

Act No. 376
Public Acts of 1996
Approved by the Governor
July 17, 1996
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STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996

Introduced by Senators Posthumus, Gougeon, Bennett, Steil, Koivisto, Rogers, Geake, Emmons, Schwarz, Honigman, Shugars, Schuette, Stille, Hoffman, Carl and McManus

ENROLLED SENATE BILL No. 668

AN ACT to create certain renaissance zones; to foster economic opportunities in this state; to facilitate economic development; to stimulate industrial, commercial, and residential improvements; to prevent physical and infrastructure deterioration of geographic areas in this state; to authorize expenditures; to provide exemptions and credits from certain taxes; to create certain obligations of this state and local governmental units; to require disclosure of certain transactions and gifts; to provide for appropriations; and to prescribe the powers and duties of certain state and local departments, agencies, and officials.

The People of the State of Michigan enact:

Sec. 1. This act shall be known and may be cited as the "Michigan renaissance zone act".

Sec. 2. The legislature of this state finds and declares that there exists in this state continuing need for programs to assist certain local governmental units in encouraging economic development, the consequent job creation and retention, and ancillary economic growth in this state. To achieve these purposes, it is necessary to assist and encourage the creation of renaissance zones and provide temporary relief from certain taxes within the renaissance zones.

Sec. 3. As used in this act:

- (a) "Board" means the state administrative board created in Act No. 2 of the Public Acts of 1921, being sections 17.1 to 17.3 of the Michigan Compiled Laws.
- (b) "Development plan" means a written plan that addresses the criteria in section 7 and includes all of the following:
 - (i) A map of the proposed renaissance zone that indicates the geographic boundaries, the total area, and the present use and conditions generally of the land and structures within those boundaries.
 - (ii) Evidence of community support and commitment from residential and business interests.
 - (iii) A description of the methods proposed to increase economic opportunity and expansion, facilitate infrastructure improvement, and identify job training opportunities.
 - (iv) Current social, economic, and demographic characteristics of the proposed renaissance zone and anticipated improvements in education, health, human services, public safety, and employment if the renaissance zone is created.
 - (v) Any other information required by the board.
- (c) "Elected county executive" means the elected county executive in a county organized under Act No. 293 of the Public Acts of 1966, being sections 45.501 to 45.521 of the Michigan Compiled Laws, or Act No. 139 of the Public Acts of 1973, being sections 45.551 to 45.573 of the Michigan Compiled Laws.
- (d) "Local governmental unit" means a county, city, village, or township.

(e) "Person" means an individual, partnership, corporation, association, limited liability company, governmental entity, or other legal entity.

(f) "Qualified local governmental unit" means either of the following:

(i) A county.

(ii) A city, village, or township that contains an eligible distressed area as defined in section 11 of the state housing development authority act of 1966, Act No. 346 of the Public Acts of 1966, being section 125.1411 of the Michigan Compiled Laws.

(g) "Renaissance zone" means a geographic area so designated by the board under this act.

(h) "Residential rental property" means that term as defined in section 7ff of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws.

(i) "Review board" means the renaissance zone review board created in section 5.

(j) "Rural area" means an area that lies outside of the boundaries of an urban area.

(k) "Urban area" means an urbanized area as determined by the economics and statistics administration, United States bureau of the census according to the 1990 census.

Sec. 4. (1) One or more qualified local governmental units may apply to the review board to designate the qualified local governmental unit or units as a renaissance zone if all of the following criteria are met:

(a) The geographic area of the proposed renaissance zone is located within the boundaries of the qualified local governmental unit or units that apply.

(b) The application includes a development plan.

(c) The proposed renaissance zone is not more than 5,000 acres in size.

(d) The renaissance zone does not contain more than 6 distinct geographic areas. The minimum size of a distinct geographic area is as follows:

(i) For a distinct geographic area that is wholly or partly within a city with a population over 500,000, the distinct geographic area is not less than 30 acres.

(ii) For a distinct geographic area that is located wholly or partially within a village, the distinct geographic area is not less than 10 acres.

(iii) For a distinct geographic area other than in an area described in subparagraph (i) or (ii), the distinct geographic area is not less than 20 acres.

(e) That not more than 50% of the real property in each distinct geographic area described in subdivision (d) is owned by the same person.

(f) The application includes the proposed duration of renaissance zone status, not to exceed 15 years.

(g) If the qualified local governmental unit has an elected county executive, the county executive's written approval of the application.

(h) If the qualified local governmental unit is a city, that city's mayor's written approval of the application.

