

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 774**

A bill to amend 1986 PA 281, entitled
"The local development financing act,"
by amending section 21a (MCL 125.2162a), as amended by 2002 PA
575.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12a. (1) A municipality that has created an authority
2 may apply to the Michigan economic development corporation for
3 designation of all or a portion of the authority district as a
4 certified technology park and to enter into an agreement
5 governing the terms and conditions of the designation. The form
6 of the application shall be in a form specified by the Michigan
7 economic development corporation and shall include information
8 the Michigan economic development corporation determines
9 necessary to make the determinations required under this
10 section.

1 (2) After receipt of an application, the Michigan economic
2 development corporation may designate, pursuant to an agreement
3 entered into under subsection (3), a certified technology park
4 that is determined by the Michigan economic development
5 corporation to satisfy 1 or more of the following criteria based
6 on the application:

7 (a) A demonstration of significant support from an
8 institution of higher education or a private research-based
9 institute located within the proximity of the proposed certified
10 technology park, as evidenced by, but not limited to, the
11 following types of support:

12 (i) Grants of preferences for access to and commercialization
13 of intellectual property.

14 (ii) Access to laboratory and other facilities owned by or
15 under control of the institution of higher education or private
16 research-based institute.

17 (iii) Donations of services.

18 (iv) Access to telecommunication facilities and other
19 infrastructure.

20 (v) Financial commitments.

21 (vi) Access to faculty, staff, and students.

22 (vii) Opportunities for adjunct faculty and other types of
23 staff arrangements or affiliations.

24 (b) A demonstration of a significant commitment on behalf of
25 the institution of higher education or private research-based
26 institute to the commercialization of research produced at the
27 certified technology park, as evidenced by the intellectual

1 property and, if applicable, tenure policies that reward faculty
2 and staff for commercialization and collaboration with private
3 businesses.

4 (c) A demonstration that the proposed certified technology
5 park will be developed to take advantage of the unique
6 characteristics and specialties offered by the public and private
7 resources available in the area in which the proposed certified
8 technology park will be located.

9 (d) The existence of or proposed development of a business
10 incubator within the proposed certified technology park that
11 exhibits the following types of resources and organization:

12 (i) Significant financial and other types of support from the
13 public or private resources in the area in which the proposed
14 certified technology park will be located.

15 (ii) A business plan exhibiting the economic utilization and
16 availability of resources and a likelihood of successful
17 development of technologies and research into viable business
18 enterprises.

19 (iii) A commitment to the employment of a qualified full-time
20 manager to supervise the development and operation of the
21 business incubator.

22 (e) The existence of a business plan for the proposed
23 certified technology park that identifies its objectives in a
24 clearly focused and measurable fashion and that addresses the
25 following matters:

26 (i) A commitment to new business formation.

27 (ii) The clustering of businesses, technology, and research.

1 (iii) The opportunity for and costs of development of
2 properties under common ownership or control.

3 (iv) The availability of and method proposed for development
4 of infrastructure and other improvements, including
5 telecommunications technology, necessary for the development of
6 the proposed certified technology park.

7 (v) Assumptions of costs and revenues related to the
8 development of the proposed certified technology park.

9 (f) A demonstrable and satisfactory assurance that the
10 proposed certified technology park can be developed to
11 principally contain eligible property as defined by section
12 2(p)(iii) and (v).

13 (3) An authority and a municipality that incorporated the
14 authority may enter into an agreement with the Michigan economic
15 development corporation establishing the terms and conditions
16 governing the certified technology park. Upon designation of the
17 certified technology park pursuant to the terms of the agreement,
18 the subsequent failure of any party to comply with the terms of
19 the agreement shall not result in the termination or rescission
20 of the designation of the area as a certified technology park.
21 The agreement shall include, but is not limited to, the following
22 provisions:

23 (a) A description of the area to be included within the
24 certified technology park.

25 (b) Covenants and restrictions, if any, upon all or a portion
26 of the properties contained within the certified technology park
27 and terms of enforcement of any covenants or restrictions.

1 (c) The financial commitments of any party to the agreement
2 and of any owner or developer of property within the certified
3 technology park.

4 (d) The terms of any commitment required from an institution
5 of higher education or private research-based institute for
6 support of the operations and activities at eligible properties
7 within the certified technology park.

8 (e) The terms of enforcement of the agreement, which may
9 include the definition of events of default, cure periods, legal
10 and equitable remedies and rights, and penalties and damages,
11 actual or liquidated, upon the occurrence of an event of
12 default.

