



# HOUSE BILL No. 5971

November 30 1994 Introduced by Reps Kilpatrick Points Bennane, Hood, Leland, Stallworth Joe Young Jr , Price Scott Emerson Clack and O Neill and referred to the Committee on Appropriations

A bill to provide for the establishment of empowerment zone development corporations to prescribe the powers and duties of empowerment zone development corporations to facilitate and encourage the development of federal, state, local, and private sector partnerships to facilitate the implementation of strategic plans prepared by municipalities to authorize a municipality to transfer public property to empowerment zone development corporations and to authorize a municipality to take and subsequently transfer private property to empowerment zone development corporations

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1       Sec 1    This act shall be known and may be cited as the  
2 empowerment zone development corporation act

3       Sec 3    The purpose of this act and of an empowerment zone  
4 development corporation authorized by this act is to facilitate

1 the implementation of a strategic plan developed by a  
2 municipality under the federal empowerment zone program or enter-  
3 prise community program, administered by the federal government  
4 to empower municipalities and the residents of those municipali-  
5 ties to create jobs and opportunity, to take effective action to  
6 solve difficult and pressing economic, human, community, and  
7 physical development challenges of today, and to build for tomor-  
8 row as part of a federal state local and private sector  
9 partnership

10       Sec 5    As used in this act

11       (a) "Big business" means a medium to large size business  
12 that has made a significant contribution to an empowerment zone

13       (b) 'Block club' means an organization composed of and gov-  
14 erned by residents of a particular city block in an empowerment  
15 zone whose mission is to improve the quality of life on that city  
16 block

17       (c) Board means the board of directors of the empowerment  
18 zone development corporation

19       (d) Chief executive officer means the mayor or city man-  
20 ager of a city, the president of a village the supervisor of a  
21 township or, with respect to a county either the county execu-  
22 tive of that county, or for a county not having a county execu-  
23 tive, the chairperson of the county board of commissioners

24       (e) Civic organization means an organization concerned  
25 with the betterment of the community as a whole

26       (f) Civil rights organization means an organization  
27 concerned with the protection of civil or human rights

1 (g) Community development corporation means a nonprofit  
2 corporation whose mission is to foster the growth of economic and  
3 social development in a service area located within an empower-  
4 ment zone

5 (h) 'Corporation means an empowerment zone development  
6 corporation

7 Sec 7 As used in this act

8 (a) Educational organization means an organization whose  
9 primary mission is to promote or assist the education of resi-  
10 dents of the municipality and residents of the surrounding area

11 (b) 'Empowerment zone coordinating council' means a  
12 community-based partnership initiated by the chief executive  
13 officer of a municipality to develop a strategic plan in accord-  
14 ance with 24 C F R 597 3, and to incorporate an empowerment zone  
15 development corporation under this act on behalf of the munici-  
16 pality and to recommend initial candidates for appointment to  
17 the corporation s board

18 (c) Empowerment zone development corporation means a cor-  
19 poration created pursuant to this act

20 (d) Empowerment zone means an empowerment zone or enter-  
21 prise community as defined in 24 C F R 597 3

22 (e) Financial institution means a depository lending  
23 institution Financial institution includes but is not limited  
24 to, a bank, credit union, or thrift institution

25 (f) Foundation means an organization that contributes or  
26 loans money for charitable purposes

1 (g) Governing body of a municipality means a  
2 municipality s elected body that has legislative powers

3 Sec 9 As used in this act

4 (a) 'Handicapped resident" means a person with a handicap or  
5 disability that is protected under the Americans with disabili-  
6 ties act of 1990, Public Law 101-336, 104 Stat 327, who resides  
7 within the empowerment zone

8 (b) Labor means a board member who is a member of an orga-  
9 nized labor union and represents the interests of organized  
10 labor

11 (c) 'Minority business association" means a private, non-  
12 profit organization that supports and develops minority-owned  
13 business

14 (d) Municipality' means a city village, or township within  
15 which is an area designated as an empowerment zone or enterprise  
16 community under part I, subchapter U of chapter 1 of subtitle A  
17 of the internal revenue code of 1986, 26 U S C 1391 to 1393

18 Sec 11 As used in this act

19 (a) 'Neighborhood-based agency' means a human service agency  
20 with its main office and the majority of its catchment area in  
21 the empowerment zone