(2) A qualified local governmental unit shall not be a part of more than 1 renaissance zone.

(3) A qualified local governmental unit may submit not more than 1 application to the review board for designation as a renaissance zone. A resolution provided by a city, village, or township under section 7(2) does not constitute an application of a city, village, or township for a renaissance zone under this act.

(4) For a distinct geographic area described in subsection (1)(d)(ii), a village may include publicly owned land within the boundaries of any distinct geographic area.

Sec. 5. (1) The renaissance zone review board is created. The review board shall consist of all of the following:

(a) The director of the department of management and budget, or his or her designee.

(b) The chief executive officer of the Michigan jobs commission, or his or her designee.

(c) The state treasurer, or his or her designee.

(2) The review board shall review all applications submitted by qualified local governmental units and make recommendations to the board for approval based on the criteria contained in section 7.

(3) The review board and the board shall not consider an application if the application was submitted after September 30, 1996.

(4) Members of the board and the review board shall serve without compensation for their membership on the board and the review board, but members of the board and the review board may receive reasonable reimbursement for necessary travel and expenses.

Sec. 6. (1) The board shall review all recommendations submitted by the review board and determine which applications meet the criteria contained in section 7.

(2) The board shall do all of the following:

(a) Designate renaissance zones.

(b) Subject to subsection (3), approve or reject the duration of renaissance zone status as submitted in the application, not to exceed 15 years.

(c) Subject to subsection (3), approve or reject the geographic boundaries and the total area of the renaissance zone as submitted in the application.

(3) The board shall not alter the geographic boundaries of the renaissance zone or the duration of renaissance zone status described in the application unless the qualified local governmental unit or units and the local governmental unit or units in which the renaissance zone is to be located consent by resolution to the alteration.

(4) The board shall not designate a renaissance zone before November 1, 1996 or after December 31, 1996.

(5) The designation of a renaissance zone under this act shall take effect on January 1, 1997. However, for purposes of the taxes exempted under section 9(2), the designation of a renaissance zone under this act shall take effect on December 31, 1996.

Sec. 7. (1) The board shall consider the following criteria in designating a renaissance zone:

(a) Evidence of adverse economic and socioeconomic conditions within the proposed renaissance zone.

(b) The viability of the development plan.

(c) Whether the development plan is creative and innovative in comparison to other applications.

(d) Public and private commitment to and other resources available for the proposed renaissance zone.

(e) How renaissance zone designation would relate to a broader plan for the community as a whole.

(f) The level of demonstrated cooperation from surrounding communities.

(g) How the local regulatory burden will be eased for businesses operating in the proposed renaissance zone.

(h) Public and private commitment to improving abandoned real property.

(i) Any other information required by the board.

(2) The board shall not designate an area as a renaissance zone unless, as a part of the application, the qualified local governmental unit or units provide a resolution from the governing body of the qualified local governmental unit and each city, village, or township, within which the proposed renaissance zone is to be located, that states if the renaissance zone designation is granted, persons and property within the renaissance zone are exempt from taxes levied by that local governmental unit as provided in this act.

(3) Within a 12 month period immediately preceding and immediately following designation of a renaissance zone or submission of an application for consideration as a renaissance zone, an individual who is a resident of a renaissance zone or an area being considered for designation as a renaissance zone, a business that is located and conducts business activity within a renaissance zone or an area being considered for designation as a renaissance zone, or an officer of a business that is located and conducts business activity within a renaissance zone or an area being considered for designation as a renaissance zone shall report to the chief executive officer of the local governmental unit in which the renaissance zone is designated or the local governmental unit that has applied for renaissance zone designation any transaction with or gift to any official or employee of that local governmental unit. As used in this subsection, "gift" means that term as defined in section 4 of Act No. 472 of the Public Acts of 1978, being section 4.414 of the Michigan Compiled Laws.

Sec. 8. (1) Except as provided in subsection (2), the board shall not designate more than 9 renaissance zones within this state. Not more than 6 of the renaissance zones shall be located in urban areas and not more than 4 of the renaissance zones shall be located in rural areas. For purposes of determining whether a renaissance zone is located in an urban area or rural area under this section, if any part of a renaissance zone is located within an urban area, the entire renaissance zone shall be considered to be located in an urban area.

(2) The board may designate additional renaissance zones within this state in 1 or more qualified local governmental units if that qualified local governmental unit or units contain a military installation that was operated by the United States department of defense and has closed after 1990.

(3) A list of the renaissance zones designated by the board shall be submitted to the legislature, which, by concurrent resolution adopted by a majority vote of those elected to and serving in each house, on a record roll call vote, may reject the entire list no later than December 30 of the year in which this act becomes effective.

