

**SUBSTITUTE FOR
SENATE BILL NO. 680**

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"
by amending sections 6, 8d, and 9 (MCL 125.2686, 125.2688d, and
125.2689), section 6 as amended by 2006 PA 304, section 8d as
amended by 2006 PA 93, and section 9 as amended by 2007 PA 186.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 6. (1) The board shall review all recommendations
2 submitted by the review board and determine which applications meet
3 the criteria contained in section 7.
4 (2) The board shall do all of the following:
5 (a) Designate renaissance zones.
6 (b) Subject to subsection (3), approve or reject the duration
7 of renaissance zone status.

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

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

10 (4) The board shall not designate a renaissance zone under
11 section 8 before November 1, 1996 or after December 31, 1996.

12 (5) The designation of a renaissance zone under this act shall
13 take effect on January 1 in the year following designation.

14 However, for purposes of the taxes exempted under section 9(2), the
15 designation of a renaissance zone under this act shall take effect
16 on December 31 in the year of designation.

17 (6) The board shall not designate a renaissance zone under
18 section 8a after December 31, 2002.

19 (7) Through December 31, 2002, a qualified local governmental
20 unit in which a renaissance zone was designated under section 8 or
21 8a may modify the boundaries of that renaissance zone to include
22 contiguous parcels of property as determined by the qualified local
23 governmental unit and approval by the review board. The additional
24 contiguous parcels of property included in a renaissance zone under
25 this subsection do not constitute an additional distinct geographic
26 area under section 4(1)(d). If the boundaries of the renaissance
27 zone are modified as provided in this subsection, the additional

1 contiguous parcels of property shall become part of the original
2 renaissance zone on the same terms and conditions as the original
3 designation of that renaissance zone.

4 (8) Notwithstanding any other provisions of this act, before
5 July 1, 2004, a qualified local governmental unit in which a
6 renaissance zone was designated under section 8a(1) as a
7 renaissance zone located in a rural area may modify the boundaries
8 of that renaissance zone to include a contiguous parcel of property
9 as determined by the qualified local governmental unit. The
10 contiguous parcel of property shall only include property that is
11 less than .5 acres in size and that the qualified local
12 governmental unit previously sought to have included in the zone by
13 submitting an application in February 2002 that was not acted upon
14 by the review board. The additional contiguous parcel of property
15 included in a renaissance zone under this subsection does not
16 constitute an additional distinct geographic area under section
17 4(1)(d). If the boundaries of the renaissance zone are modified as
18 provided in this subsection, the additional contiguous parcel of
19 property shall become part of the original renaissance zone on the
20 same terms and conditions as the rest of the property in that
21 renaissance zone.

22 (9) A business that is located and conducts business activity
23 within a renaissance zone designated under this act, except as
24 designated under section 8a(2) **OR SECTION 8D**, shall not make a
25 payment in lieu of taxes to any taxing jurisdiction within the
26 qualified local governmental unit in which the renaissance zone is
27 located.

1 (10) Notwithstanding any other provisions of this act, before
2 July 1, 2006, a qualified local governmental unit in which a
3 renaissance zone of less than 50 contiguous acres but more than 20
4 contiguous acres was designated under section 8 or 8a as a
5 renaissance zone in a city located in a county with a population of
6 more than 160,000 and less than 170,000 may modify the boundaries
7 of that renaissance zone to include a contiguous parcel of property
8 as determined by the qualified local governmental unit. The
9 contiguous parcel of property shall only include property that is
10 less than 12 acres in size. The additional contiguous parcel of
11 property included in a renaissance zone under this subsection does
12 not constitute an additional distinct geographic area under section
13 4(1)(d). If the boundaries of the renaissance zone are modified as
14 provided in this subsection, the additional contiguous parcel of
15 property shall become part of the original renaissance zone on the
16 same terms and conditions as the rest of the property in that
17 renaissance zone.

18 (11) Notwithstanding any other provisions of this act, before
19 July 1, 2006, a qualified local governmental unit in which a
20 renaissance zone of more than 500 acres was designated under
21 section 8 or 8a as a renaissance zone in a county with a population
22 of more than 61,000 and less than 64,000 may modify the boundaries
23 of that renaissance zone to include a contiguous parcel of property
24 as determined by the qualified local governmental unit. The
25 contiguous parcel of property shall only include property that is
26 less than 12 acres in size. The additional contiguous parcel of
27 property included in a renaissance zone under this subsection does

1 not constitute an additional distinct geographic area under section
2 4(1)(d). If the boundaries of the renaissance zone are modified as
3 provided in this subsection, the additional contiguous parcel of
4 property shall become part of the original renaissance zone on the
5 same terms and conditions as the rest of the property in that
6 renaissance zone.