13 (f) The public facilities to be developed for the certified
14 technology park.

15 (g) The costs approved for public facilities under section
16 2(aa).

17 (4) If the Michigan economic development corporation has
18 determined that a sale price or rental value at below market rate
19 will assist in increasing employment or private investment in the
20 certified technology park, the authority and municipality have
21 authority to determine the sale price or rental value for public
22 facilities owned or developed by the authority and municipality
23 in the certified technology park at below market rate.

24 (5) If public facilities developed pursuant to an agreement
25 entered into under this section are conveyed or leased at less
26 than fair market value or at below market rates, the terms of the
27 conveyance or lease shall include legal and equitable remedies

1 and rights to assure the public facilities are used as eligible
2 property. Legal and equitable remedies and rights may include
3 penalties and actual or liquidated damages.

4 (6) ~~An~~ **Except as otherwise provided in this subsection, an**
5 agreement designating a certified technology park may not be made
6 after December 31, 2002, but any agreement made on or before
7 December 31, 2002 may be amended after that date. **However, the**
8 **Michigan economic development corporation may enter into an**
9 **agreement with a municipality after December 31, 2002 and on or**
10 **before December 31, 2005 if that municipality has adopted a**
11 **resolution of interest to create a certified technology park**
12 **before December 31, 2002.**

13 (7) The Michigan economic development corporation shall
14 market the certified technology parks and the certified business
15 parks. The Michigan economic development corporation and an
16 authority may contract with each other or any third party for
17 these marketing services.

18 (8) Except as otherwise provided in subsection (9), the
19 Michigan economic development corporation shall not designate
20 more than 10 certified technology parks. For purposes of this
21 subsection only, 2 certified technology parks located in a county
22 that contains a city with a population of more than 750,000,
23 shall be counted as 1 certified technology park. Not more than
24 7 of the certified technology parks designated under this section
25 may not include a firm commitment from at least 1 business
26 engaged in a high technology activity creating a significant
27 number of jobs.

1 (9) The Michigan economic development corporation may
2 designate an additional 5 certified technology parks after
3 November 1, 2002. The Michigan economic development corporation
4 shall not accept applications for the additional certified
5 technology parks under this subsection until after November 1,
6 2002.

7 (10) The Michigan economic development corporation shall give
8 priority to applications that include new business activity.

9 (11) For an authority established by 2 or more municipalities
10 under sections 3(2) and 4(7), each municipality in which the
11 authority district is located by a majority vote of the members
12 of its governing body may make a limited tax pledge to support
13 the authority's tax increment bonds issued under section 14 or,
14 if authorized by the voters of the municipality, may pledge its
15 full faith and credit for the payment of the principal of and
16 interest on the bonds. The municipalities that have made a
17 pledge to support the authority's tax increment bonds may approve
18 by resolution an agreement among themselves establishing
19 obligations each may have to the other party or parties to the
20 agreement for reimbursement of all or any portion of a payment
21 made by a municipality related to its pledge to support the
22 authority's tax increment bonds.

23 (12) Not including certified technology parks designated
24 under subsection (8), but for certified technology parks
25 designated under subsection (9) only, this state shall do all of
26 the following:

27 (a) Reimburse intermediate school districts each year for all

1 tax revenue lost that was captured by an authority for a
2 certified technology park designated by the Michigan economic
3 development corporation after the effective date of the
4 amendatory act that added this subdivision.

5 (b) Reimburse local school districts each year for all tax
6 revenue lost that was captured by an authority for a certified
7 technology park designated by the Michigan economic development
8 corporation after the effective date of the amendatory act that
9 added this subdivision.

10 (c) Reimburse the school aid fund from funds other than those
11 appropriated in section 11 of the state school aid act of 1979,
12 1979 PA 94, MCL 388.1611, for an amount equal to the
13 reimbursement calculations under subdivisions (a) and (b) and for
14 all revenue lost that was captured by an authority for a
15 certified technology park designated by the Michigan economic
16 development corporation after the effective date of the
17 amendatory act that added this subdivision. Foundation
18 allowances calculated under section 20 of the state school aid
19 act of 1979, 1979 PA 94, MCL 388.1620, shall not be reduced as a
20 result of tax revenue lost that was captured by an authority for
21 a certified technology park designated by the Michigan economic
22 development corporation under subsection (9) after the effective
23 date of the amendatory act that added this subdivision.