22 (b) "Neighborhood-based business means a small business  
23 located in an empowerment zone

24 (c) "Neighborhood-based business association' means an  
25 organization composed of and governed by businesses located in a  
26 particular neighborhood within an empowerment zone whose mission  
27 is to improve the business environment in that neighborhood

1 (d) Neighborhood council means an organization composed of  
2 and governed by residents of a particular neighborhood in an  
3 empowerment zone whose mission is to improve the quality of life  
4 in that neighborhood

5 (e) "Place of worship" means an individual religious insti-  
6 tution located in an empowerment zone Place of worship  
7 includes but is not limited to a church mosque temple or  
8 synagogue

9 Sec 13 As used in this act

10 (a) Regional agency means a human service agency whose  
11 catchment area includes a municipality

12 (b) 'Regional cultural organization' means an organization  
13 that promotes cultural appreciation in a geographical region that  
14 includes a municipality

15 (c) "Regional health organization" means an organization  
16 that provides health care services in a geographical region that  
17 includes a municipality

18 (d) Religious organization means an organization composed  
19 of places of worship

20 (e) Resident-at-large means a person who resides in an  
21 empowerment zone and who does not represent any group, institu-  
22 tion, agency or organization, located in that empowerment zone

23 Sec 15 As used in this act

24 (a) "Senior resident" means a person who is 62 years of age  
25 or older who resides in the empowerment zone

26 (b) "Representative of this state means a board member  
27 appointed by the governor of this state

1 (c) Strategic plan means that term as defined at 24

2 C F R 597 3

3 (d) Youth resident means a person who is between 18 and 21  
4 years of age who resides in the empowerment zone

5 Sec 17 The legislature finds all of the following

6 (a) That there exists in this state conditions of urban  
7 deterioration detrimental to both the economy and the economic  
8 growth of this state and units of local government of this  
9 state

10 (b) That federally allocated empowerment zone and enterprise  
11 community grants to eliminate the causes of urban deterioration  
12 are desirable and are available to benefit the economic growth of  
13 the state

14 (c) That the legislature needs to express its support for  
15 the development of its urban centers and that without legislative  
16 support federally allocated empowerment zone grants may not be  
17 made available

18 (d) That halting urban deterioration and promoting economic  
19 growth in the municipalities of this state are essential govern-  
20 mental functions and constitute essential public purposes

21 Sec 19 (1) An empowerment zone coordinating council may  
22 incorporate an empowerment zone development corporation on behalf  
23 of a municipality The name of the corporation shall be the  
24 empowerment zone development corporation of \_\_\_\_\_ (the name  
25 of the incorporating municipality)

26 (2) A corporation created under this act is a public body  
27 corporate that may sue or be sued in any court of this state A

1 corporation possesses all the powers authorized in this act to  
2 implement or further the public purposes set forth in section  
3 17

4       Sec 21   (1) If the governing body of a municipality deter-  
5 mines that it is necessary to encourage investment in distressed  
6 areas and to implement a comprehensive strategic plan to further  
7 economic development and to promote economic growth the govern-  
8 ing body may by resolution, declare its intention to create and  
9 provide for the operation of a corporation

10       (2) In the resolution of intent, the governing body of a  
11 municipality shall set a date for a public hearing to consider  
12 adoption of a resolution creating the corporation and approving  
13 the corporation's proposed articles of incorporation Notice of  
14 the public hearing shall be published in accordance with the  
15 established rules of the municipality

16       Sec 23   (1) An empowerment zone coordinating council shall  
17 draft proposed articles of incorporation

18       (2) The proposed articles of incorporation shall include all  
19 of the following

20       (a) The name of the corporation

21       (b) The purpose for which the corporation is created

22       (c) The date upon which the corporation becomes effective

23       (d) The name of the newspaper in which the articles of  
24 incorporation shall be published

25       (e) The manner for adopting bylaws

1 (3) A corporation is created when the governing body of a  
2 municipality approves the proposed articles of incorporation by  
3 resolution

4 Sec 25 A corporation s articles of incorporation may be  
5 amended by the board with concurrence, by resolution, of the  
6 municipality The resolution of the municipality shall be filed  
7 with the secretary of state An amendment to the articles of  
8 incorporation may alter or change the structure of the corpora-  
9 tion, or may terminate the corporation s existence

