

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 1187

A bill to amend 1995 PA 24, entitled  
"Michigan economic growth authority act,"  
by amending sections 3 and 5 (MCL 207.803 and 207.805), section 3  
as amended by 2008 PA 87 and section 5 as amended by 2003 PA 248.

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

1       Sec. 3. As used in this act:

2       (a) "Affiliated business" means a business that is ~~100% AT~~  
3 **LEAST 50%** owned and controlled, **DIRECTLY OR INDIRECTLY**, by an  
4 associated business.

5       (b) "Associated business" means a business that owns at least  
6 50% of and controls, directly or indirectly, an authorized  
7 business.

8       (c) "Authorized business" means 1 of the following:

1           (i) A single eligible business with a unique federal employer  
2 identification number that has met the requirements of section 8  
3 and with which the authority has entered into a written agreement  
4 for a tax credit under section 9.

5           (ii) A single eligible business with a unique federal employer  
6 identification number that has met the requirements of section 8,  
7 except as provided in this subparagraph, and with which the  
8 authority has entered into a written agreement for a tax credit  
9 under section 9. An eligible business is not required to create  
10 qualified new jobs or maintain retained jobs if qualified new jobs  
11 are created or retained jobs are maintained by an associated, ~~or~~  
12 **SUBSIDIARY, affiliated business, OR AN EMPLOYEE LEASING COMPANY OR**  
13 **PROFESSIONAL EMPLOYER ORGANIZATION THAT HAS ENTERED INTO A**  
14 **CONTRACTUAL SERVICE AGREEMENT WITH THE AUTHORIZED BUSINESS IN WHICH**  
15 **THE EMPLOYEE LEASING COMPANY OR PROFESSIONAL EMPLOYER ORGANIZATION**  
16 **WITHHOLDS INCOME AND SOCIAL SECURITY TAXES ON BEHALF OF THE**  
17 **AUTHORIZED BUSINESS.**

18 ~~—— (iii) A single eligible business with a unique federal employer~~  
19 ~~identification number that has met the requirements of section 8,~~  
20 ~~except as provided in this subparagraph, and with which the~~  
21 ~~authority has entered into a written agreement for a tax credit~~  
22 ~~under section 9. An eligible business is not required to create~~  
23 ~~qualified new jobs or maintain retained jobs if qualified new jobs~~  
24 ~~are created or retained jobs are maintained by a subsidiary~~  
25 ~~business that withholds income and social security taxes, or an~~  
26 ~~employee leasing company or professional employer organization that~~  
27 ~~has entered into a contractual service agreement with the~~

1 ~~authorized business in which the employee leasing company or~~  
2 ~~professional employer organization withholds income and social~~  
3 ~~security taxes on behalf of the authorized business.~~

4 (d) "Authority" means the Michigan economic growth authority  
5 created under section 4.

6 (e) "Business" means proprietorship, joint venture,  
7 partnership, limited liability partnership, trust, business trust,  
8 syndicate, association, joint stock company, corporation,  
9 cooperative, limited liability company, or any other organization.

10 (f) "Distressed business" means a business that meets all of  
11 the following as verified by the Michigan economic growth  
12 authority:

13 (i) Four years immediately preceding the application to the  
14 authority under this act, the business had 150 or more full-time  
15 jobs in this state.

16 (ii) Within the immediately preceding 4 years, there has been a  
17 reduction of not less than 30% of the number of full-time jobs in  
18 this state during any consecutive 3-year period. The highest number  
19 of full-time jobs within the consecutive 3-year period shall be  
20 used in order to determine the percentage reduction of full-time  
21 jobs in this subparagraph.

22 (iii) Is not a seasonal employer as defined in section 27 of the  
23 Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.27.

24 (g) "Eligible business" means a distressed business or  
25 business that proposes to maintain retained jobs after December 31,  
26 1999 or to create qualified new jobs in this state after April 18,  
27 1995 in manufacturing, mining, research and development, wholesale

1 and trade, film and digital media production, or office operations  
2 or a business that is a qualified high-technology business **OR A**  
3 **BUSINESS THAT IS A TOURISM ATTRACTION FACILITY OR A QUALIFIED**  
4 **LODGING FACILITY. ~~An~~ EXCEPT FOR A RETAIL ESTABLISHMENT THAT MEETS**  
5 **THE CRITERIA IN SECTION 8(11), AN** eligible business does not  
6 include retail establishments, professional sports stadiums, or  
7 that portion of an eligible business used exclusively for retail  
8 sales. Professional sports stadium does not include a sports  
9 stadium in existence on June 6, 2000 that is not used by a  
10 professional sports team on the date that an application related to  
11 that professional sports stadium is filed under section 8.

