

SENATE BILL NO. 526

September 26, 2023, Introduced by Senators ALBERT, HOITENGA, BELLINO, LINDSEY and THEIS and referred to the Committee on Economic and Community Development.

A bill to amend 2018 PA 540, entitled "Economic development incentive evaluation act," by amending sections 3, 5, and 7 (MCL 18.1753, 18.1755, and 18.1757), and by adding section 7a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 3. As used in this act:
- 2 (a) "Contractor" means the private entity, nonprofit entity,
- 3 or academic institution selected by the department under section 5
- 4 to evaluate certain economic development incentives.

1 (b) "Department" means the department of technology,
2 management, and budget.

3 (c) "Economic development incentive" means the abatements, tax
4 credits, exemptions, grants, loans, or loan guarantees related to
5 economic development activities in this state as determined by the
6 Michigan strategic fund provided under the following acts **or**
7 **programs:**

8 (i) The Michigan business tax act, 2007 PA 36, MCL 208.1101 to
9 208.1601.

10 (ii) The income tax act of 1967, 1967 PA 281, MCL 206.1 to
11 ~~206.713-206.847.~~

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

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

15 (v) The enterprise zone act, 1985 PA 224, MCL 125.2101 to
16 125.2123.

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

18 (vii) The technology park development act, 1984 PA 385, MCL
19 207.701 to 207.718.

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

22 (ix) The neighborhood enterprise zone act, 1992 PA 147, MCL
23 207.771 to 207.786.

24 (x) The city utility users tax act, 1990 PA 100, MCL 141.1151
25 to 141.1177.

26 (xi) The city income tax act, 1964 PA 284, MCL 141.501 to
27 141.787.

28 (xii) The general property tax act, 1893 PA 206, MCL 211.1 to

1 211.155.

2 (xiii) The Michigan economic growth authority act, 1995 PA 24,
3 MCL 207.801 to 207.810.

4 (xiv) The Michigan renaissance zone act, 1996 PA 376, MCL
5 125.2681 to 125.2696.

6 (xv) The obsolete property rehabilitation act, 2000 PA 146, MCL
7 125.2781 to 125.2797.

8 (xvi) The brownfield redevelopment financing act, 1996 PA 381,
9 MCL 125.2651 to 125.2670.

10 (xvii) The Michigan strategic fund act, 1984 PA 270, MCL
11 125.2001 to 125.2094.

12 **(xviii) SOAR.**

13 **(xix)** ~~(xviii)~~ Any new economic development programs as determined
14 by the Michigan strategic fund.

15 (d) "Exclusive economic development incentive" means an
16 economic development incentive that is intended to encourage a
17 single specific entity, project, or associated projects to locate,
18 expand, invest, or remain in this state or to hire or retain
19 employees in this state as determined by the strategic fund.

20 **(e) "SOAR" means the strategic outreach and attraction reserve**
21 **fund created in section 4 of the Michigan trust fund act, 2000 PA**
22 **489, MCL 12.254.**

23 (f) "SOAR project" means an economic development incentive
24 that is any of the following:

25 (i) Funded in whole or in part with money from SOAR.

26 (ii) Provided under the critical industry program created in
27 section 88s of the Michigan strategic fund act, 1984 PA 270, MCL
28 125.2088s.

29 (iii) Provided under the Michigan strategic site readiness

1 program created in section 88t of the Michigan strategic fund act,
2 1984 PA 270, MCL 125.2088t.

3 (g) ~~(e)~~—"The strategic fund" means the **Michigan strategic** fund
4 **created** under the Michigan strategic fund act, 1984 PA 270, MCL
5 125.2001 to 125.2094.

6 Sec. 5. (1) The department shall contract with 1 or more
7 contractors for the periodic evaluation of economic development
8 incentives. The department along with the department of treasury
9 and the Michigan strategic fund shall develop a scope of services
10 for a request for proposals for professional services necessary to
11 complete the economic development incentive evaluations under this
12 act. The department may solicit input from a local governmental
13 unit or 1 or more public agencies, as those terms are defined in
14 section 2 of the urban cooperation act of 1967, 1967 (Ex Sess) PA
15 7, MCL 124.502, or a Michigan economic development corporation
16 corporate partner, in developing the scope of services for a
17 request for proposal for professional services necessary to
18 complete an economic development incentive evaluation under this
19 act. When selecting a contractor, the department shall consider the
20 ability for economic development incentive evaluations to be done
21 in an objective manner.

