

# SENATE BILL No. 971

December 6, 2007, Introduced by Senators CLARKE, ALLEN, SANBORN, KUIPERS, GILBERT, RICHARDVILLE, BIRKHOLZ, HUNTER, STAMAS, BROWN, HARDIMAN, KAHN, GEORGE, CLARK-COLEMAN, PAPPAGEORGE, BARCIA, JACOBS, VAN WOERKOM, ANDERSON, THOMAS and SCOTT and referred to the Committee on Commerce and Tourism.

A bill to amend 1996 PA 376, entitled  
"Michigan renaissance zone act,"  
by amending sections 3, 9, and 10 (MCL 125.2683, 125.2689, and  
125.2690), section 3 as amended by 2006 PA 304 and section 10 as  
amended by 2005 PA 164, and by adding section 8g.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 3. As used in this act:

(a) "Agricultural processing facility" means 1 or more  
facilities or operations that transform, package, sort, or grade  
livestock or livestock products, agricultural commodities, or  
plants or plant products, excluding forest products, into goods  
that are used for intermediate or final consumption including goods  
for nonfood use, and surrounding property.

(b) "Board" means the state administrative board created in  
1921 PA 2, MCL 17.1 to 17.3.

1 (c) "Development plan" means a written plan that addresses the  
2 criteria in section 7 and includes all of the following:

3 (i) A map of the proposed renaissance zone that indicates the  
4 geographic boundaries, the total area, and the present use and  
5 conditions generally of the land and structures within those  
6 boundaries.

7 (ii) Evidence of community support and commitment from  
8 residential and business interests.

9 (iii) A description of the methods proposed to increase economic  
10 opportunity and expansion, facilitate infrastructure improvement,  
11 and identify job training opportunities.

12 (iv) Current social, economic, and demographic characteristics  
13 of the proposed renaissance zone and anticipated improvements in  
14 education, health, human services, public safety, and employment if  
15 the renaissance zone is created.

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

17 (d) "Elected county executive" means the elected county  
18 executive in a county organized under 1966 PA 293, MCL 45.501 to  
19 45.521, or 1973 PA 139, MCL 45.551 to 45.573.

20 (e) "Forest products processing facility" means 1 or more  
21 facilities or operations that transform, package, sort, recycle, or  
22 grade forest or paper products into goods that are used for  
23 intermediate or final use or consumption or for the creation of  
24 biomass or alternative fuels through the utilization of forest  
25 products or forest residue, and surrounding property. Forest  
26 products processing facility does not include an existing facility  
27 or operation that is located in this state that relocates to a

1 renaissance zone for a forest products processing facility. Forest  
2 products processing facility does not include a facility or  
3 operation that engages primarily in retail sales.

4 (f) "Local governmental unit" means a county, city, village,  
5 or township.

6 (g) "Person" means an individual, partnership, corporation,  
7 association, limited liability company, governmental entity, or  
8 other legal entity.

9 (h) "Qualified local governmental unit" means either of the  
10 following:

11 (i) A county.

12 (ii) A city, village, or township that contains an eligible  
13 distressed area as defined in section 11 of the state housing  
14 development authority act of 1966, 1966 PA 346, MCL 125.1411.

15 **(I) "QUALIFIED RETAIL BUSINESS" MEANS 1 OR MORE BUSINESSES**  
16 **THAT PRIMARILY SELL GOODS TO CUSTOMERS AT RETAIL. QUALIFIED RETAIL**  
17 **BUSINESS INCLUDES RESTAURANTS. QUALIFIED RETAIL BUSINESS DOES NOT**  
18 **INCLUDE ANY OF THE FOLLOWING:**

19 **(i) AN ADULT ENTERTAINMENT BUSINESS. AS USED IN THIS**  
20 **SUBPARAGRAPH, "ADULT ENTERTAINMENT BUSINESS" MEANS 1 OR BOTH OF THE**  
21 **FOLLOWING:**

