

SUBSTITUTE FOR
SENATE BILL NO. 580

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 **BY CERTIFYING THAT ELIGIBLE**
7 **NEXT MICHIGAN BUSINESS AS A QUALIFIED ELIGIBLE NEXT MICHIGAN**
8 **BUSINESS. EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, EACH**
9 **QUALIFIED ELIGIBLE NEXT MICHIGAN BUSINESS SHALL BE LOCATED IN A**
10 **SEPARATE NEXT MICHIGAN RENAISSANCE ZONE. ~~The number of next~~**
11 ~~Michigan renaissance zones to be designated for a next Michigan~~

~~1 development district that does not include an eligible urban entity
2 as defined in the next Michigan development act shall equal the
3 cumulative number of initial or subsequent local governmental unit
4 parties to the next Michigan development corporation interlocal
5 agreement, plus 1 additional next Michigan renaissance zone for
6 each county party to the interlocal agreement, but shall not exceed
7 12 for each next Michigan development district. The number of next
8 Michigan renaissance zones to be designated for a next Michigan
9 development district that includes an eligible urban entity as
10 defined in the next Michigan development act shall not exceed 12 as
11 determined by the president of the Michigan strategic fund. The
12 number shall not be reduced on account of a reduction in the number
13 of local government unit parties to the interlocal agreement from
14 time to time. The next Michigan development corporation shall make
15 recommendations to the board of the Michigan strategic fund as to
16 which areas shall be designated as next Michigan renaissance zones
17 for eligible next Michigan businesses under this act. The aggregate
18 territory of all next Michigan renaissance zones designated for a
19 next Michigan development corporation shall not exceed the lesser
20 of 200 acres times the number of next Michigan renaissance zones
21 designated for a next Michigan development corporation or 1,675
22 acres. A next Michigan renaissance zone shall have a duration of
23 renaissance zone status for a period of not less than 5 years and
24 not more than 10 years as determined by the board of the Michigan
25 strategic fund. Except as otherwise provided in this act, if the
26 board of the Michigan strategic fund determines that the duration
27 of renaissance zone status for a next Michigan renaissance zone is~~

~~less than 10 years, then the board of the Michigan strategic fund, with the consent of the next Michigan development corporation and with the consent of the city, village, or township in which the next Michigan renaissance zone is located, may extend the duration of renaissance zone status for the next Michigan renaissance zone for 1 or more periods that when combined do not exceed 10 years.~~

(2) The next Michigan development corporation shall make recommendations to the board of the Michigan strategic fund to certify an eligible next Michigan business as a qualified eligible next Michigan business entitled to the exemptions, deductions, or credits as provided in section 9. Upon the recommendation of a next Michigan development corporation and subject to subsection ~~(10)~~, (9), the board of the Michigan strategic fund may determine whether an eligible next Michigan business should receive the benefits of a renaissance zone and certify that eligible next Michigan business as a qualified eligible next Michigan business under this act and subject to a written agreement as provided in subsection ~~(8)~~—(7). The board of the Michigan strategic fund shall establish a standard process to evaluate applications for certification as a qualified eligible next Michigan business and shall appoint a committee to review the applications. The standard application process developed by the board of the Michigan strategic fund shall be approved by a resolution of the board of the Michigan strategic fund before an eligible next Michigan business is certified as a qualified eligible next Michigan business. The board of the Michigan strategic fund shall certify or deny the application to certify an eligible next Michigan business as a qualified eligible next

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

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

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

18 (3) Upon request of the next Michigan development corporation,
19 the board of the Michigan strategic fund may modify an existing
20 next Michigan renaissance zone to add additional property under the
21 same terms and conditions as the existing next Michigan renaissance
22 zone if all of the following are met:

23 (a) The additional real property is located within the
24 boundaries of the next Michigan development district and will be
25 owned or operated by a qualified eligible next Michigan business
26 once it is brought into operation as determined by the board of the
27 Michigan strategic fund.

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

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

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

9 (5) The board of the Michigan strategic fund may revoke the
10 designation of all or a portion of a next Michigan renaissance zone
11 or the certification of a qualified eligible next Michigan business
12 if the board of the Michigan strategic fund determines 1 or more of
13 the following:

14 (a) The qualified eligible next Michigan business proposed in
15 the application fails, or a preponderance of businesses proposed in
16 the application fail, to commence operation within 2 years from the
17 date of the certification as a qualified eligible next Michigan
18 business.

19 (b) The qualified eligible next Michigan business proposed in
20 the application to commence operation within the next Michigan
21 renaissance zone ceases operation, provided that designation shall
22 not be revoked if the qualified eligible next Michigan business has
23 assigned its rights to a successor entity engaged in a qualified
24 eligible next Michigan business **AND THAT ASSIGNMENT HAS BEEN**
25 **APPROVED BY THE MICHIGAN STRATEGIC FUND.**

26 (c) The qualified eligible next Michigan business proposed in
27 the application to commence operation within the next Michigan

1 renaissance zone fails to commence construction or renovation
2 within 1 year from the date of the certification as a qualified
3 eligible next Michigan business.

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

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

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

25 (6) ~~(7)~~ Upon request of the next Michigan development
26 corporation, the board of the Michigan strategic fund may extend
27 the duration of renaissance zone status for 1 or more portions of a

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

11 (7) ~~(8)~~—Before an eligible next Michigan business is certified
12 as a qualified eligible next Michigan business, the board of the
13 Michigan strategic fund shall enter into a written agreement with
14 the next Michigan development corporation and a qualified eligible
15 next Michigan business in respect of the terms and conditions of
16 granting and retaining renaissance zone status, certification as a
17 qualified eligible next Michigan business, and any other related
18 matters. The written agreement also shall contain a remedy
19 provision that includes, but is not limited to, all of the
20 following:

21 (a) A requirement that all or a portion of the exemptions,
22 deductions, or credits described in section 9 shall be revoked
23 under the procedures set forth in this act if the qualified
24 eligible next Michigan business is determined to be in violation of
25 the provisions of this act or the written agreement or relocates
26 outside the next Michigan development district for a period of
27 years after renaissance zone status expires as set forth in the

1 written agreement.

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

10 (8) ~~(9)~~—Except as otherwise provided in this subsection, the
11 commencement of renaissance zone status under this section shall
12 take effect on January 1 in the year following designation.
13 However, for purposes of the taxes exempted under section 9(2), the
14 commencement of renaissance zone status under this section shall
15 take effect on December 31 in the year immediately preceding the
16 year in which the commencement under this section takes effect.

17 (9) ~~(10)~~—The board of the Michigan strategic fund shall not
18 certify more than ~~25~~—35 eligible businesses as qualified eligible
19 next Michigan businesses under this act. The board of the Michigan
20 strategic fund shall not certify more than 10 eligible businesses
21 as qualified eligible next Michigan businesses in a next Michigan
22 development district as defined in the next Michigan development
23 act.