovery zone within their boundaries. A recovery zone shall have a duration of renaissance zone status for a period of not less than 5 years and not more than 15 years as determined by the board of the Michigan strategic fund. If the Michigan strategic fund determines that the duration of renaissance zone status for a recovery zone is less than 15 years, then the Michigan strategic fund, with the consent of the city, village, or township or combination of cities, villages, or townships in which the qualified tool and die business is located, may extend the duration of renaissance zone status for the recovery zone for 1 or more periods that when combined do not exceed 15 years. Not less than 1 of the recovery zones shall consist of 1 or more qualified tool and die businesses that have a North American industrial classification system (NAICS) of 332997.

(2) The board of the Michigan strategic fund may designate a recovery zone within this state if the recovery zone consists of not less than 4 and not more than 20 qualified tool and die businesses at the time of designation. If the board of the Michigan strategic fund designated 1 or more recovery zones that contain less than 20 qualified tool and die businesses before December 19, 2005, the board of the Michigan strategic fund may add additional qualified tool and die businesses to that recovery zone subject to the limitations contained in this subsection. A recovery zone shall consist of only qualified tool and die business property. The board of the Michigan strategic fund may combine existing recovery zones that are comprised solely of tool and die businesses that are parties to the same qualified collaborative agreement. Where 2 or more recovery zones have been combined, the board of the Michigan

strategic fund may continue to designate additional recovery zones, provided that no more than 25 tool and die recovery zones exist at 1 time.

(3) The board of the Michigan strategic fund may revoke the designation of all or a portion of a recovery zone with respect to 1 or more qualified tool and die businesses if those qualified tool and die businesses fail or cease to participate in or comply with a qualified collaborative agreement. A qualified tool and die business may enter into another qualified collaborative agreement once it is designated part of a recovery zone.

(4) One or more qualified tool and die businesses subject to a qualified collaborative agreement may merge into another group of qualified tool and die businesses subject to a different qualified collaborative agreement upon application to and approval by the Michigan strategic fund.

(5) A qualified tool and die business in a recovery zone may have a different period of renaissance zone status than other qualified tool and die businesses in the same recovery zone.

(6) The board of the Michigan strategic fund may modify an existing recovery zone to add 1 or more qualified tool and die businesses with the consent of all other qualified tool and die businesses that are participating in the recovery zone.

(7) The board of the Michigan strategic fund may modify an existing recovery zone to add additional property under the same terms and conditions as the existing recovery zone if all of the following are met:

(a) The additional real property is contiguous to existing qualified tool and die business property and will become qualified tool and die business property once it is brought into operation as determined by the board of the Michigan strategic fund.

(b) The city, village, or township in which the qualified tool and die business is located consents to the modification.

(8) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SUBSECTION, A RECOVERY ZONE MAY INCLUDE A QUALIFIED TOOL AND DIE BUSINESS THAT HAS 75 OR MORE FULL-TIME EMPLOYEES IF THAT QUALIFIED TOOL AND DIE BUSINESS HAS ENTERED INTO A WRITTEN AGREEMENT WITH THE BOARD OF THE MICHIGAN STRATEGIC FUND AND THE CITY, VILLAGE, OR TOWNSHIP, OR A COMBINATION OF CITIES, VILLAGES, OR TOWNSHIPS, IN WHICH THE QUALIFIED TOOL AND DIE BUSINESS IS LOCATED.

(9) ~~(8)~~ As used in this section:

(a) "Qualified collaborative agreement" means an agreement that demonstrates synergistic opportunities, including, but not limited to, all of the following:

(*i*) Sales and marketing efforts.

(*ii*) Development of standardized processes.

(*iii*) Development of tooling standards.

(*iv*) Standardized project management methods.

(*v*) Improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.

(b) "Qualified tool and die business" means a business entity that meets all of the following:

(*i*) Has a North American industrial classification system (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515; or has a North American industrial classification system (NAICS) of 337215 and operates a facility within an existing renaissance zone, which facility is adjacent to real property not located in a renaissance zone and is located within 1/4 mile of a Michigan technical education center.

(*ii*) Has entered into a qualified collaboration agreement as approved by the Michigan strategic fund consisting of not fewer than 4 or more than 20 other business entities at the time of designation that have a North American industrial classification system (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515.

(*iii*) ~~Has~~ **EXCEPT AS OTHERWISE PROVIDED BY THE BOARD OF THE MICHIGAN STRATEGIC FUND, HAS** fewer than 75 full-time employees.

(c) "Qualified tool and die business property" means 1 or more of the following:

(*i*) Property owned by 1 or more qualified tool and die businesses and used by those qualified tool and die businesses primarily for tool and die business operations. Qualified tool and die business property is used primarily for tool and die business operations if the qualified tool and die businesses that own the qualified tool and die business property generate 75% or more of the qualified tool and die businesses' gross revenue from tool and die operations that take place on the qualified tool and die business property at the time of designation.

(*ii*) Property leased by 1 or more qualified tool and die businesses for which the qualified tool and die business is liable for ad valorem property taxes and which is used by those qualified tool and die businesses primarily for tool and die business operations. Qualified tool and die business property is used primarily for tool and die business operations if the qualified tool and die businesses that lease the qualified tool and die business property generate 75% or more of the qualified tool and die businesses' gross revenue from tool and die operations that take place on the qualified tool and die business property at the time of designation. The qualified tool and die business shall furnish proof of its ad valorem property tax liability to the department of treasury.

Sec. 9. (1) Except as otherwise provided in section 10, an individual who is a resident of a renaissance zone or a business that is located and conducts business activity within a renaissance zone shall receive the exemption, deduction, or credit as provided in the following for the period provided under section 6(2)(b):

(a) Section 39b of ~~the single business tax act,~~ **FORMER** 1975 PA 228 ~~, MCL 208.39b,~~ or section 433 of the Michigan business tax act, 2007 PA 36, MCL 208.1433.

(b) Section 31 of the income tax act of 1967, 1967 PA 281, MCL 206.31.

(c) Section 35 of chapter 2 of the city income tax act, 1964 PA 284, MCL 141.635.

(d) Section 5 of the city utility users tax act, 1990 PA 100, MCL 141.1155.

(2) Except as otherwise provided in section 10, property located in a renaissance zone is exempt from the collection of taxes under all of the following:

(a) Section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff.

(b) Section 11 of 1974 PA 198, MCL 207.561.

(c) Section 12 of the commercial redevelopment act, 1978 PA 255, MCL 207.662.

(d) Section 21c of the enterprise zone act, 1985 PA 224, MCL 125.2121c.

(e) Section 1 of 1953 PA 189, MCL 211.181.

(f) Section 12 of the technology park development act, 1984 PA 385, MCL 207.712.

(g) Section 51105 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.51105.

(h) Section 9 of the neighborhood enterprise zone act, 1992 PA 147, MCL 207.779.

(3) [During] the last 3 years that the taxpayer is eligible for an exemption, deduction, or credit described in subsections (1) and (2), the exemption, deduction, or credit shall be reduced by the following percentages:

(a) For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.

(b) For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.

(c) For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.