22 **(A) A STRIPTEASE CLUB OR PORNOGRAPHIC MOVIE THEATER WHOSE**  
23 **BUSINESS IS THE COMMERCIAL SALE, DISSEMINATION, OR DISTRIBUTION OF**  
24 **SEXUALLY EXPLICIT MATERIAL, SHOWS, OR OTHER EXHIBITIONS.**

25 **(B) AN ADULT BOOKSTORE OR ADULT VIDEO STORE IN WHICH 25% OR**  
26 **MORE OF ITS STOCK-IN-TRADE, BOOKS, MAGAZINES, AND FILMS FOR SALE,**  
27 **EXHIBITION, OR VIEWING ON-PREMISES ARE SEXUALLY EXPLICIT MATERIAL.**

(ii) A FACILITY OR OPERATION THAT IS A LICENSEE AND HAS A TOPLESS ACTIVITY PERMIT UNDER THE MICHIGAN LIQUOR CONTROL CODE OF 1998, 1998 PA 58, MCL 436.1101 TO 436.2303.

(iii) A FACILITY OR OPERATION THAT DERIVES MORE THAN 75% OF ITS SALES FROM THE SALE OF SPIRITS FOR CONSUMPTION OFF PREMISES UNDER THE MICHIGAN LIQUOR CONTROL CODE OF 1998, 1998 PA 58, MCL 436.1101 TO 436.2303.

(iv) A FACILITY OR OPERATION THAT DERIVES MORE THAN 75% OF ITS SALES FROM THE SALE OF TOBACCO PRODUCTS AS DEFINED UNDER SECTION 2 OF THE TOBACCO PRODUCTS TAX ACT, 1993 PA 327, MCL 205.422.

(J) ~~(i)~~—"Recovery zone" means a tool and die renaissance recovery zone created in section 8d.

(K) ~~(j)~~—"Renaissance zone" means a geographic area designated under this act.

(L) ~~(k)~~—"Renewable energy facility" means a system that creates energy from a process using residues from agricultural products, forest products, paper products industries, and food production and processing; trees and grasses grown specifically to be used as energy crops; and gaseous fuels produced from solid biomass, animal wastes, or landfills.

(M) ~~(l)~~—"Residential rental property" means that term as defined in section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff.

(N) "RETAIL REDEVELOPMENT ZONE" MEANS A RENAISSANCE ZONE FOR QUALIFIED RETAIL BUSINESSES DESIGNATED UNDER SECTION 8G.

(O) ~~(m)~~—"Review board" means the renaissance zone review board created in section 5.

1       (P) ~~(n)~~—"Rural area" means an area that lies outside of the  
2 boundaries of an urban area.

3       (Q) ~~(e)~~—"Urban area" means an urbanized area as determined by  
4 the economics and statistics administration, United States bureau  
5 of the census according to the 1990 census.

6       SEC. 8G. (1) NOT LATER THAN OCTOBER 1, 2008, THE BOARD OF THE  
7 MICHIGAN STRATEGIC FUND DEFINED IN SECTION 4 OF THE MICHIGAN  
8 STRATEGIC FUND ACT, 1984 PA 270, MCL 125.2004, MAY DESIGNATE NOT  
9 MORE THAN 20 RETAIL REDEVELOPMENT ZONES WITHIN THIS STATE IN 1 OR  
10 MORE CITIES OR VILLAGES IF THAT CITY OR VILLAGE OR COMBINATION OF  
11 CITIES OR VILLAGES CONSENTS TO THE CREATION OF A RETAIL  
12 REDEVELOPMENT ZONE WITHIN THEIR BOUNDARIES. A RETAIL REDEVELOPMENT  
13 ZONE SHALL BE LOCATED IN AN AREA THAT IS LOCATED IN A DOWNTOWN  
14 DISTRICT UNDER 1975 PA 197, MCL 125.1651 TO 125.1681. THE BOARD OF  
15 THE MICHIGAN STRATEGIC FUND SHALL DESIGNATE NOT LESS THAN 6 RETAIL  
16 REDEVELOPMENT ZONES IN AREAS LOCATED IN DOWNTOWN DISTRICTS UNDER  
17 1975 PA 197, MCL 125.1651 TO 125.1681, THAT ARE LOCATED IN CITIES  
18 OR VILLAGES WITH POPULATIONS OF 25,000 OR LESS.

