

EXTEND ELIGIBILITY OF NEIGHBORHOOD AND COMMERCIAL CORRIDOR FOOD INITIATIVES UNDER MICHIGAN COMMUNITY REVITALIZATION PROGRAM

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5656 as introduced
Sponsor: Rep. Julie M. Rogers
Committee: Commerce and Tourism
Revised 3-15-22

SUMMARY:

House Bill 5656 would amend the Michigan Strategic Fund Act to extend for four years the sunset (expiration) date of provisions under which property that is used for a neighborhood and commercial corridor food initiative is eligible for incentives under the Michigan Community Revitalization Program. These properties are now eligible through September 30, 2022. The bill would extend this eligibility through September 30, 2026. The bill would similarly extend provisions requiring at least 5% of community revitalization incentives to be awarded to these food initiatives.

The Michigan Community Revitalization Program is administered by the Michigan Strategic Fund (MSF) in partnership with the Michigan Economic Development Corporation (MEDC).¹ Eligible properties on which eligible investments are made qualify to apply for Community Revitalization Incentives that include grants, loans, or other economic assistance. Eligible properties include any of the following:

- Contaminated property.
- Blighted property.
- Functionally obsolete property.
- Property that is a historic resource.
- Property adjacent or contiguous to one of the above, if the development of the adjacent or contiguous parcel is estimated to increase the taxable value of the property described above.
- Through September 30, 2022, property used for a *neighborhood and commercial food initiative*.²
- Any other property as determined by the MSF board if the development of the property will promote community revitalization.

Neighborhood and commercial corridor food initiative means property that will be used primarily as a retail supermarket, grocery store, produce market, or delicatessen that is located in a downtown area or in a development area as defined under Part 6 (Corridor Improvement Authorities) of the Recodified Tax Increment Financing Act, as determined by the MSF board, that offers unprocessed USDA-inspected meat and

¹ See <https://www.michiganbusiness.org/4a8164/globalassets/documents/reports/fact-sheets/communityrevitalizationprogram.pdf> and <https://www.miplace.org/48fdcd/globalassets/documents/mcrp/mcrp-guidelines.pdf>

² See the HFA analysis of 2017 PA 239 (HB 4207), which added the food initiative provisions: <https://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-4207-6C3C610C.pdf>

poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.

A new neighborhood and commercial corridor food initiative is *not* eligible for an incentive if it is located within one mile of an existing retail supermarket, grocery store, or supermarket, as determined by the MSF board, that offers the same foods described in the definition above.

Applications for a neighborhood and commercial corridor food initiative project must be received by June 1 for that fiscal year. Through FY 2021-22, at least 5% of all community revitalization incentives must be awarded to neighborhood and commercial corridor food initiatives, unless not enough projects are approved to meet that requirement.

In addition, proposals for neighborhood and commercial corridor food initiative projects are subject to application criteria, monetary and project limits, agreement standards, and disbursement mechanisms that apply to all revitalization grant applicants and are described in Chapter 8C of the act.³

As described above, the bill would extend through September 30, 2026, the eligibility for a community revitalization incentive of property to be used for a neighborhood and commercial corridor food initiative, as well as extending through FY 2025-26 the requirement that at least 5% of all community revitalization incentives must be awarded to neighborhood and commercial corridor food initiatives.

MCL 125.2090a and 125.2090b

FISCAL IMPACT:

House Bill 5656 would have no direct fiscal impact on state or local government. The bill would extend by four years the requirement that at least 5% of the Community Revitalization Program funds be dedicated to urban food initiatives assuming there is sufficient demand.

The amount available for the Community Revitalization Program is appropriated annually by the legislature in the Business Attraction and Community Revitalization line item in the MSF budget. The MSF Board ultimately determines the distribution of the funds between the Michigan Business Development Program and the Community Revitalization Program. In FY 2020, the most recent year available, approximately \$47.3 million was awarded under the Community Revitalization Program. At this level of funding, approximately \$2.4 million would have been required for urban food initiatives if there was sufficient demand.

Legislative Analyst: Rick Yuille
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

³ <http://legislature.mi.gov/doc.aspx?mcl-270-1984-8C>