Sec. 9. (1) Except as otherwise provided in section 10, an individual who is a resident of a renaissance zone or a business that is located and conducts business activity within a renaissance zone shall receive the exemption, deduction, or credit as provided in the following for the period provided under section 6(2)(b):

(a) Section 39b of the single business tax act, Act No. 228 of the Public Acts of 1975, being section 208.39b of the Michigan Compiled Laws.

(b) Section 31 of the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being section 206.31 of the Michigan Compiled Laws.

(c) Section 35 of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.635 of the Michigan Compiled Laws.

(d) Section 5 of the city utility users tax act, Act No. 100 of the Public Acts of 1990, being section 141.1155 of the Michigan Compiled Laws.

(2) Except as otherwise provided in section 10, property located in a renaissance zone is exempt from the collection of taxes under all of the following:

(a) Section 7ff of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws.

(b) Section 11 of Act No. 198 of the Public Acts of 1974, being section 207.561 of the Michigan Compiled Laws.

(c) Section 12 of the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws.

(d) Section 21c of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2121c of the Michigan Compiled Laws.

(e) Section 1 of Act No. 189 of the Public Acts of 1953, being section 211.181 of the Michigan Compiled Laws.

(f) Section 12 of the technology park development act, Act No. 385 of the Public Acts of 1984, being section 207.712 of the Michigan Compiled Laws.

(g) Section 51105 of part 511 (commercial forests) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being section 324.51105 of the Michigan Compiled Laws.

(h) Section 9 of the neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being section 207.779 of the Michigan Compiled Laws.

(3) During the last 3 years that the taxpayer is eligible for an exemption, deduction, or credit described in subsections (1) and (2), the exemption, deduction, or credit shall be reduced by the following percentages:

(a) For the tax year that is 2 years before the final year of designation as a renaissance zone, the percentage shall be 25%.

(b) For the tax year immediately preceding the final year of designation as a renaissance zone, the percentage shall be 50%.

(c) For the tax year that is the final year of designation as a renaissance zone, the percentage shall be 75%.

Sec. 10. (1) An individual who is a resident of a renaissance zone or a business that is located and conducts business activity within a renaissance zone or a person that owns property located in a renaissance zone that does 1 or more of the following is not eligible for the exemption, deduction, or credit listed in section 9(1) or (2) for that taxable year:

(a) Is delinquent under 1 or more of the following:

(i) The single business tax act, Act No. 228 of the Public Acts of 1975, being sections 208.1 to 208.145 of the Michigan Compiled Laws.

(ii) The income tax act of 1967, Act No. 281 of the Public Acts of 1967, being sections 206.1 to 206.532 of the Michigan Compiled Laws.

(iii) The city income tax act, Act No. 284 of the Public Acts of 1964, being sections 141.501 to 141.787 of the Michigan Compiled Laws.

(iv) Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.572 of the Michigan Compiled Laws.

(v) The commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws.

(vi) The enterprise zone act, Act No. 224 of the Public Acts of 1985, being sections 125.2101 to 125.2123 of the Michigan Compiled Laws.

(vii) Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws.

(viii) The technology park development act, Act No. 385 of the Public Acts of 1984, being sections 207.701 to 207.718 of the Michigan Compiled Laws.

(ix) Part 511 (commercial forests) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being sections 324.51101 to 324.51120 of the Michigan Compiled Laws.

(x) The neighborhood enterprise zone act, Act No. 147 of the Public Acts of 1992, being sections 207.771 to 207.787 of the Michigan Compiled Laws.

(xi) The city utility users tax act, Act No. 100 of the Public Acts of 1990, being sections 141.1151 to 141.1177 of the Michigan Compiled Laws.

(xii) Taxes, fees, and special assessments collected under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws.

(b) For residential rental property in a renaissance zone, the residential rental property is not in substantial compliance with all applicable state and local zoning, building, and housing laws, ordinances, or codes and the residential rental property owner has not filed an affidavit before December 31 in the immediately preceding tax year with the local tax collecting unit in which the residential rental property is located as required under section 7ff of Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws.

(2) A business located in a qualified local governmental unit that relocates from outside a renaissance zone into a renaissance zone in that same qualified local governmental unit shall not receive the exemptions, deductions, or credits described in section 9 unless the governing body of the qualified local governmental unit in which the renaissance zone is located approves the relocation of the business.