19       (2) EACH RETAIL REDEVELOPMENT ZONE DESIGNATED UNDER THIS  
20 SECTION SHALL BE 1 CONTINUOUS DISTINCT GEOGRAPHIC AREA AND CONTAIN  
21 NOT MORE THAN 20 SEPARATE PARCELS OF PROPERTY.

22       (3) THE BOARD OF THE MICHIGAN STRATEGIC FUND SHALL CONSIDER  
23 ALL OF THE FOLLOWING WHEN DESIGNATING A RETAIL REDEVELOPMENT ZONE  
24 FOR A QUALIFIED RETAIL BUSINESS:

25       (A) THE ECONOMIC IMPACT ON THE COMMUNITY IN WHICH THE RETAIL  
26 REDEVELOPMENT ZONE IS LOCATED.

27       (B) WHETHER THE GOALS OF A RETAIL REDEVELOPMENT ZONE CAN BE

1 ACCOMPLISHED BY LOCATING QUALIFIED RETAIL BUSINESSES IN AN EXISTING  
2 RENAISSANCE ZONE DESIGNATED UNDER SECTION 8 OR 8A.

3 (C) THE OCCUPANCY RATES OF THE DOWNTOWN DISTRICT IN THE  
4 PROPOSED RETAIL REDEVELOPMENT ZONE.

5 (D) PRESENCE OF BLIGHTED OR FUNCTIONALLY OBSOLETE BUILDINGS IN  
6 THE PROPOSED RETAIL REDEVELOPMENT ZONE.

7 (E) THE LIKELIHOOD THAT DEVELOPMENT WITHIN THE RETAIL  
8 REDEVELOPMENT ZONE WILL ENCOURAGE CLUSTER FORMATION AND BRING  
9 COMPLIMENTARY BUSINESSES TO THE COMMUNITY.

10 (F) THE LIKELIHOOD THAT THE PROPOSED RETAIL REDEVELOPMENT ZONE  
11 WILL BRING NEW AND DIVERSE RETAIL BUSINESSES TO THE COMMUNITY.

12 (G) THE POOL OF ENTREPRENEURS THAT WOULD LIKELY BENEFIT FROM  
13 CREATION OF THE RETAIL REDEVELOPMENT ZONE.

14 (H) THE EXISTENCE OF A RETAIL INCUBATOR OR OTHER COMMUNITY  
15 INFRASTRUCTURE TO ASSIST RETAIL ENTREPRENEURS IN THE PROPOSED  
16 RETAIL REDEVELOPMENT ZONE.

17 (4) THE CITY OR VILLAGE WITH THE ASSISTANCE OF THE AUTHORITY  
18 UNDER 1975 PA 197, MCL 125.1651 TO 125.1681, SHALL REPORT ANNUALLY  
19 TO THE MICHIGAN STRATEGIC FUND ON ALL THE FOLLOWING:

20 (A) THE AMOUNT OF CAPITAL INVESTMENT MADE IN THE RETAIL  
21 REDEVELOPMENT ZONE.

22 (B) THE NUMBER OF INDIVIDUALS EMPLOYED IN QUALIFIED RETAIL  
23 BUSINESS IN THE RETAIL REDEVELOPMENT ZONE IN THE BEGINNING AND END  
24 OF THE REPORTING PERIOD.

25 (C) ANY OTHER CONDITIONS OR REQUIREMENTS REASONABLY REQUIRED  
26 BY THE MICHIGAN STRATEGIC FUND.

