

SENATE BILL No. 2

January 18, 2017, Introduced by Senators MACGREGOR, ROBERTSON, HILDENBRAND and MEEKHOF and referred to the Committee on Michigan Competitiveness.

A bill to amend 1974 PA 338, entitled "Economic development corporations act," by amending sections 6a and 8 (MCL 125.1606a and 125.1608), as amended by 2002 PA 357.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6a. (1) In order to implement **A PROJECT DESCRIBED IN**
 2 section 3(f)(ii), a corporation incorporated by a city with a
 3 population of greater than 750,000 persons may create subsidiary
 4 neighborhood development corporations within the city in which the
 5 parent corporation may operate. A subsidiary neighborhood
 6 development corporation created ~~pursuant to~~ **UNDER** this subsection
 7 ~~shall have power to~~ **MAY** conduct business solely for the purpose of
 8 a project under section 3(f)(ii), but ~~in~~ **WITH** respect to those
 9 projects the subsidiary ~~shall have~~ **HAS** the same powers of a

1 corporation formed under this act, except as may be limited by the
2 parent corporation in the articles of incorporation or bylaws of
3 the subsidiary.

4 ~~—— (2) To the extent the project involves training for~~
5 ~~disadvantaged youths, a subsidiary created pursuant to this section~~
6 ~~shall be exempt from the requirement of the payment of prevailing~~
7 ~~wage and fringe benefit rates described in section 8(4)(h).~~

8 (2) ~~(3)~~ Any surplus from the sale of property in the involved
9 project area under section 3(f)(ii), after payment of principal and
10 interest or other evidences of indebtedness, ~~shall~~ **MUST** be
11 deposited in a revolving fund of the corporation creating the
12 subsidiary corporation. ~~, which~~ **THE** fund ~~shall be~~ **IS** restricted to
13 provide revenue for other projects authorized by section 3(f)(ii),
14 within the city.

15 (3) ~~(4)~~ When bonds or notes are sold to implement projects
16 under section 3(f)(ii), provision ~~shall~~ **MUST** be made for the
17 immediate repayment of the bonds or notes at the time all property
18 in the involved project area is sold.

19 Sec. 8. (1) The corporation shall designate the project area
20 to the governing body of the municipality for which the corporation
21 is incorporated. The governing body of the municipality for which
22 the corporation is incorporated shall certify its approval of the
23 designation of a project area by resolution.

24 (2) Before acquiring property, or an interest in land, or
25 incurring obligations for a specific project, other than the
26 acquisition of an option **OR AS PROVIDED IN SUBSECTION (9)**, the
27 corporation shall prepare a project plan and, **EXCEPT AS PROVIDED IN**

1 **SECTION 9(3)**, secure the recommendation of the local public agency
2 of the municipality for which the corporation is incorporated; ~~7~~
3 ~~except as provided in section 9(3),~~ the approval of the governing
4 body of each city, village, or township in which all or a part of
5 the project is located; ~~7~~—and the approval of the county, if the
6 corporation is an economic development corporation for the county.

7 (3) The corporation shall certify to the governing body of the
8 municipality for which the corporation is incorporated that at the
9 time the project plan is approved by the corporation, the project
10 ~~shall~~**WOULD** not have the effect of transferring employment of more
11 than 20 full-time persons from a municipality of this state to the
12 municipality in which the project is to be located. This
13 restriction ~~shall~~**DOES** not prevent the approval of a project if the
14 governing body of each municipality from which employment is to be
15 transferred consents by resolution to the transfer.

16 (4) The project plan ~~shall~~**MUST** contain the following, except
17 that agricultural and forestry enterprise projects need only comply
18 with subsection (9) with respect to project plans:

19 (a) The location and extent of existing streets and other
20 public facilities within the project district area; ~~7~~—~~and shall~~
21 ~~designate~~ the location, character, and extent of the categories of
22 public and private land uses then existing and proposed for the
23 project area, including residential, recreational, commercial,
24 industrial, educational, and other uses; and ~~shall include~~ a legal
25 description of the project area.

26 (b) A description of existing improvements in the project area
27 to be demolished, repaired, or altered; ~~7~~—a description of repairs

1 and alterations; ~~and~~ and an estimate of the time required for
2 completion.

3 (c) The location, extent, character, and estimated cost of the
4 improvements, including rehabilitation contemplated for the project
5 area, and an estimate of the time required for completion.

6 (d) A statement of the construction or stages of construction
7 planned, and the estimated time of completion of each stage.

8 (e) A description of the parts of the project area to be left
9 as open space and the use contemplated for the space.

10 (f) A description of portions of the project area that the
11 corporation desires to sell, donate, exchange, or lease to or from
12 the municipality, and the proposed terms.