12 (h) "Facility" means a site or sites within this state in  
13 which an authorized business or subsidiary business maintains  
14 retained jobs or creates qualified new jobs.

15 (i) "Film and digital media production" means the development,  
16 preproduction, production, postproduction, and distribution of  
17 single media or multimedia entertainment content for distribution  
18 or exhibition to the general public in 2 or more states by any  
19 means and media in any digital media format, film, or video tape,  
20 including, but not limited to, a motion picture, a documentary, a  
21 television series, a television miniseries, a television special,  
22 interstitial television programming, long-form television,  
23 interactive television, music videos, interactive games, video  
24 games, internet programming, an internet video, a sound recording,  
25 a video, digital animation, or an interactive website. Film and  
26 digital media production also includes the development,  
27 preproduction, production, postproduction, and distribution of a

1 trailer, pilot, video teaser, or demo created primarily to  
2 stimulate the sale, marketing, promotion, or exploitation of future  
3 investment in a film or digital media production. Film or digital  
4 media production does not include the production of any of the  
5 following:

6 (i) A production for which records are required to be  
7 maintained with respect to any performer in the production under 18  
8 USC 2257.

9 (ii) A production that includes obscene matter or an obscene  
10 performance as described in 1984 PA 343, MCL 752.361 to 752.374.

11 (iii) A production that primarily consists of televised news or  
12 current events.

13 (iv) A production that primarily consists of a live sporting  
14 event.

15 (v) A production that primarily consists of political  
16 advertising.

17 (vi) A radio program.

18 (vii) A weather show.

19 (viii) A financial market report.

20 (ix) A talk show.

21 (x) A game show.

22 (xi) A production that primarily markets a product or service.

23 (xii) An awards show or other gala event production.

24 (xiii) A production with the primary purpose of fund-raising.

25 (xiv) A production that primarily is for employee training or  
26 in-house corporate advertising or other similar production.

27 (j) "Full-time job" means a job performed by an individual for

1 35 hours or more each week and whose income and social security  
2 taxes are withheld by 1 or more of the following:

3 (i) An authorized business.

4 (ii) An employee leasing company.

5 (iii) A professional employer organization on behalf of the  
6 authorized business.

7 (iv) Another person as provided in section 8(1)(c).

8 (v) A business that sells all or part of its assets to an  
9 eligible business that receives a credit under section 8(1) or (5).

10 (k) "Local governmental unit" means a county, city, village,  
11 or township in this state.

12 (l) "High-technology activity" means 1 or more of the  
13 following:

14 (i) Advanced computing, which is any technology used in the  
15 design and development of any of the following:

16 (A) Computer hardware and software.

17 (B) Data communications.

18 (C) Information technologies.

19 (D) Film and digital media production.

20 (ii) Advanced materials, which are materials with engineered  
21 properties created through the development of specialized process  
22 and synthesis technology.

23 (iii) Biotechnology, which is any technology that uses living  
24 organisms, cells, macromolecules, microorganisms, or substances  
25 from living organisms to make or modify a product, improve plants  
26 or animals, or develop microorganisms for useful purposes.

27 Biotechnology does not include human cloning as defined in section

1 16274 of the public health code, 1978 PA 368, MCL 333.16274, or  
2 stem cell research with embryonic tissue.

3 (iv) Electronic device technology, which is any technology that  
4 involves microelectronics, semiconductors, electronic equipment,  
5 and instrumentation, radio frequency, microwave, and millimeter  
6 electronics, and optical and optic-electrical devices, or data and  
7 digital communications and imaging devices.

8 (v) Engineering or laboratory testing related to the  
9 development of a product.

10 (vi) Technology that assists in the assessment or prevention of  
11 threats or damage to human health or the environment, including,  
12 but not limited to, environmental cleanup technology, pollution  
13 prevention technology, or development of alternative energy  
14 sources.