27 Sec. 9. (1) Except as otherwise provided in section 10, an

1 individual who is a resident of a renaissance zone or a business  
2 that is located and conducts business activity within a renaissance  
3 zone shall receive the exemption, deduction, or credit as provided  
4 in the following for the period provided under section 6(2)(b):

5 (a) Section 39b of the single business tax act, ~~Act No. 228 of~~  
6 ~~the Public Acts of 1975, being section 208.39b of the Michigan~~  
7 ~~Compiled Laws 1975 PA 228, MCL 208.39B, AND SECTION 433 OF THE~~  
8 **MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1433.**

9 (b) Section 31 of the income tax act of 1967, ~~Act No. 281 of~~  
10 ~~the Public Acts of 1967, being section 206.31 of the Michigan~~  
11 ~~Compiled Laws 1967 PA 281, MCL 206.31.~~

12 (c) Section 35 of chapter 2 of the city income tax act, ~~Act~~  
13 ~~No. 284 of the Public Acts of 1964, being section 141.635 of the~~  
14 ~~Michigan Compiled Laws 1964 PA 284, MCL 141.635.~~

15 (d) Section 5 of the city utility users tax act, ~~Act No. 100~~  
16 ~~of the Public Acts of 1990, being section 141.1155 of the Michigan~~  
17 ~~Compiled Laws 1990 PA 100, MCL 141.1155.~~

18 (2) Except as otherwise provided in section 10, property  
19 located in a renaissance zone is exempt from the collection of  
20 taxes under all of the following:

21 (a) Section 7ff of the general property tax act, ~~Act No. 206~~  
22 ~~of the Public Acts of 1893, being section 211.7ff of the Michigan~~  
23 ~~Compiled Laws 1893 PA 206, MCL 211.7FF.~~

24 (b) Section 11 of ~~Act No. 198 of the Public Acts of 1974,~~  
25 ~~being section 207.561 of the Michigan Compiled Laws 1974 PA 198,~~  
26 **MCL 207.561.**

27 (c) Section 12 of the commercial redevelopment act, ~~Act No.~~

~~255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws 1978 PA 255, MCL 207.662.~~

~~(d) Section 21c of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2121c of the Michigan Compiled Laws 1985 PA 224, MCL 125.2121C.~~

~~(e) Section 1 of Act No. 189 of the Public Acts of 1953, being section 211.181 of the Michigan Compiled Laws 1953 PA 189, MCL 211.181.~~

~~(f) Section 12 of the technology park development act, Act No. 385 of the Public Acts of 1984, being section 207.712 of the Michigan Compiled Laws 1984 PA 385, MCL 207.712.~~

~~(g) Section 51105 of part 511 (commercial forests) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being section 324.51105 of the Michigan Compiled Laws 1994 PA 451, MCL 324.51105.~~

~~(h) Section 9 of the neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being section 207.779 of the Michigan Compiled Laws 1992 PA 147, MCL 207.779.~~

(3) During the last 3 years that the taxpayer is eligible for an exemption, deduction, or credit described in subsections (1) and (2), the exemption, deduction, or credit shall be reduced by the following percentages:

(a) For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.

(b) For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.

(c) For the tax year that is the final year of designation as

1 a renaissance zone, the percentage shall be 75%.

2       Sec. 10. (1) An individual who is a resident of a renaissance  
3 zone or a business that is located and conducts business activity  
4 within a renaissance zone or a person that owns property located in  
5 a renaissance zone is not eligible for the exemption, deduction, or  
6 credit listed in section 9(1) or (2) for that taxable year if 1 or  
7 more of the following apply:

8       (a) The resident, business, or property owner is delinquent on  
9 December 31 of the prior tax year under 1 or more of the following:

10       (i) The single business tax act, 1975 PA 228, MCL 208.1 to  
11 208.145, **OR THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101**  
12 **TO 208.1601.**

13       (ii) The income tax act of 1967, 1967 PA 281, MCL 206.1 to  
14 206.532.

15       (iii) 1974 PA 198, MCL 207.551 to 207.572.

16       (iv) The commercial redevelopment act, 1978 PA 255, MCL 207.651  
17 to 207.668.

