

# HOUSE BILL No. 6671

November 29, 2006, Introduced by Rep. Kolb and referred to the Committee on Commerce.

A bill to create the banking development authority; to create and operate certain banking development districts; to foster economic opportunities in this state; to facilitate economic development; to stimulate banking and industrial, commercial, and residential improvements; to prevent physical and infrastructure deterioration of geographic areas in this state; to authorize expenditures; to provide exemptions and credits from certain taxes; to create certain obligations of this state and local governmental units; to provide for appropriations; and to prescribe the powers and duties of certain state and local departments, agencies, and officials.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act shall be known and may be cited as the  
2 "banking development district authority act".

1           Sec. 2. The legislature of this state finds and declares that  
2 there exists in this state continuing need for programs to assist  
3 certain local governmental units in encouraging economic  
4 development, financial institution development, the consequent job  
5 creation and retention, and ancillary economic growth in this  
6 state. To achieve these purposes, the legislature determines it is  
7 necessary to assist and encourage the creation of banking  
8 development districts and provide temporary relief from certain  
9 taxes within those districts.

10           Sec. 3. As used in this act:

11           (a) "Authority" means the banking development district  
12 authority created in section 4.

13           (b) "Board" means the board of directors of the banking  
14 development authority board created in section 5.

15           (c) "Department" means the department of labor and economic  
16 growth.

17           (d) "Development plan" means a written plan that addresses the  
18 criteria in section 7 and includes all of the following:

19           (i) A map of the proposed banking development district that  
20 indicates the geographic boundaries, the total area, and the  
21 present use and conditions generally of the land and structures  
22 within those boundaries.

23           (ii) Evidence of community support from residential and  
24 business interests and a commitment from 1 or more financial  
25 institutions to open new branch offices within the district.

26           (iii) A description of the methods proposed to increase economic  
27 opportunity and expansion, facilitate infrastructure improvement,

1 and identify job opportunities.

2 (iv) Current and anticipated improvements in infrastructure and  
3 social, economic, and demographic characteristics of the proposed  
4 district.

5 (v) Any other information required by the board.

6 (e) "District" means a banking development district created  
7 under section 6.

8 (f) "Financial institution" means a state or nationally  
9 chartered bank or a state or federally chartered savings and loan  
10 association, savings bank, or credit union whose deposits are  
11 insured by an agency of the United States government and which  
12 maintains a principal office or branch office located in this state  
13 under the laws of this state or the United States.

14 (g) "Local governmental unit" means a county, city, village,  
15 or township.

16 (h) "Person" means an individual, partnership, corporation,  
17 association, limited liability company, governmental entity, or  
18 other legal entity.

19 (i) "Qualified local governmental unit" means a city, village,  
20 or township.

21 Sec. 4. (1) The banking development district authority is  
22 created as a public body corporate and politic within the  
23 department.

24 (2) The authority shall exercise its duties independently of  
25 the department. However, the budgeting, procurement, and related  
26 administrative functions of the authority shall be conducted by the  
27 department.

1           Sec. 5. (1) The authority shall exercise its duties through  
2 its board of directors.

3           (2) The board shall be made up of 9 members as follows:

4           (a) The director of the department of labor and economic  
5 growth.

6           (b) The state treasurer.

7           (c) The chief executive officer of the Michigan economic  
8 development corporation.

9           (d) Four members with knowledge, skill, or experience in  
10 finance, banking, or economic development appointed by the governor  
11 with the advice and consent of the senate.

12           (e) One member appointed by the governor from a list of 2 or  
13 more individuals selected by the majority leader of the senate,  
14 with knowledge, skill, or experience in finance, banking, or  
15 economic development.

16           (f) One member appointed by the governor from a list of 2 or  
17 more individuals selected by the speaker of the house of  
18 representatives, with knowledge, skill, or experience in finance,  
19 banking, or economic development.

20           (3) The appointed members shall serve for terms of 4 years. Of  
21 the 2 members first appointed, 1 shall be appointed for an initial  
22 term of 1 year and 1 shall be appointed for an initial term of 2  
23 years. The appointed members shall serve until a successor is  
24 appointed. A vacancy shall be filled for the balance of the  
25 unexpired term in the same manner as the original appointment.

26           (4) The chief executive officer or director of any state  
27 department or agency who is a designated member of the board may

1 appoint a representative to serve in his or her absence.

2 (5) Members of the board shall serve without compensation but  
3 may receive reasonable reimbursement for necessary travel and  
4 expenses incurred in the discharge of their duties.

5 (6) The board shall select a board member to serve as  
6 chairperson of the board.

7 (7) A majority of the appointed and serving members of the  
8 board shall constitute a quorum of the board for the transaction of  
9 business. A member may participate in a meeting by the use of  
10 amplified telephonic or video conferencing equipment. A member  
11 participating by the use of telephonic or video conferencing  
12 equipment shall be considered to be present for purposes of a  
13 quorum and for purposes of voting. Actions of the board shall be  
14 approved by a majority vote of the members present at a meeting.

