

**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:

1 Sec. 8d. (1) The board of the Michigan strategic fund
2 described in section 4 of the Michigan strategic fund act, 1984 PA
3 270, MCL 125.2004, may designate not more than ~~25~~35 tool and die
4 renaissance recovery zones within this state in 1 or more cities,
5 villages, or townships if that city, village, or township or
6 combination of cities, villages, or townships consents to the
7 creation of a recovery zone within their boundaries. A recovery

1 zone shall have a duration of renaissance zone status for a period
2 of not less than 5 years and not more than 15 years as determined
3 by the board of the Michigan strategic fund. If the Michigan
4 strategic fund determines that the duration of renaissance zone
5 status for a recovery zone is less than 15 years, then the Michigan
6 strategic fund, with the consent of the city, village, or township
7 or combination of cities, villages, or townships in which the
8 qualified tool and die business is located, may extend the duration
9 of renaissance zone status for the recovery zone for 1 or more
10 periods that when combined do not exceed 15 years. Not less than 1
11 of the recovery zones shall consist of 1 or more qualified tool and
12 die businesses that have a North American industrial classification
13 system (NAICS) of 332997.

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

1 strategic fund may continue to designate additional recovery zones,
2 provided that no more than 25 tool and die recovery zones exist at
3 1 time.

4 (3) The board of the Michigan strategic fund may revoke the
5 designation of all or a portion of a recovery zone with respect to
6 1 or more qualified tool and die businesses if those qualified tool
7 and die businesses fail or cease to participate in or comply with a
8 qualified collaborative agreement. A qualified tool and die
9 business may enter into another qualified collaborative agreement
10 once it is designated part of a recovery zone.

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

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

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

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

27 (a) The additional real property is contiguous to existing

1 qualified tool and die business property and will become qualified
2 tool and die business property once it is brought into operation as
3 determined by the board of the Michigan strategic fund.

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

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

14 (9) ~~(8)~~—As used in this section:

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

18 (i) Sales and marketing efforts.

19 (ii) Development of standardized processes.

20 (iii) Development of tooling standards.

21 (iv) Standardized project management methods.

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

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

26 (i) Has a North American industrial classification system
27 (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515; or

1 has a North American industrial classification system (NAICS) of
2 337215 and operates a facility within an existing renaissance zone,
3 which facility is adjacent to real property not located in a
4 renaissance zone and is located within 1/4 mile of a Michigan
5 technical education center.

6 (ii) Has entered into a qualified collaboration agreement as
7 approved by the Michigan strategic fund consisting of not fewer
8 than 4 or more than 20 other business entities at the time of
9 designation that have a North American industrial classification
10 system (NAICS) of 332997, 333511, 333512, 333513, 333514, or
11 333515.

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

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

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

25 (ii) Property leased by 1 or more qualified tool and die
26 businesses for which the qualified tool and die business is liable
27 for ad valorem property taxes and which is used by those qualified

1 tool and die businesses primarily for tool and die business
2 operations. Qualified tool and die business property is used
3 primarily for tool and die business operations if the qualified
4 tool and die businesses that lease the qualified tool and die
5 business property generate 75% or more of the qualified tool and
6 die businesses' gross revenue from tool and die operations that
7 take place on the qualified tool and die business property at the
8 time of designation. The qualified tool and die business shall
9 furnish proof of its ad valorem property tax liability to the
10 department of treasury.

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

16 (a) Section 39b of ~~the single business tax act, FORMER~~ 1975 PA
17 228, ~~MCL 208.39b~~, or section 433 of the Michigan business tax act,
18 2007 PA 36, MCL 208.1433.

19 (b) Section 31 of the income tax act of 1967, 1967 PA 281, MCL
20 206.31.

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

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

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

House Bill No. 1483 (S-2) as amended December 11, 2008

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

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

4 (c) Section 12 of the commercial redevelopment act, 1978 PA
5 255, MCL 207.662.

6 (d) Section 21c of the enterprise zone act, 1985 PA 224, MCL
7 125.2121c.

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

9 (f) Section 12 of the technology park development act, 1984 PA
10 385, MCL 207.712.

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

13 (h) Section 9 of the neighborhood enterprise zone act, 1992 PA
14 147, MCL 207.779.

15 (3) [During

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

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

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

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