15 (vii) Medical device technology, which is any technology that  
16 involves medical equipment or products other than a pharmaceutical  
17 product that has therapeutic or diagnostic value and is regulated.

18 (viii) Product research and development.

19 (ix) Advanced vehicles technology, which is any technology that  
20 involves electric vehicles, hybrid vehicles, or alternative fuel  
21 vehicles, or components used in the construction of electric  
22 vehicles, hybrid vehicles, or alternative fuel vehicles. For  
23 purposes of this act:

24 (A) "Electric vehicle" means a road vehicle that draws  
25 propulsion energy only from an on-board source of electrical  
26 energy.

27 (B) "Hybrid vehicle" means a road vehicle that can draw

1 propulsion energy from both a consumable fuel and a rechargeable  
2 energy storage system.

3 (x) Tool and die manufacturing.

4 (xi) Competitive edge technology as defined in section 88a of  
5 the Michigan strategic fund act, 1984 PA 270, MCL 125.2088a.

6 (xii) **DIGITAL MEDIA, INCLUDING INTERNET PUBLISHING AND**  
7 **BROADCASTING, VIDEO GAMING, WEB DEVELOPMENT, AND ENTERTAINMENT**  
8 **TECHNOLOGY.**

9 (xiii) **MUSIC PRODUCTION, INCLUDING RECORD PRODUCTION AND**  
10 **DEVELOPMENT, SOUND RECORDING STUDIOS, AND INTEGRATED HIGH-**  
11 **TECHNOLOGY RECORD PRODUCTION AND DISTRIBUTION.**

12 (xiv) **FILM AND VIDEO, INCLUDING MOTION PICTURE AND VIDEO**  
13 **PRODUCTION AND DISTRIBUTION, POSTPRODUCTION SERVICES, AND**  
14 **TELEPRODUCTION AND PRODUCTION SERVICES.**

15 (m) "New capital investment" means 1 or more of the following:

16 (i) New construction. As used in this subparagraph:

17 (A) "New construction" means property not in existence on the  
18 date the authorized business enters into a written agreement with  
19 the authority and not replacement construction. New construction  
20 includes the physical addition of equipment or furnishings, subject  
21 to section 27(2)(a) to (o) of the general property tax act, 1893 PA  
22 206, MCL 211.27.

23 (B) "Replacement construction" means that term as defined in  
24 section 34d(1)(b)(v) of the general property tax act, 1893 PA 206,  
25 MCL 211.34d.

26 (ii) The purchase of new personal property. As used in this  
27 subparagraph, "new personal property" means personal property that



1 is not subject to or that is exempt from the collection of taxes  
 2 under the general property tax act, 1893 PA 206, MCL 211.1 to  
 3 211.155, on the date the authorized business enters into a written  
 4 agreement with the authority.

5 (n) "Qualified high-technology business" means a business or  
 6 facility ~~that is either of the following:~~

7 ~~—— (i) A business with not less than 25% of the total operating~~  
 8 ~~expenses of the business used for research and development in the~~  
 9 ~~tax year in which the business files an application under this act~~  
 10 ~~as determined under generally accepted accounting principles and~~  
 11 ~~verified by the authority.~~

12 ~~—— (ii) A business or facility whose primary business activity is~~  
 13 ~~high-technology activity OR A QUALIFIED HIGH-WAGE ACTIVITY.~~

14 (o) "QUALIFIED HIGH-WAGE ACTIVITY" MEANS A BUSINESS THAT HAS  
 15 AN AVERAGE WAGE. QUALIFIED HIGH-WAGE ACTIVITY MAY ALSO INCLUDE, BUT  
 16 IS NOT LIMITED TO, 1 OR MORE OF THE FOLLOWING AS LONG AS THEY HAVE  
 17 AN AVERAGE WAGE OF 300% OR MORE OF THE FEDERAL MINIMUM WAGE:

18 (i) ARCHITECTURE AND DESIGN, INCLUDING ARCHITECTURAL DESIGN,  
 19 GRAPHIC DESIGN, INTERIOR DESIGN, FASHION DESIGN, AND INDUSTRIAL  
 20 DESIGN.