7 (12) Notwithstanding any other provisions of this act, before
8 July 1, 2006, a qualified local governmental unit in which a
9 renaissance zone of more than 137 acres was designated under
10 section 8 or 8a as a renaissance zone in a county with a population
11 of more than 61,000 and less than 63,000 may modify the boundaries
12 of that renaissance zone to include a parcel of property that is
13 separated from the existing renaissance zone by a roadway as
14 determined by the qualified local governmental unit. The parcel of
15 property shall only include property that is less than 67 acres in
16 size. The additional contiguous parcel of property included in a
17 renaissance zone under this subsection does not constitute an
18 additional distinct geographic area under section 4(1)(d). If the
19 boundaries of the renaissance zone are modified as provided in this
20 subsection, the additional contiguous parcel of property shall
21 become part of the original renaissance zone on the same terms and
22 conditions as the rest of the property in that renaissance zone.

23 Sec. 8d. (1) The board of the Michigan strategic fund
24 described in section 4 of the Michigan strategic fund act, 1984 PA
25 270, MCL 125.2004, may designate not more than ~~25~~35 tool and die
26 renaissance recovery zones within this state in 1 or more cities,
27 villages, or townships if that city, village, or township or

1 combination of cities, villages, or townships consents to the
2 creation of a recovery zone within their boundaries. A recovery
3 zone shall have a duration of renaissance zone status for a period
4 of not less than 5 years and not more than 15 years as determined
5 by the board of the Michigan strategic fund. If the Michigan
6 strategic fund determines that the duration of renaissance zone
7 status for a recovery zone is less than 15 years, then the Michigan
8 strategic fund, with the consent of the city, village, or township
9 or combination of cities, villages, or townships in which the
10 qualified tool and die business is located, may extend the duration
11 of renaissance zone status for the recovery zone for 1 or more
12 periods that when combined do not exceed 15 years. Not less than 1
13 of the recovery zones shall consist of 1 or more qualified tool and
14 die businesses that have a North American industrial classification
15 system (NAICS) of 332997.

16 (2) The board of the Michigan strategic fund may designate a
17 recovery zone within this state if the recovery zone consists of
18 not less than 4 and not more than 20 qualified tool and die
19 businesses at the time of designation. If the board of the Michigan
20 strategic fund designated 1 or more recovery zones that contain
21 less than 20 qualified tool and die businesses before December 19,
22 2005, the board of the Michigan strategic fund may add additional
23 qualified tool and die businesses to that recovery zone subject to
24 the limitations contained in this subsection. A recovery zone shall
25 consist of only qualified tool and die business property. The board
26 of the Michigan strategic fund may combine existing recovery zones
27 that are comprised solely of tool and die businesses that are

1 parties to the same qualified collaborative agreement. Where 2 or
2 more recovery zones have been combined, the board of the Michigan
3 strategic fund may continue to designate additional recovery zones,
4 provided that no more than ~~25~~35 tool and die recovery zones exist
5 at 1 time.

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

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

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

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

25 **(7) BEGINNING ON THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT**
26 **ADDED THIS SUBSECTION, A RECOVERY ZONE MAY INCLUDE A QUALIFIED TOOL**
27 **AND DIE BUSINESS THAT HAS 75 OR MORE FULL-TIME EMPLOYEES IF THAT**

1 QUALIFIED TOOL AND DIE BUSINESS HAS ENTERED INTO A WRITTEN
2 AGREEMENT WITH THE BOARD OF THE MICHIGAN STRATEGIC FUND AND THE
3 CITY, VILLAGE, OR TOWNSHIP, OR A COMBINATION OF CITIES, VILLAGES,
4 OR TOWNSHIPS, IN WHICH THE QUALIFIED TOOL AND DIE BUSINESS IS
5 LOCATED THAT MAY INCLUDE A PAYMENT IN LIEU OF TAXES TO COMPENSATE
6 THE CITY, VILLAGE, OR TOWNSHIP FOR PUBLIC SAFETY AND FIRE
7 PROTECTION SERVICES PROVIDED TO THAT QUALIFIED TOOL AND DIE
8 BUSINESS, NOT TO EXCEED THE ACTUAL COSTS OF PROVIDING THOSE
9 SERVICES, OR A PAYMENT IN LIEU OF TAXES TO THIS STATE IN AN AMOUNT
10 NOT TO EXCEED THE AMOUNT THE FACILITY WOULD HAVE PAID UNDER THE
11 STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906, AND
12 UNDER SECTION 1211 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL
13 380.1211, IF THE FACILITY WERE NOT ELIGIBLE FOR THE EXEMPTIONS,
14 DEDUCTIONS, OR CREDITS UNDER THIS ACT AS DETERMINED BY THE BOARD OF
15 THE MICHIGAN STRATEGIC FUND. IF THE QUALIFIED TOOL AND DIE BUSINESS
16 HAS ENTERED INTO A WRITTEN AGREEMENT TO MAKE A PAYMENT IN LIEU OF
17 TAXES UNDER THIS SUBSECTION AND THE PUBLIC SAFETY OR FIRE
18 PROTECTION SERVICES ARE PROVIDED BY THE COUNTY OR ANOTHER PUBLIC
19 ENTITY INSTEAD OF THE CITY, VILLAGE, OR TOWNSHIP, THOSE PAYMENTS IN
20 LIEU OF TAXES SHALL BE PAID DIRECTLY TO THE COUNTY OR THE OTHER
21 PUBLIC ENTITY AS PROVIDED BY THE BOARD OF THE MICHIGAN STRATEGIC
22 FUND. ANY AMOUNT PAID TO THIS STATE IN LIEU OF TAXES UNDER THIS
23 SUBSECTION SHALL BE CREDITED TO THE STATE SCHOOL AID FUND
24 ESTABLISHED UNDER SECTION 11 OF ARTICLE IX OF THE STATE
25 CONSTITUTION OF 1963.