(3) If a business relocates more than 25 full-time equivalent jobs from 1 or more local governmental units other than a local governmental unit in which a renaissance zone is located to a local governmental unit within a renaissance zone, the business shall notify the Michigan jobs commission and the local governmental unit from which the jobs are being relocated of the relocation. The business is not eligible for the exemptions, deductions, or credits listed in section 9(1) and (2) if the local governmental unit from which the jobs are being relocated adopts a resolution objecting to the relocation of the jobs within 60 days after the notification by the business. The business becomes eligible for the exemptions, deductions, and credits listed in section 9(1) and (2) when the local governmental unit that objected to the relocation rescinds its objection by resolution. A local governmental unit that objects to the relocation of jobs shall file a copy of all resolutions of objection and rescission with the department of treasury, Michigan jobs commission, county or local governmental unit that created the renaissance zone into which the jobs are transferred, and the local governmental unit into which the jobs are transferred. As used in this subsection only, "local governmental unit" means a city, village, or township.

(4) An individual who is a resident of a renaissance zone is eligible for an exemption, deduction, or credit under section 9(1) and (2) until the department of treasury determines that the aggregate state and local tax revenue forgone as a result of all exemptions, deductions, or credits granted under this act to that individual reaches \$10,000,000.00.

Sec. 11. The form of the application for a renaissance zone designation shall be as specified by the Michigan jobs commission. After the form of the application is specified by the Michigan jobs commission, the Michigan jobs commission shall file a copy of the application with each house of the legislature. The board may request any information from an applicant, in addition to that contained in an application, as may be needed to permit the board to discharge its responsibilities under this act.

Sec. 12. (1) This state shall reimburse intermediate school districts each year for all tax revenue lost as the result of the exemption of property under this act based on the property's taxable value at the time the renaissance zone is designated, from taxes levied under section 625a of the revised school code, Act No. 451 of the Public Acts of 1976, being section 380.625a of the Michigan Compiled Laws; from taxes levied for area vocational-technical program operating purposes under section 681 of Act No. 451 of the Public Acts of 1976, being section 380.681 of the Michigan Compiled Laws; or from taxes levied for special education operating purposes under section 1724a of Act No. 451 of the Public Acts of 1976, being section 380.1724a of the Michigan Compiled Laws.

(2) This state shall reimburse local school districts each year for all tax revenue lost as the result of the exemption of property under this act from taxes levied under section 1211 of the revised school code, Act No. 451 of the Public Acts of 1976, being section 380.1211 of the Michigan Compiled Laws, based on the property's taxable value in that year.

(3) This state shall reimburse a community college district and a public library each year for all tax revenue lost as a result of the exemption of property under this act, based on the property's taxable value in that year, from taxes levied or collected under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws.

(4) Intermediate school districts, community college districts, and public libraries eligible for reimbursement under subsections (1) and (3) shall report to and on a date determined by the department of treasury all revenue lost for which reimbursement under subsections (1) and (3) is claimed. A local school district eligible for reimbursement under subsection (2) shall report each year on a date determined by the department of treasury all revenue lost for which reimbursement under subsection (2) is claimed.

(5) This state shall reimburse the school aid fund for all revenues lost as the result of the establishment of renaissance zones. Foundation allowances calculated under section 20 of the state school aid act of 1979, being section 388.1620 of the Michigan Compiled Laws, shall not be reduced as a result of lost revenues arising from this act.

Sec. 13. (1) The board and the review board shall conduct all business at public meetings held in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of each meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976.

(2) A record or a portion of a record, material, application, or other data received, prepared, used, or retained by the board or review board is subject to the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

Sec. 14. This act shall be construed liberally to effectuate the legislative intent and the purposes of this act and as complete and independent authority for the performance of each and every act and thing authorized by this act, and all powers granted by this act shall be broadly interpreted to effectuate the intent and purposes of this act and not as a limitation of powers.

Sec. 15. The department of Michigan jobs commission shall annually report to the legislature on the economic effects of this act in each renaissance zone. The report shall include, but is not limited to, all of the following for each renaissance zone:

- (a) Number of new jobs created.
- (b) Percentage change in aggregate taxable value and state equalized value.
- (c) Average wage of new jobs created.
- (d) Percentage change of adjusted gross income of residents.

Sec. 16. A state research university shall annually report to the legislature on the economic effects of this act in each renaissance zone. The report shall include, but is not limited to, all of the following for each renaissance zone:

- (a) Number of new jobs created.
- (b) Percentage change in aggregate taxable value and state equalized value.
- (c) Average wage of new jobs created.
- (d) Percentage change of adjusted gross income of residents.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.