10 Sec 27 (1) A corporation s articles of incorporation  
11 shall be executed in duplicate and delivered to the county clerk  
12 of the county in which the municipality is located The county  
13 clerk shall file 1 copy in his or her office and shall provide  
14 the other copy to the corporation s recording officer when a  
15 recording officer is selected The municipality s clerk shall  
16 cause a copy of the articles of incorporation to be published 1  
17 time in the newspaper designated in the articles of  
18 incorporation A statement that the right exists to question the  
19 incorporation of the corporation as provided in this section  
20 shall accompany publication of the articles of incorporation

21 (2) The county clerk of the county in which the municipality  
22 is located shall file 1 copy of the articles of incorporation  
23 with the secretary of state and 1 copy in his or her office The  
24 county clerk shall attach to each copy a certificate stating that  
25 the attached copy is a true and complete copy of the original  
26 articles of incorporation on file in his or her office



1       (3) The corporation is effective at the time provided in the  
2 articles of incorporation

3       (4) The validity of the incorporation of the corporation  
4 shall be conclusively presumed unless challenged in a court of  
5 competent jurisdiction within 60 days after the filing of the  
6 articles of incorporation with the secretary of state

7       Sec 29   (1) In a municipality with a population of 900,000  
8 or more, a corporation shall have a board consisting of 50  
9 members   Thirty members shall be representatives of the empower-  
10 ment zone   Twenty members shall be representatives of that por-  
11 tion of the municipality not within the empowerment zone

12       (2) Upon the recommendation of the empowerment zone coordi-  
13 nating council, with the concurrence of the governing body of the  
14 municipality, the chief executive officer of the municipality  
15 shall appoint members of the board   The board members appointed  
16 may be removed by the chief executive officer for cause   The  
17 process by which subsequent members of the board are nominated  
18 and appointed shall be prescribed by an ordinance of the  
19 municipality   The ordinance shall be developed with the input  
20 and participation of the empowerment zone coordinating council  
21 and in accordance with the established procedures of the  
22 municipality

23       (3) Board members representing the empowerment zone shall  
24 represent the geographic diversity of the empowerment zone and  
25 shall consist of the following

26       (a) Three representatives from community development  
27 corporations

1 (b) Three representatives from block clubs or neighborhood  
2 councils

3 (c) Three representatives who are residents-at-large

4 (d) Three representatives from neighborhood-based  
5 businesses

6 (e) Three representatives from neighborhood-based agencies

7 (f) Three representatives from places of worship

8 (g) Three representatives from neighborhood-based business  
9 associations

10 (h) Three representatives who are youth residents at the  
11 time of their appointment

12 (i) Three representatives who are senior residents at the  
13 time of their appointment

14 (j) Three representatives who are handicapped residents

15 (4) Board members representing that portion of the municipi-  
16 pality not within the empowerment zone shall consist of the  
17 following

18 (a) A representative from religious organizations

19 (b) A representative from labor

20 (c) A representative from financial institutions

21 (d) A representative from foundations

22 (e) A representative of this state, appointed by the gover-  
23 nor of this state

24 (f) A representative of the county in which the municipality  
25 is located, appointed by the chief executive officer of that  
26 county

1 (g) Two representatives of the executive branch of a  
2 municipality appointed by the chief executive officer of that  
3 municipality

4 (h) Two representatives of the governing body of a municipi-  
5 pality, appointed by the governing body of that municipality

6 (i) Three representatives from big business

7 (j) A representative from civic organizations

8 (k) A representative from minority business associations

9 (l) A representative from regional cultural organizations

10 (m) A representative from civil rights organizations

11 (n) A representative from regional agencies

12 (o) A representative from educational organizations

13 (p) A representative from regional health organizations

14 (5) Of the initial 50 appointed board members, 25 shall be

15 appointed for terms expiring 2 years after the corporation

16 becomes effective and 25 members shall be appointed for terms

17 expiring 4 years after the corporation becomes effective A

18 board member who succeeds a board member appointed for a 2-year

19 term shall be appointed for a 4-year term commencing on the date

20 of appointment A board member who succeeds a board member

21 appointed for a 4-year term shall be appointed for a 3-year term

22 commencing on the date of appointment Board members shall serve

23 without compensation, but shall be reimbursed for actual and nec-

24 essary expenses

25 (6) In a municipality with a population of less than

26 900,000, the size and composition of the board and the terms of

27 board members shall be determined by the governing body of that

1 municipality and that municipality s empowerment zone  
2 coordinating council

3       Sec 31   (1) Before assuming the duties of office a board  
4 member shall take and subscribe to the oath of office set forth  
5 in section 1 of article XI of the state constitution of 1963