21 (ii) ADVERTISING AND MARKETING, INCLUDING ADVERTISING AND  
 22 MARKETING FIRMS AND AGENCIES, PUBLIC RELATIONS AGENCIES, AND  
 23 DISPLAY ADVERTISING.

24 (p) "QUALIFIED LODGING FACILITY" MEANS 1 OR MORE OF THE  
 25 FOLLOWING:

26 (i) LODGING FACILITIES THAT CONSTITUTE A PORTION OF A TOURISM  
 27 ATTRACTION FACILITY AND REPRESENT LESS THAN 50% OF THE TOTAL COST

1 OF THE TOURISM ATTRACTION FACILITY, OR THE LODGING FACILITIES ARE  
2 TO BE LOCATED ON RECREATIONAL PROPERTY OWNED OR LEASED BY THE  
3 MUNICIPAL, STATE, OR FEDERAL GOVERNMENT.

4 (ii) THE LODGING FACILITIES INVOLVE THE RESTORATION OR  
5 REHABILITATION OF A STRUCTURE THAT IS LISTED INDIVIDUALLY IN THE  
6 NATIONAL REGISTER OF HISTORIC PLACES OR ARE LOCATED IN A NATIONAL  
7 REGISTER HISTORIC DISTRICT AND CERTIFIED BY THIS STATE AS  
8 CONTRIBUTING TO THE HISTORIC SIGNIFICANCE OF THE DISTRICT, AND THE  
9 REHABILITATION OR RESTORATION PROJECT HAS BEEN APPROVED IN ADVANCE  
10 BY THIS STATE.

11 (Q) ~~(e)~~—"Qualified new job" means 1 of the following:

12 (i) A full-time job created by an authorized business at a  
13 facility that is in excess of the number of full-time jobs the  
14 authorized business maintained in this state prior to the expansion  
15 or location, as determined by the authority.

16 (ii) For jobs created after July 1, 2000, a full-time job at a  
17 facility created by an eligible business that is in excess of the  
18 number of full-time jobs maintained by that eligible business in  
19 this state up to 120 days before the eligible business became an  
20 authorized business, as determined by the authority.

21 (iii) For a distressed business, a full-time job at a facility  
22 that is in excess of the number of full-time jobs maintained by  
23 that eligible business in this state on the date the eligible  
24 business became an authorized business.

25 (R) ~~(p)~~—"Retained jobs" means the number of full-time jobs at  
26 a facility of an authorized business maintained in this state on a  
27 specific date as that date and number of jobs is determined by the

1 authority.

2 (S) ~~(g)~~ "Rural business" means an eligible business located in  
3 a county with a population of 90,000 or less.

4 (T) ~~(r)~~ "Subsidiary business" means a business that is  
5 directly or indirectly controlled or at least 80% owned by an  
6 authorized business.

7 (U) "TOURISM ATTRACTION FACILITY" MEANS A CULTURAL OR  
8 HISTORICAL SITE, A RECREATION OR ENTERTAINMENT FACILITY, AN AREA OF  
9 NATURAL PHENOMENA OR SCENIC BEAUTY, OR AN ENTERTAINMENT DESTINATION  
10 CENTER AS DETERMINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY AS  
11 FOLLOWS:

12 (i) IN MAKING A DETERMINATION, THE MICHIGAN ECONOMIC GROWTH  
13 AUTHORITY SHALL CONSIDER ALL OF THE FOLLOWING:

14 (A) WHETHER THE FACILITY WILL ACTUALLY ATTRACT TOURISTS.

15 (B) WHETHER 50% OR MORE OF THE PERSONS USING THE FACILITY  
16 RESIDE OUTSIDE A 100-MILE RADIUS.

17 (C) WHETHER 50% OR MORE OF THE GROSS RECEIPTS ARE FROM  
18 ADMISSIONS, FOOD, OR NONALCOHOLIC DRINKS.

19 (D) WHETHER THE FACILITY OFFERS A UNIQUE EXPERIENCE.

