

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 5600**

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"
by amending sections 4, 8a, and 12 (MCL 125.2684, 125.2688a, and
125.2692), section 4 as amended by 2006 PA 440, section 8a as
amended by 2006 PA 476, and section 12 as amended by 2002 PA 745.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) One or more qualified local governmental units may
2 apply to the review board to designate the qualified local
3 governmental unit or units as a renaissance zone if all of the
4 following criteria are met:

5 (a) The geographic area of the proposed renaissance zone is
6 located within the boundaries of the qualified local governmental
7 unit or units that apply.

1 (b) The application includes a development plan.

2 (c) The proposed renaissance zone is not more than 5,000 acres
3 in size.

4 (d) The renaissance zone does not contain more than 10
5 distinct geographic areas. Except as otherwise provided in this
6 subdivision, the minimum size of a distinct geographic area is not
7 less than 5 acres. A qualified local governmental unit or units may
8 designate not more than ~~4~~8 distinct geographic areas in each
9 renaissance zone to have no minimum size requirement.

10 (e) The application includes the proposed duration of
11 renaissance zone status, not to exceed 15 years, except as
12 otherwise provided in this section.

13 (f) If the qualified local governmental unit has an elected
14 county executive, the county executive's written approval of the
15 application.

16 (g) If the qualified local governmental unit is a city, that
17 city's mayor's written approval of the application.

18 (2) A qualified local governmental unit may submit not more
19 than 1 application to the review board for designation as a
20 renaissance zone. A resolution provided by a city, village, or
21 township under section 7(2) does not constitute an application of a
22 city, village, or township for a renaissance zone under this act.

23 (3) For a distinct geographic area described in subsection
24 (1)(d), a village may include publicly owned land within the
25 boundaries of any distinct geographic area.

26 (4) Beginning December 1, 2006 through December 31, 2011, a
27 qualified local governmental unit or units in which a renaissance

1 zone was designated under section 8 or 8a(1) or (3) may designate
2 additional distinct geographic areas not to exceed a total of 10
3 distinct geographic areas upon application to and approval by the
4 board of the Michigan strategic fund if the distinct geographic
5 area is located in an eligible distressed area as defined in
6 section 11 of the state housing development authority act of 1966,
7 1966 PA 346, MCL 125.1411, or is contiguous to an eligible
8 distressed area, and if the additional distinct geographic area
9 will increase capital investment ~~and~~ **OR** job creation. The duration
10 of renaissance zone status for the additional distinct geographic
11 areas shall not exceed 15 years.

12 (5) Through December 31, 2002, if a qualified local
13 governmental unit or units designate additional distinct geographic
14 areas in a renaissance zone under subsection (4), the qualified
15 local governmental unit or units may extend the duration of the
16 renaissance zone status of 1 or more distinct geographic areas in
17 that renaissance zone until 2017 upon application to and approval
18 by the board.

19 (6) Through December 31, 2002, a qualified local governmental
20 unit or units in which a renaissance zone was designated under
21 section 8 or 8a may, upon application to and approval by the board,
22 seek to extend the duration of renaissance zone status until 2017.
23 Upon application, the board may extend the duration of renaissance
24 zone status.

25 (7) Through December 31, 2011, a qualified local governmental
26 unit or units in which a renaissance zone was designated under
27 section 8 or 8a(1) or (3) ~~that has not experienced significant~~