26 (8) ~~(7)~~—As used in this section:

27 (a) "Qualified collaborative agreement" means an agreement

1 that demonstrates synergistic opportunities, including, but not
2 limited to, all of the following:

3 (i) Sales and marketing efforts.

4 (ii) Development of standardized processes.

5 (iii) Development of tooling standards.

6 (iv) Standardized project management methods.

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

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

11 (i) Has a North American industrial classification system
12 (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515; or
13 has a North American industrial classification system (NAICS) of
14 337215 and operates a facility within an existing renaissance zone,
15 which facility is adjacent to real property not located in a
16 renaissance zone and is located within 1/4 mile of a Michigan
17 technical education center.

18 (ii) Has entered into a qualified collaboration agreement as
19 approved by the Michigan strategic fund consisting of not fewer
20 than 4 or more than 20 other business entities at the time of
21 designation that have a North American industrial classification
22 system (NAICS) of 332997, 333511, 333512, 333513, 333514, or
23 333515.

24 (iii) ~~Has~~ **EXCEPT AS OTHERWISE PROVIDED BY THE BOARD OF THE**
25 **MICHIGAN STRATEGIC FUND, HAS** fewer than 75 full-time employees.

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

1 (i) Property owned by 1 or more qualified tool and die
2 businesses and used by those qualified tool and die businesses
3 primarily for tool and die business operations. Qualified tool and
4 die business property is used primarily for tool and die business
5 operations if the qualified tool and die businesses that own the
6 qualified tool and die business property generate 75% or more of
7 the qualified tool and die businesses' gross revenue from tool and
8 die operations that take place on the qualified tool and die
9 business property at the time of designation.

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

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

1 (a) Section 39b of ~~the single business tax act, FORMER~~ 1975 PA
2 228, ~~MCL 208.39b~~, or section 433 of the Michigan business tax act,
3 2007 PA 36, MCL 208.1433.

4 (b) Section 31 of the income tax act of 1967, 1967 PA 281, MCL
5 206.31.

6 (c) Section 35 of chapter 2 of the city income tax act, 1964
7 PA 284, MCL 141.635.

8 (d) Section 5 of the city utility users tax act, 1990 PA 100,
9 MCL 141.1155.

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

13 (a) Section 7ff of the general property tax act, 1893 PA 206,
14 MCL 211.7ff.

15 (b) Section 11 of 1974 PA 198, MCL 207.561.

16 (c) Section 12 of the commercial redevelopment act, 1978 PA
17 255, MCL 207.662.

18 (d) Section 21c of the enterprise zone act, 1985 PA 224, MCL
19 125.2121c.

20 (e) Section 1 of 1953 PA 189, MCL 211.181.

21 (f) Section 12 of the technology park development act, 1984 PA
22 385, MCL 207.712.

23 (g) Section 51105 of the natural resources and environmental
24 protection act, 1994 PA 451, MCL 324.51105.

25 (h) Section 9 of the neighborhood enterprise zone act, 1992 PA
26 147, MCL 207.779.

27 (3) ~~During~~ **EXCEPT FOR TOOL AND DIE RENAISSANCE RECOVERY ZONES**

1 **THAT HAVE A DURATION OF LESS THAN 15 YEARS, DURING** the last 3 years
2 that the taxpayer is eligible for an exemption, deduction, or
3 credit described in subsections (1) and (2), the exemption,
4 deduction, or credit shall be reduced by the following percentages:

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

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

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