18       (v) The enterprise zone act, 1985 PA 224, MCL 125.2101 to  
19 125.2123.

20       (vi) 1953 PA 189, MCL 211.181 to 211.182.

21       (vii) The technology park development act, 1984 PA 385, MCL  
22 207.701 to 207.718.

23       (viii) Part 511 of the natural resources and environmental  
24 protection act, 1994 PA 451, MCL 324.51101 to 324.51120.

25       (ix) The neighborhood enterprise zone act, 1992 PA 147, MCL  
26 207.771 to 207.786.

27       (x) The city utility users tax act, 1990 PA 100, MCL 141.1151

1 to 141.1177.

2 (b) The resident, business, or property owner is substantially  
3 delinquent as defined in a written policy by the qualified local  
4 governmental unit in which the renaissance zone is located on  
5 December 31 of the prior tax year under 1 or both of the following:

6 (i) The city income tax act, 1964 PA 284, MCL 141.501 to  
7 141.787.

8 (ii) Taxes, fees, and special assessments collected under the  
9 general property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~  
10 **211.155.**

11 (c) For residential rental property in a renaissance zone, the  
12 residential rental property is not in substantial compliance with  
13 all applicable state and local zoning, building, and housing laws,  
14 ordinances, or codes and, except as otherwise provided in this  
15 subdivision, the residential rental property owner has not filed an  
16 affidavit before December 31 in the immediately preceding tax year  
17 with the local tax collecting unit in which the residential rental  
18 property is located as required under section 7ff of the general  
19 property tax act, 1893 PA 206, MCL 211.7ff. Beginning December 31,  
20 2004, a residential rental property owner is not required to file  
21 an affidavit if the qualified local governmental unit in which the  
22 residential rental property is located determines that the  
23 residential rental property is in substantial compliance with all  
24 applicable state and local zoning, building, and housing laws,  
25 ordinances, and codes on December 31 of the immediately preceding  
26 tax year.

27 (2) An individual who is a resident of a renaissance zone is

1 eligible for an exemption, deduction, or credit under section 9(1)  
2 and (2) until the department of treasury determines that the  
3 aggregate state and local tax revenue forgone as a result of all  
4 exemptions, deductions, or credits granted under this act to that  
5 individual reaches \$10,000,000.00.

6 (3) A casino located and conducting business activity within a  
7 renaissance zone is not eligible for the exemption, deduction, or  
8 credit listed in section 9(1) or (2). Real property in a  
9 renaissance zone on which a casino is operated, personal property  
10 of a casino located in a renaissance zone, and all property  
11 associated or affiliated with the operation of a casino is not  
12 eligible for the exemption, deduction, or credit listed in section  
13 9(1) or (2). As used in this subsection, "casino" means a casino or  
14 a parking lot, hotel, motel, or retail store owned or operated by a  
15 casino, an affiliate, or an affiliated company, regulated by this  
16 state pursuant to the Michigan gaming control and revenue act, ~~the~~  
17 ~~Initiated Law of 1996~~ **IL 1**, MCL 432.201 to 432.226.

18 (4) For tax years beginning on or after January 1, 1997, an  
19 individual who is a resident of a renaissance zone shall not be  
20 denied the exemption under subsection (1) if the individual failed  
21 to file a return on or before December 31 of the prior tax year  
22 under subsection (1)(a)(ii) and that individual was entitled to a  
23 refund under that act.

24 **(5) ONLY PROPERTY THAT IS LOCATED IN A RETAIL REDEVELOPMENT**  
25 **ZONE THAT IS OWNED OR LEASED BY A QUALIFIED RETAIL BUSINESS AND**  
26 **BUSINESS ACTIVITY CONDUCTED IN A RETAIL REDEVELOPMENT ZONE BY A**  
27 **QUALIFIED RETAIL BUSINESS ARE ELIGIBLE FOR THE EXEMPTIONS,**

1 DEDUCTIONS, OR CREDITS DESCRIBED IN SECTION 9(1).