1 ~~development~~ may, upon application to and approval by the board of
2 the Michigan strategic fund, seek to extend the duration of
3 renaissance zone status for 1 or more portions of the renaissance
4 zone **IF THAT ZONE OR PORTION OF A ZONE IS IN EXISTENCE AS OF MARCH**
5 **15, 2008, AND IF THE EXTENSION WILL INCREASE CAPITAL INVESTMENT OR**
6 **JOB CREATION.** The board of the Michigan strategic fund may extend
7 renaissance zone status for 1 or more portions of the renaissance
8 zone under this subsection for a period of time not to exceed 15
9 years from the date of the application to the board of the Michigan
10 strategic fund under this subsection. **HOWEVER, BEGINNING ON THE**
11 **EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SENTENCE, IF**
12 **THE BOARD OF THE MICHIGAN STRATEGIC FUND EXTENDS THE DURATION OF 1**
13 **OR MORE PORTIONS OF A RENAISSANCE ZONE UNDER THIS SUBSECTION, THE**
14 **BOARD OF THE MICHIGAN STRATEGIC FUND MAY REVOKE THAT EXTENSION IF**
15 **THE BOARD DETERMINES THAT INCREASED CAPITAL INVESTMENT OR JOB**
16 **CREATION WILL NOT BEGIN WITHIN 1 YEAR OF THE GRANTING OF THE**
17 **EXTENSION OR OTHERWISE VIOLATES THE TERMS OF THE WRITTEN**
18 **DEVELOPMENT AGREEMENT BETWEEN THE OWNER OF THE REAL PROPERTY AND**
19 **THE BOARD OF THE MICHIGAN STRATEGIC FUND. ONLY THE QUALIFIED LOCAL**
20 **GOVERNMENTAL UNIT THAT IS REQUESTING THE EXTENSION OF TIME MAY**
21 **SUBMIT THE APPLICATION. IF THE BOARD OF THE MICHIGAN STRATEGIC FUND**
22 **EXTENDS THE DURATION OF 1 OR MORE PORTIONS OF A RENAISSANCE ZONE,**
23 **THE BOARD OF THE MICHIGAN STRATEGIC FUND SHALL ENTER INTO A WRITTEN**
24 **DEVELOPMENT AGREEMENT WITH THE OWNER OF ALL REAL PROPERTY LOCATED**
25 **WITHIN THE BOUNDARIES OF THE PORTIONS OF THE RENAISSANCE ZONE WHOSE**
26 **DURATION HAS BEEN EXTENDED. THE WRITTEN DEVELOPMENT AGREEMENT SHALL**
27 **INCLUDE, BUT IS NOT LIMITED TO, ALL OF THE FOLLOWING:**

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- 1 (A) THE DURATION OF THE EXTENSION.
2 (B) THE CONDITIONS UNDER WHICH THE EXTENSION IS GRANTED.
3 (C) THE AMOUNT OF CAPITAL INVESTMENT.
4 (D) THE NUMBER OF JOBS TO BE CREATED.
5 (E) ANY OTHER CONDITIONS OR REQUIREMENTS REASONABLY REQUIRED
6 BY THE BOARD OF THE MICHIGAN STRATEGIC FUND.

7 Sec. 8a. (1) Except as provided in subsections (2), (3), and
8 (4), the board shall not designate more than 9 additional
9 renaissance zones within this state under this section. Not more
10 than 6 of the renaissance zones shall be located in urban areas and
11 not more than 5 of the renaissance zones shall be located in rural
12 areas. For purposes of determining whether a renaissance zone is
13 located in an urban area or rural area under this section, if any
14 part of a renaissance zone is located within an urban area, the
15 entire renaissance zone shall be considered to be located in an
16 urban area.

17 (2) The board of the Michigan strategic fund described in
18 section 4 of the Michigan strategic fund act, 1984 PA 270, MCL
19 125.2004, may designate not more than ~~13~~<<17>> additional renaissance
20 zones within this state in 1 or more cities, villages, or townships
21 if that city, village, or township or combination of cities,
22 villages, or townships consents to the creation of a renaissance
23 zone within their boundaries. The board of the Michigan strategic
24 fund may designate not more than 1 of the ~~13~~<<17>> additional
25 renaissance zones described in this subsection as an alternative
26 energy zone. An alternative energy zone shall promote and increase
27 the research, development, testing, and manufacturing of

