



**Senate Fiscal Agency**  
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BILL



ANALYSIS

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House Bill 5926 (Substitute H-2 as passed by the House)  
Sponsor: Representative Bradford C. Jacobsen  
House Committee: Commerce  
Senate Committee: Economic Development

Date Completed: 12-5-12

### **CONTENT**

**The bill would amend Chapter 8C (Community Revitalization Program) of the Michigan Strategic Fund Act to do the following:**

- **Allow two or more people, rather than just one person, to apply to the Michigan Strategic Fund (MSF) for approval of community revitalization incentives.**
- **Require a written agreement between the MSF board and an applicant for community revitalization incentives to provide for the secured status of any loan, repayment, and penalties if the applicant failed to comply with the agreement.**
- **Allow grant or loan disbursements when an applicant met a milestone established in a written agreement, rather than upon completion of a project.**

Chapter 8C requires the MSF to create and operate the Michigan Community Revitalization Program to provide community revitalization incentives for eligible investments on eligible property in Michigan. The MSF must develop and use a detailed application, approval, and compliance process adopted by resolution of the MSF board and published and available on the MSF website. Program standards, guidelines, templates, or any other forms used by the MSF to implement the Program must be approved by the board. Funds appropriated for the Michigan Community Revitalization Program must be placed in the 21st Century Jobs Trust Fund.

#### **Application for Incentives**

Chapter 8C allows a person to apply to the MSF for approval of community revitalization incentives associated with a project on eligible property. Under the bill, a person or two or more people could apply. ("Community revitalization incentive" means a community revitalization grant, a community revitalization loan, or other economic assistance.)

#### **Written Agreement**

When the MSF board approves an application and determines the amount of community revitalization incentives, the board must enter into a written agreement with the applicant. Among other things, the written agreement must provide for repayment and penalties if the applicant fails to comply with the provisions of the agreement. Under the bill, the written agreement would have to provide for the secured status of any loan, repayment, and penalties if the applicant failed to comply with the agreement.

### Grant Disbursement

Upon completion of a project for which the MSF board has approved a community revitalization grant, the applicant may apply to the MSF for the grant and may assign a grant by submitting a written request for the assignment to the MSF. Under the bill, instead, upon satisfying a milestone established in a written agreement for which the board had approved a community revitalization grant, the applicant could apply to the MSF for a grant disbursement as specified in the agreement. The applicant could assign all or part of its rights or obligations under the written grant agreement to one or more assignees, with the MSF's prior written approval on terms and conditions acceptable to the MSF.

### Loan Disbursement

Upon completion of a project for which the MSF board has approved a community revitalization loan, the applicant may apply to the MSF for the loan proceeds and may assign some or all of the loan proceeds by submitting written notice of the assignment to the MSF. Under bill, instead, upon satisfying a milestone established in a written agreement for which the board had approved a community revitalization loan, the applicant could apply to the MSF for a loan disbursement as specified in the agreement. The applicant could assign all or part of its rights or obligations under the written loan agreement to one or more assignees, with the prior written approval of the MSF on terms and conditions acceptable to the MSF.

MCL 125.2090a-125.2090d

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.