6       (2) The business that the board may perform shall be con-  
7 ducted at a public meeting held in compliance with the open meet-  
8 ings act, Act No 267 of the Public Acts of 1976, being sections  
9 15 261 to 15 275 of the Michigan Compiled Laws   Public notice of  
10 the time, date, and place of the meeting shall be given in the  
11 manner required by Act No 267 of the Public Acts of 1976   The  
12 board shall adopt rules governing the procedure of meetings that  
13 are consistent with Act No 267 of the Public Acts of 1976   The  
14 board may hold a special meeting if that meeting is held pursuant  
15 to the rules of the board

16       (3) All expense items of the corporation shall be published  
17 quarterly in a newspaper of general circulation in the  
18 municipality   The corporation s financial records shall be open  
19 to the public during normal business hours

20       (4) A writing prepared, owned, used, in the possession of  
21 or retained by the board in the performance of an official func-  
22 tion shall be made available to the public pursuant to the free-  
23 dom of information act, Act No 442 of the Public Acts of 1976,  
24 being sections 15 231 to 15 246 of the Michigan Compiled Laws

25       Sec 33   (1) A corporation shall be governed and adminis-  
26 tered by an executive committee

1       (2) In a municipality with a population exceeding 900 000  
2 an executive committee shall consist of 25 board members elected  
3 by the board   Fifteen members of the executive committee shall  
4 be elected from board members representing the empowerment zone  
5 Of the 15 board members representing the empowerment zone 6  
6 shall be representatives of community development corporations,  
7 neighborhood councils, and neighborhood-based businesses, collec-  
8 tively representing the empowerment zone's geographic diversity  
9 Ten of the board members elected to the executive committee shall  
10 represent that area of the municipality not within the empower-  
11 ment zone   Of the 10 board members from that area of the munici-  
12 pality not within the empowerment zone 2 shall be representa-  
13 tives of the executive branch of a municipality, 2 shall be rep-  
14 resentatives of the governing body of that municipality 1 shall  
15 be a representative of this state, and 1 shall be a representa-  
16 tive from the county in which the municipality is located

17       Sec 35   The board shall do all of the following

18       (a) Implement, monitor, and evaluate the strategic plan for  
19 the empowerment zone

20       (b) Plan and implement specific programs contained in the  
21 strategic plan

22       (c) Integrate new programs that are consistent with the  
23 overall goals of the strategic plan into the strategic plan

24       (d) Prioritize the implementation of programs contained in  
25 the strategic plan

26       (e) Prioritize the use of empowerment zone resources

1 (f) Coordinate the efforts of any organizations implementing  
2 the strategic plan

3 (g) Modify the strategic plan as circumstances warrant

4 (h) Accept federal, state, local, or private funds for, and  
5 participate in, federal, state, local, or private programs

6 (i) Procure insurance against a loss in connection with the  
7 corporation's property, assets or activities

8 (j) Invest any funds not required for immediate use or dis-  
9 bursement, at its discretion in obligations of this state or the  
10 United States, the principal and interest of which are guaranteed  
11 by this state or the United States, or in certificates of deposit  
12 of a bank that is a member of the federal reserve system or a  
13 savings and loan association that is a member of the federal home  
14 loan bank system

15 (k) Employ necessary personnel and engage private consulting  
16 services to render professional and technical assistance

17 (l) Lend grant transfer or convey funds as permitted by  
18 law

19 (m) Indemnify or procure insurance to indemnify any board  
20 member from liability for any activities authorized by the  
21 board

22 (n) Invest any money received in connection with the imple-  
23 mentation of the strategic plan at the board's discretion

