

SUBSTITUTE FOR
SENATE BILL NO. 567

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2094) by adding chapter 8C.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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CHAPTER 8C

SEC. 90. THE LEGISLATURE FINDS AND DECLARES THAT ANY ACTIVITY
UNDER THIS CHAPTER TO PROMOTE COMMUNITY REVITALIZATION WILL
ACCELERATE PRIVATE INVESTMENT IN AREAS OF HISTORICAL DISINVESTMENT,
CONTRIBUTE TO MICHIGAN'S REINVENTION AS A VITAL, JOB-GENERATING
STATE, FOSTER REDEVELOPMENT OF FUNCTIONALLY OBSOLETE PROPERTIES,
REDUCE BLIGHT, SUPPORT THE REHABILITATION OF HISTORIC RESOURCES,
AND PROTECT THE NATURAL RESOURCES OF THIS STATE AND IS A PUBLIC
PURPOSE AND OF PARAMOUNT CONCERN IN THE INTEREST OF THE HEALTH,

1 SAFETY, AND GENERAL WELFARE OF THE CITIZENS OF THIS STATE. IT IS
2 THE INTENT OF THE LEGISLATURE THAT THE ECONOMIC BENEFITS RESULTING
3 FROM THIS CHAPTER OCCUR SUBSTANTIALLY WITHIN THIS STATE.

4 SEC. 90A. AS USED IN THIS CHAPTER:

5 (A) "COMMUNITY REVITALIZATION GRANT" OR "GRANT" MEANS A GRANT
6 THAT IS APPROVED UNDER SECTION 90B AND THAT IS SUBJECT TO
7 REQUIREMENTS IN SECTION 90C.

8 (B) "COMMUNITY REVITALIZATION INCENTIVE" MEANS A COMMUNITY
9 REVITALIZATION GRANT, A COMMUNITY REVITALIZATION LOAN, OR OTHER
10 ECONOMIC ASSISTANCE.

11 (C) "COMMUNITY REVITALIZATION LOAN" OR "LOAN" MEANS A LOAN
12 THAT IS APPROVED UNDER SECTION 90B AND THAT IS SUBJECT TO THE
13 REQUIREMENTS IN SECTION 90D.

14 (D) "ELIGIBLE INVESTMENT" MEANS 1 OR MORE OF THE FOLLOWING,
15 SUBJECT TO A WRITTEN AGREEMENT UNDER THIS SECTION, INCLUDING
16 INVESTMENT WHICH OCCURRED PRIOR TO THE APPROVAL OF THE APPLICATION,
17 TO THE EXTENT THAT IT HAS NOT BEEN REIMBURSED TO OR BEEN PAID FOR
18 ON BEHALF OF THE PERSON REQUESTING A COMMUNITY REVITALIZATION
19 INCENTIVE UNDER THIS CHAPTER:

20 (i) ANY DEMOLITION, CONSTRUCTION, ALTERATION, REHABILITATION,
21 OR IMPROVEMENT OF BUILDINGS.

22 (ii) SITE IMPROVEMENTS.

23 (iii) THE ADDITION OF MACHINERY, EQUIPMENT, OR FIXTURES TO THE
24 APPROVED PROJECT.

25 (iv) ARCHITECTURAL, ENGINEERING, SURVEYING, AND SIMILAR
26 PROFESSIONAL FEES BUT NOT CERTAIN SOFT COSTS OF THE ELIGIBLE
27 INVESTMENT AS DETERMINED BY THE BOARD, INCLUDING, BUT NOT LIMITED

1 TO, DEVELOPER FEES, APPRAISALS, PERFORMANCE BONDS, CLOSING COSTS,
2 BANK FEES, LOAN FEES, RISK CONTINGENCIES, FINANCING COSTS,
3 PERMANENT OR CONSTRUCTION PERIOD INTEREST, LEGAL EXPENSES, LEASING
4 OR SALES COMMISSIONS, MARKETING COSTS, PROFESSIONAL FEES, SHARED
5 SAVINGS, TAXES, TITLE INSURANCE, BANK INSPECTION FEES, INSURANCE,
6 AND PROJECT MANAGEMENT FEES.

7 (E) "OTHER ECONOMIC ASSISTANCE" MEANS ANY OTHER FORM OF
8 ASSISTANCE ALLOWED UNDER THIS ACT THAT IS NOT A COMMUNITY
9 REVITALIZATION LOAN OR COMMUNITY REVITALIZATION GRANT.