22 (2) The contractor will complete the economic development
23 incentive evaluations within 270 days of entering into the
24 contract. The department shall provide the economic development
25 incentive evaluation with any additional information to the house
26 and senate appropriations committees ~~no~~**not** more than 30 days after
27 the completion of the evaluation.

28 (3) The department shall enter into contracts with contractors
29 for economic development incentive evaluations as follows:

1 **(a) For a SOAR project, as often as necessary to comply with**
 2 **section 7a.**

3 **(b) ~~(a)~~**At least once every 6 years for economic development
 4 incentives, **other than a SOAR project**, funded with state
 5 appropriations of \$15,000,000.00 or less each year.

6 **(c) ~~(b)~~**At least once every 4 years for all other economic
 7 development incentives, excluding programs that have entered into
 8 legacy status. A program is considered to be in legacy status if
 9 the Michigan strategic fund board or other governing body has not
 10 approved, authorized, or originated any new abatement, tax credit,
 11 or exemption, or distributed funds under a grant, loan, or loan
 12 guarantee within the immediately preceding fiscal year period.

13 **(d) ~~(c)~~ ~~Upon~~ ~~On~~** the conclusion of an economic development
 14 incentive, a 1-time final analysis.

15 (4) At the request of the department, state agencies shall
 16 provide to the contractor, to the extent permitted by law, any
 17 records, information, data, or data analysis necessary for the
 18 contractors to effectively evaluate the economic development
 19 incentives. The contractor shall not disclose or release any data
 20 received from state agencies, except as permitted by law. A record
 21 or portion of a record, material, or other data that relates to
 22 financial, commercial, or proprietary information of any entity
 23 that received an economic development incentive provided by another
 24 department, agency, municipality, or political subdivision of this
 25 state to the department or a contractor in connection with review
 26 of an economic development incentive under this act ~~shall~~**is** not ~~be~~
 27 subject to the disclosure requirements of the freedom of
 28 information act, 1976 PA 442, MCL 15.231 to 15.246. The department
 29 and contractor may only use the financial or commercial information

1 for carrying out the purposes of this act and shall not disclose or
2 release any data received from a department, agency, municipality,
3 or political subdivision of this state.

4 (5) Economic development incentive evaluations ~~shall~~**must** be
5 published on the department's website. The department shall also
6 publish the name of each contractor who is awarded a contract under
7 this act and a schedule of economic development incentives and when
8 they ~~shall~~**will** be evaluated.

9 (6) Not less than 30 days prior to the department releasing
10 the economic development incentive evaluation under subsection (2)
11 or publishing it on the department's website under subsection (5),
12 the department shall provide a copy of the economic development
13 incentive evaluation to the Michigan strategic fund, the Michigan
14 economic development corporation, the state agency that has
15 oversight of the economic development incentive, and the entity
16 that is the recipient of the economic development incentive. The
17 Michigan strategic fund, the Michigan economic development
18 corporation, the state agency that has oversight over the economic
19 development incentive, and the entity that is the recipient of the
20 economic development incentive may issue a response to the economic
21 development incentive evaluation.

22 Sec. 7. ~~The~~**Subject to section 7a, the** department, in
23 conjunction with the strategic fund and the department of treasury,
24 shall, not later than February 28, 2019, develop a multiyear
25 schedule that lists all economic development incentives and
26 indicates the year when an economic development incentive
27 evaluation will be published for each economic development
28 incentive. ~~The~~**Except as otherwise provided in section 7a, the**
29 department shall consider economic development incentive sunset

1 dates and program inactivity when creating the schedule and may
2 group economic development incentives for review by objective or
3 policy rationale of each economic development incentive. ~~The~~
4 **Subject to section 7a, the** department shall update the schedule
5 annually and include any new economic development programs as
6 determined by the Michigan strategic fund. The department shall
7 also list all economic development incentives that are exclusive
8 economic development incentives.

9 **Sec. 7a. (1) A SOAR project must be evaluated and an economic**
10 **development incentive evaluation must be published by each of the**
11 **following dates:**

12 (a) The date that is 3 years after money is appropriated for
13 the SOAR project by the legislature.

14 (b) The date that is 5 years after money is appropriated for
15 the SOAR project by the legislature.

16 (c) The date that is 10 years after money is appropriated for
17 the SOAR project by the legislature.

18 (2) Each SOAR project must be independently evaluated.