

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 371

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"
by amending section 8d (MCL 125.2688d), as amended by 2005 PA 276.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8d. (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, may designate not more than 25 tool and die
4 renaissance recovery zones within this state in 1 or more cities,
5 villages, or townships if that city, village, or township or
6 combination of cities, villages, or townships consents to the
7 creation of a recovery zone within their boundaries. A recovery
8 zone shall have a duration of renaissance zone status for a period
9 of not less than 5 years and not more than 15 years as determined

1 by the board of the Michigan strategic fund. If the Michigan
 2 strategic fund determines that the duration of renaissance zone
 3 status for a recovery zone is less than 15 years, then the Michigan
 4 strategic fund, with the consent of the city, village, or township
 5 or combination of cities, villages, or townships in which the
 6 qualified tool and die business is located, may extend the duration
 7 of renaissance zone status for the recovery zone for 1 or more
 8 periods that when combined do not exceed 15 years. **NOT LESS THAN 1**
 9 **OF THE RECOVERY ZONES SHALL CONSIST OF 1 OR MORE QUALIFIED TOOL AND**
 10 **DIE BUSINESSES THAT HAVE A NORTH AMERICAN INDUSTRIAL CLASSIFICATION**
 11 **SYSTEM (NAICS) OF 332997.**

12 (2) The board of the Michigan strategic fund may designate a
 13 recovery zone within this state if the recovery zone consists of
 14 not less than 4 and not more than 20 qualified tool and die
 15 businesses at the time of designation. If the board of the Michigan
 16 strategic fund designated 1 or more recovery zones that contain
 17 less than 20 qualified tool and die businesses before ~~the~~
 18 ~~effective date of the amendatory act that added this sentence~~
 19 **DECEMBER 19, 2005**, the board of the Michigan strategic fund may add
 20 additional qualified tool and die businesses to that recovery zone
 21 subject to the limitations contained in this subsection. A recovery
 22 zone shall consist of only qualified tool and die business
 23 property. The board of the Michigan strategic fund may combine
 24 existing recovery zones that are comprised solely of tool and die
 25 businesses that are parties to the same qualified collaborative
 26 agreement. Where 2 or more recovery zones have been combined, the
 27 board of the Michigan strategic fund may continue to designate

1 additional recovery zones, provided that no more than 25 tool and
2 die recovery zones exist at 1 time.

3 (3) The board of the Michigan strategic fund may revoke the
4 designation of all or a portion of a recovery zone with respect to
5 1 or more qualified tool and die businesses if those qualified tool
6 and die businesses fail or cease to participate in or comply with a
7 qualified collaborative agreement. A qualified tool and die
8 business may enter into another qualified collaborative agreement
9 once it is designated part of a recovery zone.

10 (4) One or more qualified tool and die businesses subject to a
11 qualified collaborative agreement may merge into another group of
12 qualified tool and die businesses subject to a different qualified
13 collaborative agreement upon application to and approval by the
14 Michigan strategic fund.

15 (5) A qualified tool and die business in a recovery zone may
16 have a different period of renaissance zone status than other
17 qualified tool and die businesses in the same recovery zone.

18 (6) The board of the Michigan strategic fund may modify an
19 existing recovery zone to add 1 or more qualified tool and die
20 businesses with the consent of all other qualified tool and die
21 businesses that are participating in the recovery zone.

22 (7) As used in this section:

23 (a) "Qualified collaborative agreement" means an agreement
24 that demonstrates synergistic opportunities, including, but not
25 limited to, all of the following:

26 (i) Sales and marketing efforts.

27 (ii) Development of standardized processes.

(iii) Development of tooling standards.

(iv) Standardized project management methods.

(v) Improved ability for specialized or small niche shops to develop expertise and compete successfully on larger programs.

(b) "Qualified tool and die business" means a business entity that meets all of the following:

(i) Has a North American industrial classification system (NAICS) of **332997**, 333511, 333512, 333513, 333514, or 333515; or has a North American industrial classification system (NAICS) of 337215 and operates a facility within an existing renaissance zone, which facility is adjacent to real property not located in a renaissance zone and is located within 1/4 mile of a Michigan technical education center.

(ii) Has entered into a qualified collaboration agreement as approved by the Michigan strategic fund consisting of not fewer than 4 or more than 20 other business entities at the time of designation that have a North American industrial classification system (NAICS) of **332997**, 333511, 333512, 333513, 333514, or 333515.

(iii) Has fewer than 75 full-time employees.

(c) "Qualified tool and die business property" means 1 or more of the following:

(i) Property owned by 1 or more qualified tool and die businesses and used by those qualified tool and die businesses primarily for tool and die business operations. Qualified tool and die business property is used primarily for tool and die business operations if the qualified tool and die businesses that own the

1 qualified tool and die business property generate 75% or more of
2 the qualified tool and die businesses' gross revenue from tool and
3 die operations that take place on the qualified tool and die
4 business property at the time of designation.

5 (ii) Property leased by 1 or more qualified tool and die
6 business for which the qualified tool and die business is liable
7 for ad valorem property taxes and which is used by those qualified
8 tool and die businesses primarily for tool and die business
9 operations. Qualified tool and die business property is used
10 primarily for tool and die business operations if the qualified
11 tool and die businesses that lease the qualified tool and die
12 business property generate 75% or more of the qualified tool and
13 die businesses' gross revenue from tool and die operations that
14 take place on the qualified tool and die business property at the
15 time of designation. The qualified tool and die business shall
16 furnish proof of its ad valorem property tax liability to the
17 department of treasury.