10 SEC. 90B. (1) THE FUND SHALL CREATE AND OPERATE THE MICHIGAN
11 COMMUNITY REVITALIZATION PROGRAM TO PROVIDE COMMUNITY
12 REVITALIZATION INCENTIVES FOR ELIGIBLE INVESTMENTS IN THIS STATE.
13 THE FUND SHALL DEVELOP AND USE A DETAILED APPLICATION, APPROVAL,
14 AND COMPLIANCE PROCESS ADOPTED BY A RESOLUTION OF THE BOARD AND
15 PUBLISHED AND AVAILABLE ON THE FUND'S WEBSITE. PROGRAM STANDARDS,
16 GUIDELINES, TEMPLATES, OR ANY OTHER FORMS USED BY THE FUND TO
17 IMPLEMENT THE MICHIGAN COMMUNITY REVITALIZATION PROGRAM SHALL BE
18 APPROVED BY THE BOARD.

19 (2) A PERSON MAY APPLY TO THE FUND FOR APPROVAL OF COMMUNITY
20 REVITALIZATION INCENTIVES ASSOCIATED WITH A PROJECT UNDER THIS
21 SECTION.

22 (3) FUNDS APPROPRIATED FOR PROGRAMS UNDER THIS CHAPTER SHALL
23 BE PLACED IN THE 21ST CENTURY JOBS TRUST FUND CREATED IN THE
24 MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.251 TO 12.260.

25 (4) SUBJECT TO SECTION 88C, THE FUND SHALL REVIEW ALL
26 APPLICATIONS FOR COMMUNITY REVITALIZATION INCENTIVES. AS PART OF
27 THE APPLICATION, THE APPLICANT SHALL INCLUDE A PROJECT DESCRIPTION

1 THAT INCLUDES A PROJECT PRO-FORMA. THE FUND SHALL CONSIDER THE
2 FOLLOWING CRITERIA TO THE EXTENT REASONABLY APPLICABLE TO THE TYPE
3 OF PROJECT PROPOSED WHEN APPROVING A COMMUNITY REVITALIZATION
4 INCENTIVE:

5 (A) THE IMPORTANCE OF THE PROJECT TO THE COMMUNITY IN WHICH IT
6 IS LOCATED.

7 (B) IF THE PROJECT WILL ACT AS A CATALYST FOR ADDITIONAL
8 REVITALIZATION OF THE COMMUNITY IN WHICH IT IS LOCATED.

9 (C) THE AMOUNT OF LOCAL COMMUNITY AND FINANCIAL SUPPORT FOR
10 THE PROJECT.

11 (D) THE APPLICANT'S FINANCIAL NEED FOR A COMMUNITY
12 REVITALIZATION INCENTIVE.

13 (E) THE EXTENT OF REUSE OF VACANT BUILDINGS, REUSE OF
14 HISTORICAL BUILDINGS, AND REDEVELOPMENT OF BLIGHTED PROPERTY.

15 (F) CREATION OF JOBS.

16 (G) THE LEVEL OF PRIVATE SECTOR AND OTHER CONTRIBUTIONS,
17 INCLUDING, BUT NOT LIMITED TO, FEDERAL FUNDS AND FEDERAL TAX
18 CREDITS.

19 (H) WHETHER THE PROJECT IS FINANCIALLY AND ECONOMICALLY SOUND.

20 (I) WHETHER THE PROJECT INCREASES THE DENSITY OF THE AREA.

21 (J) WHETHER THE PROJECT PROMOTES MIXED-USE DEVELOPMENT AND
22 WALKABLE COMMUNITIES.

23 (K) WHETHER THE PROJECT PROMOTES SUSTAINABLE DEVELOPMENT.

24 (L) WHETHER THE PROJECT INVOLVES THE REHABILITATION OF A
25 HISTORIC RESOURCE.

26 (M) WHETHER THE PROJECT ADDRESSES AREAWIDE REDEVELOPMENT.

27 (N) WHETHER THE PROJECT ADDRESSES UNDERSERVED MARKETS OF

1 COMMERCE.

2 (O) THE LEVEL AND EXTENT OF ENVIRONMENTAL CONTAMINATION.

3 (P) ANY OTHER ADDITIONAL CRITERIA APPROVED BY THE BOARD THAT
4 ARE SPECIFIC TO EACH INDIVIDUAL PROJECT AND ARE CONSISTENT WITH THE
5 FINDINGS AND INTENT OF THIS CHAPTER.