15 (8) The members of the board and officers and employees of the  
16 authority are subject to 1968 PA 317, MCL 15.321 to 15.330, or 1968  
17 PA 318, MCL 15.301 to 15.310.

18 (9) A member of the board or officer, employee, or agent of  
19 the authority shall discharge the duties of his or her position in  
20 a nonpartisan manner, with good faith, and with that degree of  
21 diligence, care, and skill that an ordinarily prudent person would  
22 exercise under similar circumstances in a like position.

23 Sec. 6. (1) One or more qualified local governmental units may  
24 apply to the board to designate a portion of the qualified local  
25 governmental unit or units as a district if all of the following  
26 criteria are met:

27 (a) The geographic area of the proposed district is located

1 within the boundaries of the qualified local governmental unit or  
2 units that apply.

3 (b) The application includes a development plan.

4 (c) The application includes the proposed duration of district  
5 status, not to exceed 10 years, except as otherwise provided in  
6 this section.

7 (2) A qualified local governmental unit may submit not more  
8 than 1 application to the board for designation as a district.

9 Sec. 7. (1) The board shall review all applications submitted  
10 by qualified local governmental units and determine which  
11 applications meet the criteria contained in section 6.

12 (2) The board shall do all of the following:

13 (a) Designate districts.

14 (b) Subject to subsection (3), approve or reject the duration  
15 of district status.

16 (c) Subject to subsection (3), approve or reject the  
17 geographic boundaries and the total area of the district as  
18 submitted in the application.

19 (d) Approve or reject each exemption, deduction, or credit as  
20 described in section 9.

21 (3) The board shall not alter the geographic boundaries of the  
22 district or the duration of district status described in the  
23 application unless the qualified local governmental unit or units  
24 and the local governmental unit or units in which the district is  
25 to be located consent by resolution to the alteration.

26 (4) The designation of a district under this act shall take  
27 effect on January 1 in the year following designation.

1           Sec. 8. The board shall consider the following criteria in  
2 designating a district:

3           (a) Giving priority to applications that include new business  
4 activity.

5           (b) Evidence of adverse economic and socioeconomic conditions  
6 within the proposed district.

7           (c) The viability of the development plan.

8           (d) Whether the development plan is creative and innovative.

9           (e) Public and private commitment to and other resources  
10 available for the proposed district.

11           (f) How district designation would relate to a broader plan  
12 for the community as a whole.

13           (g) The level of demonstrated cooperation from financial  
14 institutions in the community.

15           (h) Any other information required by the board.

16           Sec. 9. A financial institution that is located and conducts  
17 business activity within a district shall receive the exemption,  
18 deduction, or credit as determined by the board as provided in the  
19 following for the period provided under section 7(2)(b):

20           (a) Sections 36f and 36g of the single business tax act, 1975  
21 PA 228, MCL 208.36f and 208.36g.

22           (b) Section 4cc of the general sales tax act, 1933 PA 167, MCL  
23 205.4cc.

24           (c) Section 7kk of the general property tax act, 1893 PA 206,  
25 MCL 211.7kk.

26           Sec. 10. The form of the application for a district  
27 designation shall be as specified by the department. The board may

1 request any information from an applicant, in addition to that  
2 contained in an application, as may be needed to permit the board  
3 to discharge its responsibilities under this act.

4 Sec. 11. This state shall reimburse the school aid fund for  
5 all revenues lost as the result of the establishment of a district.  
6 Foundation allowances calculated under section 20 of the state  
7 school aid act of 1979, 1979 PA 94, MCL 388.1620, shall not be  
8 reduced as a result of lost revenues arising from this act.

9 Sec. 12. (1) The board shall conduct all business at public  
10 meetings held in compliance with the open meetings act, 1976 PA  
11 267, MCL 15.261 to 15.275. Public notice of the time, date, and  
12 place of each meeting shall be given in the manner required by the  
13 open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

14 (2) A record or a portion of a record, material, application,  
15 or other data received, prepared, used, or retained by the board is  
16 subject to the freedom of information act, 1976 PA 442, MCL 15.231  
17 to 15.246.

18 Sec. 13. This act shall be construed liberally to effectuate  
19 the legislative intent and the purposes of this act and as complete  
20 and independent authority for the performance of each and every act  
21 and thing authorized by this act, and all powers granted by this  
22 act shall be broadly interpreted to effectuate the intent and  
23 purposes of this act and not as a limitation of powers.

24 Sec. 14. The department shall annually report to the  
25 legislature on the economic effects of this act in each district.  
26 The report shall include, but is not limited to, all of the  
27 following for each district:



- 1 (a) Number of new jobs created.
- 2 (b) Percentage change in aggregate taxable value and state  
3 equalized value.
- 4 (c) Average wage of new jobs created.
- 5 (d) Percentage change of adjusted gross income of residents.
- 6 (e) The estimated change in the population from the  
7 immediately preceding year.
- 8 (f) The number of banks or other financial institutions  
9 operating in the district.