24 (o) Satisfy any obligation determined proper by the board

25 (p) Determine the depositories for the corporation's funds

1 (q) Perform all other acts necessary or convenient to  
2 achieve the objectives or purposes of the strategic plan or this  
3 act

4 Sec 37 The board may do any of the following

5 (a) Solicit and accept gifts, grants, loans, appropriations  
6 or other aid from federal, state, or local government sources or  
7 from any person corporation firm, or other organization

8 (b) Lease real or personal property

9 (c) Acquire, hold or dispose of real or personal property  
10 necessary or convenient to accomplish the purposes of this act

11 (d) Prepare an analysis of economic changes taking place in  
12 the empowerment zone

13 (e) Study and analyze the impact of metropolitan growth upon  
14 the empowerment zone

15 (f) Plan and propose the construction, renovation, repair  
16 or remodeling of public facilities, existing buildings or multi-  
17 ple family dwelling units that may be necessary or appropriate to  
18 implement the strategic plan

19 (g) Develop long-range plans in cooperation with the munic-  
20 ipality, to halt deteriorating property values in the empowerment  
21 zone

22 Sec 39 Members of the board and employees of the corpora-  
23 tion are subject to all disclosure and ethics requirements pre-  
24 scribed in an ordinance of the municipality developed in accord-  
25 ance with the established procedures of the municipality

26 Sec 41 The corporation s activities shall be financed  
27 from the following sources

1 (a) Donations to the corporation

2 (b) Funds obtained from federal, state, local, or private  
3 grants

4 Sec 43 Except as otherwise provided in this section, a  
5 corporation organized under this act shall exist for 10 years  
6 from the effective date of the articles of incorporation A cor-  
7 poration that has completed the purposes for which it is orga-  
8 nized shall be dissolved by a resolution adopted by a 2/3 major-  
9 ity of the board, approved by a majority of the governing body of  
10 the municipality and filed with the secretary of state

11 Sec 45 Net earnings of the corporation in excess of that  
12 amount necessary to retire indebtedness or to implement the stra-  
13 tegic plan may not inure to the benefit of any person or entity  
14 except the municipality Upon dissolution of the corporation,  
15 all corporation funds in excess of that amount necessary to  
16 retire indebtedness shall belong to the municipality Upon dis-  
17 solution of the corporation title to all property owned by the  
18 corporation subject to any existing rights of other parties  
19 shall vest in the municipality

20 Sec 47 The corporation is exempt from all taxation on its  
21 earnings and property Instruments of conveyance to or from a  
22 corporation shall be exempt from all taxation, including taxes  
23 imposed by Act No 134 of the Public Acts of 1966, being sections  
24 207 501 to 207 513 of the Michigan Compiled Laws

25 Sec 49 A corporation shall provide a periodic report to  
26 the chief executive officer regarding the implementation of the  
27 strategic plan The report shall include a description of the



1 use of the empowerment zone or enterprise community funds All  
2 other requirements regarding the contents of the report shall be  
3 prescribed by an ordinance of the governing body of the  
4 municipality

5       Sec 51 A corporation is subject to a periodic performance  
6 review by the chief executive officer as prescribed by an ordi-  
7 nance of the governing body of the municipality To facilitate  
8 the review process, the corporation shall provide all information  
9 requested by the chief executive officer The chief executive  
10 officer may make findings and may impose sanctions on the corpo-  
11 ration as prescribed by an ordinance of the governing body of the  
12 municipality

13       Sec 53 A municipality may transfer public property to a  
14 corporation for use in a project set forth in the strategic plan  
15 on any terms and conditions the municipality considers  
16 appropriate The transfer of public property under this section  
17 shall be considered necessary for the purposes of this act and  
18 for the benefit of the public

19       Sec 55 A municipality may take private property under Act  
20 No 149 of the Public Acts of 1911 being sections 213 21 to  
21 213 25 of the Michigan Compiled Laws for transfer to a corpora-  
22 tion for use in a project set forth in the strategic plan on the  
23 terms and conditions the municipality considers appropriate The  
24 taking and subsequent transfer of private property under this  
25 section shall be considered necessary for the purposes of this  
26 act and for the benefit of the public

1       Sec 57    Nothing in this act shall supersede existing  
2 federal, state, or local law

3       Sec 59    This act shall be liberally construed to effect  
4 the purposes of this act