

SENATE BILL No. 1166

June 5, 2012, Introduced by Senator CASPERSON and referred to the Committee on Economic Development.

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"
by amending section 8h (MCL 125.2688h), as added by 2010 PA 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8h. (1) The board of the Michigan strategic fund
2 described in section 4 of the Michigan strategic fund act, 1984 PA
3 270, MCL 125.2004, upon the application of a next Michigan
4 development corporation, may designate next Michigan renaissance
5 zones for eligible next Michigan businesses within the boundaries
6 of a next Michigan development district. The number of next
7 Michigan renaissance zones to be designated for a next Michigan
8 development district that does not include an eligible urban entity
9 as defined in the next Michigan development act, **2010 PA 275, MCL**
10 **125.2951 TO 125.2959**, shall equal the cumulative number of initial

1 or subsequent local governmental unit parties to the next Michigan
2 development corporation interlocal agreement, plus 1 additional
3 next Michigan renaissance zone for each county party to the
4 interlocal agreement, but shall not exceed 12 for each next
5 Michigan development district. The number of next Michigan
6 renaissance zones to be designated for a next Michigan development
7 district that includes an eligible urban entity as defined in the
8 next Michigan development act, **2010 PA 275, MCL 125.2951 TO**
9 **125.2959**, shall not exceed 12 as determined by the president of the
10 Michigan strategic fund. The number shall not be reduced on account
11 of a reduction in the number of local government unit parties to
12 the interlocal agreement from time to time. The next Michigan
13 development corporation shall make recommendations to the board of
14 the Michigan strategic fund as to which areas shall be designated
15 as next Michigan renaissance zones for eligible next Michigan
16 businesses under this act. The aggregate territory of all next
17 Michigan renaissance zones designated for a next Michigan
18 development corporation shall not exceed the lesser of 200 acres
19 times the number of next Michigan renaissance zones designated for
20 a next Michigan development corporation or 1,675 acres. **THE BOARD**
21 **OF THE MICHIGAN STRATEGIC FUND SHALL DESIGNATE AT LEAST 1 NEXT**
22 **MICHIGAN RENAISSANCE ZONE WITHIN THE BOUNDARIES OF A NEXT MICHIGAN**
23 **DEVELOPMENT DISTRICT THAT IS LOCATED OR PARTIALLY LOCATED IN A CITY**
24 **THAT HAS A POPULATION OF MORE THAN 11,500 BUT LESS THAN 12,900 AND**
25 **LOCATED IN A COUNTY WITH A POPULATION OF MORE THAN 36,900 BUT LESS**
26 **THAN 38,000 ACCORDING TO THE MOST RECENT DECENNIAL CENSUS.** A next
27 Michigan renaissance zone shall have a duration of renaissance zone

1 status for a period of not less than 5 years and not more than 10
2 years as determined by the board of the Michigan strategic fund.
3 Except as otherwise provided in this act, if the board of the
4 Michigan strategic fund determines that the duration of renaissance
5 zone status for a next Michigan renaissance zone is less than 10
6 years, then the board of the Michigan strategic fund, with the
7 consent of the next Michigan development corporation and with the
8 consent of the city, village, or township in which the next
9 Michigan renaissance zone is located, may extend the duration of
10 renaissance zone status for the next Michigan renaissance zone for
11 1 or more periods that when combined do not exceed 10 years.

12 (2) The next Michigan development corporation shall make
13 recommendations to the board of the Michigan strategic fund to
14 certify an eligible next Michigan business as a qualified eligible
15 next Michigan business entitled to the exemptions, deductions, or
16 credits as provided in section 9. Upon the recommendation of a next
17 Michigan development corporation and subject to subsection (10),
18 the board of the Michigan strategic fund may determine whether an
19 eligible next Michigan business should receive the benefits of a
20 renaissance zone and certify that eligible next Michigan business
21 as a qualified eligible next Michigan business under this act and
22 subject to a written agreement as provided in subsection (8). The
23 board of the Michigan strategic fund shall establish a standard
24 process to evaluate applications for certification as a qualified
25 eligible next Michigan business and shall appoint a committee to
26 review the applications. The standard application process developed
27 by the board of the Michigan strategic fund shall be approved by a