13 (g) A description of desired zoning changes and changes in
14 streets, street levels, intersections, and utilities.

15 (h) A statement of the proposed method of financing the
16 project, including ~~except as provided in section 6a, a statement~~
17 ~~by a person described in subparagraph (j) indicating the payment to~~
18 ~~all persons performing work on the construction project of the~~
19 ~~prevailing wage and fringe benefit rates for the same or similar~~
20 ~~work in the locality in which the work is to be performed, and a~~
21 statement of the ability of the corporation to arrange the
22 financing. ~~The prevailing wage and fringe benefit rates shall be~~
23 ~~determined under 1965 PA 166, MCL 408.551 to 408.558. A corporation~~
24 ~~may conclusively rely upon the statement required under this~~
25 ~~subsection as to compliance with the payment of prevailing wage and~~
26 ~~fringe benefit rates and any contracts, bonds or notes of any~~
27 ~~corporation entered into or issued upon reliance on any statement~~

1 ~~shall not be subsequently voided by reason of the failure to comply~~
2 ~~with the requirements of this subsection.~~

3 (i) A list of persons who will manage or be associated with
4 the management of the project for a period of not less than 1 year
5 from the date of approval of the project plan.

6 (j) Designation of the person or persons, natural or
7 corporate, to whom the project is to be leased, sold, or conveyed
8 and for whose benefit the project is being undertaken if that
9 information is available to the corporation.

10 (k) If there is not an express or implied agreement between
11 the corporation and persons, natural or corporate, that the project
12 will be leased, sold, or conveyed to those persons, the procedures
13 for bidding for ~~the~~ leasing, purchasing, or conveying ~~of~~ the
14 project upon its completion.

15 (l) Estimates of the number of persons residing in the project
16 area, and the number of families and individuals to be displaced.
17 If occupied residences are designated for acquisition and clearance
18 by the corporation, a project plan ~~shall~~**MUST** include a survey of
19 the families and individuals to be displaced, including their
20 income and racial composition; ~~—~~a statistical description of the
21 housing supply in the community, including the number of private
22 and public units in existence or under construction, the condition
23 of those in existence, the number of owner-occupied and renter-
24 occupied units, the annual rate of turnover of the various types of
25 housing and the range of rents and sale prices; ~~—~~an estimate of
26 the total demand for housing in the community; ~~—~~and the estimated
27 capacity of private and public housing available to displaced

1 families and individuals.

2 (m) A plan for establishing priority for the relocation of
3 persons displaced by the project in new housing in the project
4 area.

5 (n) Provision for the costs of relocating persons displaced by
6 the project and financial assistance and reimbursement of expenses,
7 including litigation expenses and expenses incident to the transfer
8 of title, in accordance with the standards and provisions of the
9 uniform relocation assistance and real property acquisition
10 policies act of 1970, ~~Public Law 91-646, 84 Stat. 1894~~ **42 USC 4601**
11 **TO 4655.**

12 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
13 213.332.

14 (p) Other material as the corporation, local public agency, or
15 governing body considers pertinent.

16 (5) The corporation ~~shall be~~ **IS** considered an instrumentality
17 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
18 to 213.332.

19 (6) A person ~~shall~~ **MUST** be given not less than 90 days'
20 written notice to vacate unless modified by court order for good
21 cause.

22 (7) The corporation shall not operate a project or an
23 enterprise in a project, other than as lessor.

24 (8) The governing body may utilize the corporation to issue
25 obligations ~~pursuant to~~ **UNDER** section 7 to accomplish the public
26 purposes of the municipality set forth in section 2, and for that
27 purpose may by resolution direct the corporation to take

1 appropriate action as set forth in subsections (1) and (2) with
2 respect to a proposed project.

3 (9) In the case of project plans for agricultural and forestry
4 enterprises, the following information ~~shall~~**MUST** be provided in
5 lieu of the requirements of subsections (2) and (4):

6 (a) A statement of intention regarding the objectives of the
7 project.

8 (b) A general description of the kinds of buildings,
9 improvements, storage facilities, restorations, acquisition of
10 machinery, equipment furnishings, leasehold improvements and
11 incidental related costs to be financed.

12 (c) A statement regarding the length of the project and the
13 maximum amount to be financed over the life of the project.

14 (d) A statement by the corporation that no zoning change or
15 eminent domain proceedings will be necessary to implement the
16 project.

17 (e) A description of the process to be followed in
18 implementing the individual transactions that may comprise the
19 project.

20 Enacting section 1. This amendatory act does not take effect
21 unless Senate Bill No. 3.

22 of the 99th Legislature is enacted into law.