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1 alternative energy technology, alternative energy systems, and
 2 alternative energy vehicles, as those terms are defined in the
 3 Michigan next energy authority act, 2002 PA 593, MCL 207.821 to
 4 207.827. An alternative energy zone shall have a duration of
 5 renaissance zone status for a period not to exceed 20 years as
 6 determined by the board of the Michigan strategic fund. ~~<<Not later
 7 than April 16, 2004, the board of the Michigan strategic fund may
 8 designate not more than 1 of the 13 additional renaissance zones
 9 described in this subsection as a pharmaceutical renaissance zone.
 10 A pharmaceutical renaissance zone shall promote and increase the
 11 research, development, and manufacturing of pharmaceutical products
 12 of an eligible pharmaceutical company.>>~~ The board of the Michigan
 13 strategic fund may designate not more than 8 of the additional ~~13~~
 14 ~~<<17>>~~ renaissance zones described in this subsection as a
 15 redevelopment renaissance zone. A redevelopment renaissance zone
 16 shall promote the redevelopment of existing industrial facilities
 17 or the development of property for industrial purposes. **<<THE BOARD OF
 THE MICHIGAN STRATEGIC FUND MAY DESIGNATE NOT MORE THAN 1 OF THE 17
 ADDITIONAL RENAISSANCE ZONES DESCRIBED IN THIS SUBSECTION AS A
 PHARMACEUTICAL RECOVERY RENAISSANCE ZONE. A PHARMACEUTICAL RECOVERY
 RENAISSANCE ZONE SHALL PROMOTE THE DEVELOPMENT OR REDEVELOPMENT OF
 EXISTING UNDERUTILIZED FACILITIES CURRENTLY OCCUPIED OR FORMERLY OCCUPIED
 BY A PHARMACEUTICAL COMPANY.>>** Before
 18 designating a renaissance zone under this subsection, the board of
 19 the Michigan strategic fund may enter into a development agreement
 20 with the city, township, or village in which the renaissance zone
 21 will be located and the owner or developer of the facility or
 22 property located in the renaissance zone. The development agreement
 23 for a redevelopment renaissance zone described only in subsection
 24 (6) (b) (vi) or (vii) may provide for the payment of 1 or more of the
 25 taxes described in section 9.

26 (3) In addition to the not more than 9 additional renaissance
 27 zones described in subsection (1), the board may designate

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1 additional renaissance zones within this state in 1 or more
2 qualified local governmental units if that qualified local
3 governmental unit or units contain a military installation that was
4 operated by the United States department of defense and was closed
5 in 1977 or after 1990.

6 (4) Land owned by a county or the qualified local governmental
7 unit or units adjacent to a zone as described in subsection (3) may
8 be included in this zone.

9 (5) Notwithstanding any other provision of this act, property
10 located in the alternative energy zone that is classified as
11 commercial real property under section 34c of the general property
12 tax act, 1893 PA 206, MCL 211.34c, and that the authority, with the
13 concurrence of the assessor of the local tax collecting unit,
14 determines is not used to directly promote and increase the
15 research, development, testing, and manufacturing of alternative
16 energy technology, alternative energy systems, and alternative
17 energy vehicles as those terms are defined in the Michigan next
18 energy authority act, 2002 PA 593, MCL 207.821 to 207.827, is not
19 eligible for any exemption, deduction, or credit under section 9.

20 (6) As used in this section:

21 ~~<<— (a) "Eligible pharmaceutical company" means a company that~~
22 ~~meets all of the following criteria:~~

23 ~~— (i) Is engaged primarily in manufacturing, research and~~
24 ~~development, and sale of pharmaceuticals.~~

25 ~~— (ii) Has not less than 8,499 employees located in this state,~~
26 ~~all of whom are located within a 100-mile radius of each other.~~

27 ~~— (iii) Of the total number of employees located in this state,~~

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1 ~~has not less than 4,800 engaged primarily in research and~~
 2 ~~development of pharmaceuticals.>>~~

<<(A) "PHARMACEUTICAL RECOVERY RENAISSANCE ZONE" MEANS A
 RENAISSANCE ZONE THAT INCLUDES A GEOGRAPHIC AREA THAT IS LOCATED IN 1 OR
 BOTH OF THE FOLLOWING:

(i) IN A CITY WITH A POPULATION OF MORE THAN 70,000 AND LESS THAN
 85,000 AND IN A COUNTY WITH A POPULATION OF MORE THAN 235,000 AND LESS
 THAN 250,000.

(ii) IN A CITY WITH A POPULATION OF MORE THAN 42,000 AND LESS THAN
 55,000 AND IN A COUNTY WITH A POPULATION OF MORE THAN 235,000 AND LESS
 THAN 250,000.>>

3 (b) "Redevelopment renaissance zone" means a renaissance zone
 4 that meets 1 of the following:

5 (i) All of the following:

6 (A) Is located in a city with a population of more than 7,500
 7 and less than 8,500 and is located in a county with a population of
 8 more than 60,000 and less than 70,000.

9 (B) Contains only all or a portion of an industrial site of
 10 200 or more acres.

11 (ii) All of the following:

12 (A) Is located in a city with a population of more than 13,000
 13 and less than 14,000 and is located in a county with a population
 14 of more than 1,000,000 and less than 1,300,000.

15 (B) Contains only all or a portion of an industrial site of
 16 300 or more contiguous acres.