1 resolution of the board of the Michigan strategic fund before an
2 eligible next Michigan business is certified as a qualified
3 eligible next Michigan business. The board of the Michigan
4 strategic fund shall certify or deny the application to certify an
5 eligible next Michigan business as a qualified eligible next
6 Michigan business within 49 days of receipt of the application that
7 is complete in all material respects as determined by the president
8 of the Michigan strategic fund. If the board of the Michigan
9 strategic fund fails to certify or deny the application for
10 certification within 49 days of receipt of the application that is
11 complete in all material respects as determined by the president of
12 the Michigan strategic fund, the application for certification is
13 considered approved. If the board of the Michigan strategic fund
14 denies the application for certification, the applicant may appeal
15 that denial to the board of the Michigan strategic fund for
16 reconsideration. The president of the Michigan strategic fund shall
17 notify the next Michigan development corporation that the Michigan
18 strategic fund has certified a qualified eligible next Michigan
19 business in a next Michigan development district. The next Michigan
20 development corporation shall develop an application process for
21 eligible next Michigan businesses, which process shall be approved
22 by the board of the Michigan strategic fund. A next Michigan
23 development corporation shall not use the incentives provided in
24 this act primarily to recruit an eligible next Michigan business to
25 relocate from a location in this state to another location in this
26 state. A next Michigan development corporation shall not recommend
27 and the board of the Michigan strategic fund shall not certify an

1 eligible next Michigan business as a qualified eligible next
2 Michigan business unless that eligible next Michigan business opens
3 a new location in this state, locates in this state, or is an
4 existing business located in this state that will materially expand
5 its business in this state as determined by the board of the
6 Michigan strategic fund. However, the board of the Michigan
7 strategic fund shall not certify an eligible next Michigan business
8 as a qualified eligible next Michigan business if the principal
9 economic effect of the expansion or location of the eligible next
10 Michigan business into a next Michigan development district is the
11 transfer of employment from 1 or more cities, villages, or
12 townships in this state to the next Michigan development district
13 and each order or resolution certifying an eligible next Michigan
14 business as a qualified eligible next Michigan business shall
15 contain an express finding, based upon competent and material
16 evidence in the record, of compliance with the requirements of this
17 subsection. Any transfer of employment from 1 or more cities,
18 villages, and townships in this state to a next Michigan
19 development district resulting from the expansion or location of an
20 eligible next Michigan business into a next Michigan development
21 district in which the aggregate number of transferred full-time
22 employees is less than 15% of the total number of full-time
23 employees proposed to be located in the next Michigan development
24 district by the eligible next Michigan business shall be
25 conclusively presumed to not be a principal economic effect of the
26 expansion or location. In the event that a transfer of employment
27 will occur resulting from the expansion or location of an eligible

1 next Michigan business into a next Michigan development district,
2 the board of the Michigan strategic fund shall provide written
3 notice of the order or resolution certifying the eligible next
4 Michigan business as a qualifying next Michigan business to the
5 chief executive officer of each county, city, village, and township
6 from which the transfer of employment will occur within 10 days of
7 the order or resolution certifying the qualified eligible next
8 Michigan business. The chief executive officer of each county,
9 city, village, and township notified under this subsection shall
10 have 30 days to file an appeal of the certification with the board
11 of the Michigan strategic fund. The board of the Michigan strategic
12 fund shall decide the appeal within 45 days of the receipt of the
13 appeal. The board of the Michigan strategic fund shall not certify
14 an eligible next Michigan business as a qualified eligible next
15 Michigan business if the business applicant has been convicted of a
16 felony and the board of the Michigan strategic fund has determined
17 that the conviction will have a material impact on the business
18 applicant's ability to fulfill its obligations under this act. As
19 used in this subsection, the business applicant includes the
20 business entity, affiliates, subsidiaries, officers, directors,
21 managerial employees, and any person who, directly or indirectly,
22 holds a pecuniary interest in that business entity of 20% or more.

23 (3) Upon request of the next Michigan development corporation,
24 the board of the Michigan strategic fund may modify an existing
25 next Michigan renaissance zone to add additional property under the
26 same terms and conditions as the existing next Michigan renaissance
27 zone if all of the following are met:

1 (a) The additional real property is located within the
2 boundaries of the next Michigan development district and will be
3 owned or operated by a qualified eligible next Michigan business
4 once it is brought into operation as determined by the board of the
5 Michigan strategic fund.

6 (b) The next Michigan development corporation and the city,
7 village, or township in which the qualified eligible next Michigan
8 business is located consent to the modification.

9 (c) The aggregate territory limitations provided in subsection
10 (1) will not be exceeded.

11 (4) A qualified eligible next Michigan business in a next
12 Michigan renaissance zone shall be granted the benefits of
13 renaissance zone status for a period of up to 15 years.

