

SENATE BILL No. 850

May 5, 1988, Introduced by Senators POSTHUMUS, FAUST, SHINKLE and O'BRIEN and referred to the Committee on Commerce and Technology.

A bill to provide for the creation of economic development organizations, and to prescribe their duties and functions; and to provide for certain powers and duties of the department of commerce and certain other state officers and agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "economic development organization act".

3 Sec. 2. As used in this act:

4 (a) "Board" means a board of directors of an organization,
5 as provided in section 4.

6 (b) "Department" means the department of commerce.

7 (c) "Municipality" means a county, city, village, or town-
8 ship within this state.

9 (d) "Organization" means an economic development
10 organization created under this act.

1 (e) "Private sector" means business, industry, financial
2 institutions, organized labor, utilities, and related organi-
3 zations and institutions within a municipality.

4 Sec. 3. (1) The department, upon the application of 1 or
5 more counties, or, in the case of an area characterized by sig-
6 nificant population and economic activity as determined by the
7 department, of a group of municipalities and the private sector,
8 may approve the establishment of an economic development organi-
9 zation to coordinate state and local economic development efforts
10 and to promote economic development within an area of the state.

11 (2) The director of the department shall approve or disap-
12 prove an application to form an organization within 40 days after
13 the application is received, unless further information in sup-
14 port of the application is reasonably required, in which case the
15 application shall be approved or disapproved within 60 days after
16 all the required information is received by the department.

17 Sec. 4. The business of an organization shall be conducted
18 by a board of directors consisting of not less than 9 members, a
19 majority of whom represent private sector interests. The members
20 of the original board of directors shall be named in the applica-
21 tion submitted under section 3, and successor members shall be
22 appointed in a manner, and for terms, as prescribed in the
23 organization's bylaws. The members of a board of directors of an
24 organization each shall have significant involvement in the eco-
25 nomic activities of the area served by the organization, and
26 shall represent the following interests:

1 (a) Private business and industry.

2 (b) Municipalities.

3 (c) Local economic development or community development
4 organizations.

5 (d) Chambers of commerce.

6 (e) Financial institutions.

7 (f) Organized labor.

8 (g) Educational institutions, including schools, colleges,
9 and universities.

10 (h) Utilities.

11 Sec. 5. An economic development organization, in coopera-
12 tion with the department, may do all of the following:

13 (a) Act as the agency for state and local economic develop-
14 ment activities in a specific county or multi-county area, and
15 receive and expend annual state funds granted under this act for
16 the purposes described in this section.

17 (b) Conduct research on the area's economic base, including
18 manufacturing, agriculture, tourism, and services; identify key
19 business and industry sectors in the area economy; and engage in
20 other activities which contribute to the economic development
21 strategies and plans for the area served by the organization.

22 (c) Design and implement a formal economic development pro-
23 gram, with well-defined objectives and completion dates, focused
24 on local economic-base needs and opportunities, such as manufac-
25 turing, services, agriculture, tourism, and related sectors.

26 (d) Assist businesses in site selection, financial
27 packaging, and dealing with state and local regulations.

1 (e) Create promotion, advertising, and publicity for the
2 area and cooperate as participants in this state's national and
3 international marketing efforts.

4 (f) Create and maintain a current economic profile and data
5 base of community information for the economic development pro-
6 gram, including industrial parks, lands, and buildings, and
7 report this information routinely to the department.

8 (g) Conduct an area-wide business retention program coordi-
9 nated with the department and focused on economic-based
10 industries.

11 (h) Establish programs to serve the needs of small business,
12 including business planning assistance, informational and train-
13 ing seminars, community information, and marketing assistance for
14 both new and established businesses.

15 (i) Establish government procurement and export assistance
16 programs aimed at increasing sales and employment by local sup-
17 pliers of products and services.

18 (j) Coordinate economic development programs with related
19 programs provided by other agencies serving the area.

20 Sec. 6. (1) In addition to the duties prescribed in
21 section 3, the department shall do all of the following:

22 (a) Require periodic reports from each organization that
23 receives state funds under this act, and review and evaluate the
24 performance of each organization at least once each year in
25 accordance with the annual work plan submitted under
26 subsection (d) and any other information submitted to the
27 department by the organization.

1 (b) Establish appropriate financial accountability and audit
2 procedures for organizations.

3 (c) Require each organization to indemnify the state against
4 any civil liability arising from the actions of the
5 organization.

6 (d) Require each organization to submit annual program bud-
7 gets and annual work plans and to obtain the approval of the
8 department for any changes in the budget or annual work plan.

9 (e) Require each organization to comply with applicable fed-
10 eral and state laws requiring equal employment opportunity and
11 guaranteeing civil rights.

12 (f) Make annual grants to organizations of state funds
13 appropriated for that purpose. Whenever an organization substan-
14 tially fails to comply with the terms of a grant of state funds,
15 or fails to make reasonable progress toward the completion of its
16 programs, the department shall suspend grant payments or prohibit
17 the organization from incurring additional obligations, or both,
18 until the organization takes corrective action satisfactory to
19 the department. If the organization does not take the corrective
20 action required by the department, the department may reduce or
21 terminate the grant for that year and may make any subsequent
22 annual grants conditional upon meeting reasonable requirements
23 specified by the department.

24 (2) The department shall enter into written agreements with
25 each organization. The agreements shall prescribe the duties of
26 the organization and the department as to project performance,
27 accountability, eligible uses of state funds, budgeting and

1 audits, and other matters determined by the department in
2 implementing this act.