17 (iii) All of the following:

18 (A) Is located in a township with a population of more than
 19 5,500 and is located in a county with a population of less than
 20 24,000.

21 (B) Contains only all or a portion of an industrial site of
 22 more than 850 acres and has railroad access.

23 (iv) All of the following:

24 (A) Is located in a city with a population of more than 40,000
 25 and less than 44,000 and is located in a county with a population
 26 of more than 81,000 and less than 87,000.

27 (B) Contains only all or a portion of an industrial site of

1 more than 475 acres.

2 (v) All of the following:

3 (A) Is located in a city with a population of more than 21,000
4 and less than 26,000 and is located in a county with a population
5 of more than 573,000 and less than 625,000.

6 (B) Contains only all or a portion of an industrial site of
7 less than 45 acres in size.

8 (vi) All of the following:

9 (A) Is located in a city with a population of more than
10 190,000 and less than 250,000 and is located in a county with a
11 population of more than 573,000 and less than 625,000.

12 (B) Contains only all or a portion of an industrial site of
13 more than 14 acres and less than 16 acres in size.

14 (C) Is approved by the board of the Michigan strategic fund on
15 or before April 1, 2007.

16 (vii) All of the following:

17 (A) Is located in a city with a population of more than 35,500
18 and less than 36,800 and is located in a county with a population
19 of more than 157,000 and less than 162,000.

20 (B) Contains only all or a portion of an industrial site
21 comprised of 1 or more adjacent parcels totaling 5 or more acres.

22 (C) Is approved by the board of the Michigan strategic fund on
23 or before April 1, 2007.

24 (viii) All of the following:

25 (A) Is located in a city with a population of more than 40,000
26 and less than 44,000 and is located in a county with a population
27 of more than 81,000 and less than 87,000.

1 (B) Contains only all or a portion of an industrial site
2 composed of 1 or more adjacent parcels totaling 100 or more acres.

3 (C) Is approved by the board of the Michigan strategic fund on
4 or before April 1, 2008.

5 Sec. 12. (1) This state shall reimburse intermediate school
6 districts each year for all tax revenue lost as the result of the
7 exemption of property under this act, based on the property's
8 taxable value in that year, from taxes levied under section 625a of
9 the revised school code, 1976 PA 451, MCL 380.625a; from taxes
10 levied for area vocational-technical program operating purposes
11 under section 681 of the revised school code, 1976 PA 451, MCL
12 380.681; and from taxes levied for special education operating
13 purposes under section 1724a of the revised school code, 1976 PA
14 451, MCL 380.1724a.

15 (2) This state shall reimburse local school districts each
16 year for all tax revenue lost as the result of the exemption of
17 property under this act from taxes levied under section 1211 of the
18 revised school code, 1976 PA 451, MCL 380.1211, based on the
19 property's taxable value in that year.

20 (3) This state shall reimburse a community college district
21 and a public library each year for all tax revenue lost as a result
22 of the exemption of property under this act, based on the
23 property's taxable value in that year, from taxes levied or
24 collected under the general property tax act, 1893 PA 206, MCL
25 211.1 to 211.157.

26 (4) Intermediate school districts, community college
27 districts, and public libraries eligible for reimbursement under

1 subsections (1) and (3) shall report to and on a date determined by
2 the department of treasury all revenue lost for which reimbursement
3 under subsections (1) and (3) is claimed. A local school district
4 eligible for reimbursement under subsection (2) shall report each
5 year on a date determined by the department of treasury all revenue
6 lost for which reimbursement under subsection (2) is claimed.

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

12 (6) THIS STATE SHALL REIMBURSE A COUNTY EACH YEAR FOR ALL TAX
13 REVENUE LOST AS A RESULT OF THE EXEMPTION OF PROPERTY UNDER THIS
14 ACT, BASED ON THE PROPERTY'S TAXABLE VALUE IN THAT YEAR, FOR
15 RENAISSANCE ZONES IN WHICH THE DURATION OF RENAISSANCE ZONE STATUS
16 WAS EXTENDED UNDER SECTION 4(7) AFTER THE EFFECTIVE DATE OF THE
17 AMENDATORY ACT THAT ADDED THIS SUBSECTION, FROM TAXES LEVIED OR
18 COLLECTED UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
19 211.1 TO 211.157.

20 Enacting section 1. This amendatory act does not take effect
21 unless Senate Bill No. 885 of the 94th Legislature is enacted into
22 law.