20 (ii) THE MICHIGAN ECONOMIC GROWTH AUTHORITY SHALL NOT DETERMINE  
21 ANY OF THE FOLLOWING AS A TOURISM ATTRACTION FACILITY:

22 (A) FACILITIES THAT ARE PRIMARILY DEVOTED TO THE RETAIL SALE  
23 OF GOODS, OTHER THAN AN ENTERTAINMENT DESTINATION CENTER, A THEME  
24 RESTAURANT DESTINATION ATTRACTION, OR A TOURISM ATTRACTION WHERE  
25 THE SALE OF GOODS IS A SECONDARY AND SUBORDINATE COMPONENT OF THE  
26 ATTRACTION.

27 (B) RECREATIONAL FACILITIES THAT DO NOT SERVE AS A LIKELY

1 DESTINATION WHERE INDIVIDUALS WHO ARE NOT RESIDENTS OF THE STATE  
2 WOULD REMAIN OVERNIGHT IN COMMERCIAL LODGING AT OR NEAR THE  
3 FACILITY.

4 (V) ~~(s)~~—"Written agreement" means a written agreement made  
5 pursuant to section 8. A written agreement may address new jobs,  
6 qualified new jobs, full-time jobs, retained jobs, or any  
7 combination of new jobs, qualified new jobs, full-time jobs, or  
8 retained jobs.

9 Sec. 5. (1) The powers of the authority are vested in the  
10 authority members in office. Regardless of the existence of a  
11 vacancy, a majority of the members of the authority constitutes a  
12 quorum necessary for the transaction of business at a meeting or  
13 the exercise of a power or function of the authority. Action may be  
14 taken by the authority at a meeting upon a vote of the majority of  
15 the members present. **MEMBERS OF THE AUTHORITY MAY BE PRESENT IN  
16 PERSON AT A MEETING OF THE AUTHORITY OR, IF AUTHORIZED BY THE  
17 BYLAWS OF THE AUTHORITY, BY USE OF TELECOMMUNICATIONS OR OTHER  
18 ELECTRONIC EQUIPMENT.**

19 (2) The authority shall meet at the call of the chairperson or  
20 as may be provided by the authority. Meetings of the authority may  
21 be held anywhere within this state.

22 (3) The business of the authority shall be conducted at a  
23 public meeting of the authority held in compliance with the open  
24 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of  
25 the time, date, and place of the meeting shall be given as provided  
26 by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A  
27 record or portion of a record, material, or other data received,

1 prepared, used, or retained by the authority in connection with an  
2 application for a tax credit under section 9 that relates to  
3 financial or proprietary information submitted by the applicant  
4 that is considered by the applicant and acknowledged by the  
5 authority as confidential shall not be subject to the disclosure  
6 requirements of the freedom of information act, 1976 PA 442, MCL  
7 15.231 to 15.246. A designee of the authority shall make the  
8 determination as to whether the authority acknowledges as  
9 confidential any financial or proprietary information submitted by  
10 the applicant and considered by the applicant as confidential.  
11 Unless considered proprietary information, the authority shall not  
12 acknowledge routine financial information as confidential. If the  
13 designee of the authority determines that information submitted to  
14 the authority is financial or proprietary information and is  
15 confidential, the designee of the authority shall release a written  
16 statement, subject to disclosure under the freedom of information  
17 act, 1976 PA 442, MCL 15.231 to 15.246, which states all of the  
18 following:

19 (a) The name and business location of the person requesting  
20 that the information submitted be confidential as financial or  
21 proprietary information.

22 (b) That the information submitted was determined by the  
23 designee of the authority to be confidential as financial or  
24 proprietary information.

25 (c) A broad nonspecific overview of the financial or  
26 proprietary information determined to be confidential.

27 (4) The authority shall not disclose financial or proprietary

1 information not subject to disclosure pursuant to subsection (3)  
2 without consent of the applicant submitting the information.

3 (5) As used in this section, "financial or proprietary  
4 information" means information that has not been publicly  
5 disseminated or is unavailable from other sources, the release of  
6 which might cause the applicant significant competitive harm.  
7 Financial or proprietary information does not include a written  
8 agreement under this act.

9 Enacting section 1. This amendatory act does not take effect  
10 unless all of the following bills of the 94th Legislature are  
11 enacted into law:

12 (a) Senate Bill No. 1188.

13 (b) Senate Bill No. 1189.

14 (c) Senate Bill No. 1190.