14 (5) The board of the Michigan strategic fund may revoke the
15 designation of all or a portion of a next Michigan renaissance zone
16 or the certification of a qualified eligible next Michigan business
17 if the board of the Michigan strategic fund determines 1 or more of
18 the following:

19 (a) The qualified eligible next Michigan business proposed in
20 the application fails, or a preponderance of businesses proposed in
21 the application fail, to commence operation within 2 years from the
22 date of the certification as a qualified eligible next Michigan
23 business.

24 (b) The qualified eligible next Michigan business proposed in
25 the application to commence operation within the next Michigan
26 renaissance zone ceases operation, provided that designation shall
27 not be revoked if the qualified eligible next Michigan business has

1 assigned its rights to a successor entity engaged in a qualified
2 eligible next Michigan business.

3 (c) The qualified eligible next Michigan business proposed in
4 the application to commence operation within the next Michigan
5 renaissance zone fails to commence construction or renovation
6 within 1 year from the date of the certification as a qualified
7 eligible next Michigan business.

8 (d) The qualified eligible next Michigan business fails to
9 meet jobs and investment criteria set forth in the application and
10 approved as a condition by the president or the board of the
11 Michigan strategic fund.

12 (e) The local governmental unit in which the qualified
13 eligible next Michigan business is located withdraws from the next
14 Michigan development corporation interlocal agreement, provided
15 that the tax incentives previously granted to the qualified
16 eligible next Michigan business shall remain in full force and
17 effect for the stated term of the tax incentives so long as the
18 qualified eligible next Michigan business satisfies all of the
19 conditions upon which the tax incentives were granted.

20 (6) If the designation of all or a portion of a next Michigan
21 renaissance zone or the certification of a qualified eligible next
22 Michigan business is revoked, a qualified eligible next Michigan
23 business affected may appeal that revocation to the board of the
24 Michigan strategic fund. The designation may subsequently be
25 restored by the board of the Michigan strategic fund to the same
26 site and in respect of a qualified eligible next Michigan business,
27 but the duration of the restored designation shall not exceed the

1 term of the original designation.

2 (7) Upon request of the next Michigan development corporation,
3 the board of the Michigan strategic fund may extend the duration of
4 renaissance zone status for 1 or more portions of a next Michigan
5 renaissance zone if the extension will increase capital investment
6 or job creation, and the next Michigan development corporation and
7 the city, village, or township in which that portion of the next
8 Michigan renaissance zone is located consents to extend the
9 duration of renaissance zone status. The board of the Michigan
10 strategic fund may extend renaissance zone status for 1 or more
11 portions of the next Michigan renaissance zone under this
12 subsection for a period of time not to exceed 5 additional years as
13 determined by the board of the Michigan strategic fund.

14 (8) Before an eligible next Michigan business is certified as
15 a qualified eligible next Michigan business, the board of the
16 Michigan strategic fund shall enter into a written agreement with
17 the next Michigan development corporation and a qualified eligible
18 next Michigan business in respect of the terms and conditions of
19 granting and retaining renaissance zone status, certification as a
20 qualified eligible next Michigan business, and any other related
21 matters. The written agreement also shall contain a remedy
22 provision that includes, but is not limited to, all of the
23 following:

24 (a) A requirement that all or a portion of the exemptions,
25 deductions, or credits described in section 9 shall be revoked
26 under the procedures set forth in this act if the qualified
27 eligible next Michigan business is determined to be in violation of

1 the provisions of this act or the written agreement or relocates
2 outside the next Michigan development district for a period of
3 years after renaissance zone status expires as set forth in the
4 written agreement.

5 (b) A requirement that the qualified eligible next Michigan
6 business may be required to repay all or a portion of the
7 exemptions, deductions, or credits described in section 9 if the
8 qualified eligible next Michigan business is determined to be in
9 violation of the provisions of this act or the written agreement or
10 relocates outside the next Michigan development district for a
11 period of years after renaissance zone status expires as set forth
12 in the written agreement.

13 (9) Except as otherwise provided in this subsection, the
14 commencement of renaissance zone status under this section shall
15 take effect on January 1 in the year following designation.
16 However, for purposes of the taxes exempted under section 9(2), the
17 commencement of renaissance zone status under this section shall
18 take effect on December 31 in the year immediately preceding the
19 year in which the commencement under this section takes effect.

20 (10) The board of the Michigan strategic fund shall not
21 certify more than 25 eligible businesses as qualified eligible next
22 Michigan businesses under this act. The board of the Michigan
23 strategic fund shall not certify more than 10 eligible businesses
24 as qualified eligible next Michigan businesses in a next Michigan
25 development district as defined in the next Michigan development
26 act, 2010 PA 275, MCL 125.2951 TO 125.2959.