6 (5) AN APPLICATION SHALL BE APPROVED OR DENIED NOT MORE THAN
7 90 DAYS AFTER RECEIPT OF THE APPLICATION THAT IS CONSIDERED
8 ADMINISTRATIVELY COMPLETE BY THE BOARD OR ITS DESIGNEE. IF THE
9 APPLICATION IS NEITHER APPROVED NOR DENIED WITHIN 90 DAYS AFTER
10 BEING CONSIDERED ADMINISTRATIVELY COMPLETE, IT SHALL BE CONSIDERED
11 BY THE FUND BOARD, OR ITS PRESIDENT IF DELEGATED, FOR ACTION AT, OR
12 BY, THE NEXT REGULARLY SCHEDULED BOARD MEETING. IF AN APPLICATION
13 IS APPROVED, THE FUND SHALL DETERMINE THE AMOUNT OF COMMUNITY
14 REVITALIZATION INCENTIVES FOR THE PROJECT BASED ON THE FUND'S
15 REVIEW OF THE APPLICATION AND THE CRITERIA SPECIFIED IN SUBSECTION
16 (4).

17 (6) THE AMOUNT OF COMMUNITY REVITALIZATION INCENTIVES THAT THE
18 BOARD MAY APPROVE FOR A SINGLE PROJECT SHALL NOT EXCEED 25% OF A
19 PROJECT'S ELIGIBLE INVESTMENT UP TO \$10,000,000.00. A COMMUNITY
20 REVITALIZATION LOAN SHALL NOT EXCEED \$10,000,000.00 AND A COMMUNITY
21 REVITALIZATION GRANT SHALL NOT EXCEED \$1,000,000.00. HOWEVER, A
22 COMBINATION OF LOANS, GRANTS, AND OTHER ECONOMIC ASSISTANCE UNDER
23 THIS CHAPTER SHALL NOT EXCEED \$10,000,000.00 PER PROJECT.

24 (7) WHEN THE BOARD APPROVES AN APPLICATION AND DETERMINES THE
25 AMOUNT OF COMMUNITY REVITALIZATION INCENTIVES, THE BOARD SHALL
26 ENTER INTO A WRITTEN AGREEMENT WITH THE APPLICANT. THE WRITTEN
27 AGREEMENT SHALL PROVIDE IN A CLEAR AND CONCISE MANNER ALL OF THE

1 CONDITIONS IMPOSED, INCLUDING SPECIFIC TIME FRAMES, ON THE
2 APPLICANT TO RECEIVE THE COMMUNITY REVITALIZATION INCENTIVE UNDER
3 THIS CHAPTER. THE WRITTEN AGREEMENT SHALL PROVIDE FOR REPAYMENT AND
4 PENALTIES IF THE APPLICANT FAILS TO COMPLY WITH THE PROVISIONS OF
5 THE WRITTEN AGREEMENT AS DETERMINED BY THE BOARD. THE APPLICANT
6 SHALL AGREE TO PROVIDE THE DATA DESCRIBED IN THE WRITTEN AGREEMENT
7 THAT IS NECESSARY FOR THE FUND TO REPORT TO THE LEGISLATURE UNDER
8 THIS CHAPTER.

9 (8) NOT MORE THAN 4% OF THE ANNUAL APPROPRIATION AS PROVIDED
10 BY LAW FROM THE 21ST CENTURY JOBS TRUST FUND ESTABLISHED IN THE
11 MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.251 TO 12.260, MAY BE
12 USED FOR THE PURPOSES OF ADMINISTERING THE PROGRAMS AND ACTIVITIES
13 AUTHORIZED UNDER THIS CHAPTER. HOWEVER, THE FUND AND THE FUND BOARD
14 SHALL NOT USE MORE THAN 3% OF THE ANNUAL APPROPRIATION FOR
15 ADMINISTERING THE PROGRAMS AND ACTIVITIES AUTHORIZED UNDER THIS
16 CHAPTER UNLESS THE FUND BOARD BY A 2/3 VOTE AUTHORIZES THE
17 ADDITIONAL 1% FOR ADMINISTRATION. THE MEDC MAY CHARGE ACTUAL AND
18 REASONABLE FEES FOR COSTS ASSOCIATED WITH THE COMMUNITY
19 REVITALIZATION LOAN. THESE FEES ARE IN ADDITION TO AN AMOUNT OF THE
20 APPROPRIATION USED FOR ADMINISTERING THE PROGRAMS AND ACTIVITIES
21 AUTHORIZED UNDER THIS CHAPTER.

22 Enacting section 1. This amendatory act does not take effect
23 unless all of the following bills of the 96th Legislature are
24 enacted into law:

25 (a) Senate Bill No. 566.

26 (b) Senate Bill No. 568.