

# SENATE BILL No. 680

August 22, 2007, Introduced by Senators RICHARDVILLE, BIRKHOLZ, KUIPERS, VAN WOERKOM, SANBORN, PAPPAGEORGE, KAHN and JANSEN and referred to the Committee on Economic Development and Regulatory Reform.

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 and section 8d as amended by 2006 PA 93.

## 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.

8       (c) Subject to subsection (3), approve or reject the

1 geographic boundaries and the total area of the renaissance zone as  
2 submitted in the application.

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

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

11 (5) The designation of a renaissance zone under this act shall  
12 take effect on January 1 in the year following designation.  
13 However, for purposes of the taxes exempted under section 9(2), the  
14 designation of a renaissance zone under this act shall take effect  
15 on December 31 in the year of designation.

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

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

1 renaissance zone on the same terms and conditions as the original  
2 designation of that renaissance zone.

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

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

27 (10) Notwithstanding any other provisions of this act, before

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

17 (11) Notwithstanding any other provisions of this act, before  
18 July 1, 2006, a qualified local governmental unit in which a  
19 renaissance zone of more than 500 acres was designated under  
20 section 8 or 8a as a renaissance zone in a county with a population  
21 of more than 61,000 and less than 64,000 may modify the boundaries  
22 of that renaissance zone to include a contiguous parcel of property  
23 as determined by the qualified local governmental unit. The  
24 contiguous parcel of property shall only include property that is  
25 less than 12 acres in size. The additional contiguous parcel of  
26 property included in a renaissance zone under this subsection does  
27 not constitute an additional distinct geographic area under section

1 4(1)(d). If the boundaries of the renaissance zone are modified as  
2 provided in this subsection, the additional contiguous parcel of  
3 property shall become part of the original renaissance zone on the  
4 same terms and conditions as the rest of the property in that  
5 renaissance zone.

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

22 Sec. 8d. (1) The board of the Michigan strategic fund  
23 described in section 4 of the Michigan strategic fund act, 1984 PA  
24 270, MCL 125.2004, may designate not more than ~~25-40~~ tool and die  
25 renaissance recovery zones within this state in 1 or more cities,  
26 villages, or townships if that city, village, or township or  
27 combination of cities, villages, or townships consents to the

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

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

1 more recovery zones have been combined, the board of the Michigan  
2 strategic fund may continue to designate additional recovery zones,  
3 provided that no more than ~~25~~40 tool and die recovery zones exist  
4 at 1 time.

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

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

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

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

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

1 AGREEMENT WITH THE CITY, VILLAGE, OR TOWNSHIP, OR A COMBINATION OF  
2 CITIES, VILLAGES, OR TOWNSHIPS IN WHICH THE QUALIFIED TOOL AND DIE  
3 BUSINESS IS LOCATED THAT MAY INCLUDE A PAYMENT IN LIEU OF TAXES TO  
4 COMPENSATE THE CITY, VILLAGE, OR TOWNSHIP FOR PUBLIC SAFETY AND  
5 FIRE PROTECTION SERVICES PROVIDED TO THAT QUALIFIED TOOL AND DIE  
6 BUSINESS, NOT TO EXCEED THE ACTUAL COSTS OF PROVIDING THOSE  
7 SERVICES.

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

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

12 (i) Sales and marketing efforts.

13 (ii) Development of standardized processes.

14 (iii) Development of tooling standards.

15 (iv) Standardized project management methods.

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

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

20 (i) Has a North American industrial classification system  
21 (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515; or  
22 has a North American industrial classification system (NAICS) of  
23 337215 and operates a facility within an existing renaissance zone,  
24 which facility is adjacent to real property not located in a  
25 renaissance zone and is located within 1/4 mile of a Michigan  
26 technical education center.

27 (ii) Has entered into a qualified collaboration agreement as



1 approved by the Michigan strategic fund consisting of not fewer  
2 than 4 or more than 20 other business entities at the time of  
3 designation that have a North American industrial classification  
4 system (NAICS) of 332997, 333511, 333512, 333513, 333514, or  
5 333515.

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

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

9 (i) Property owned by 1 or more qualified tool and die  
10 businesses and used by those qualified tool and die businesses  
11 primarily for tool and die business operations. Qualified tool and  
12 die business property is used primarily for tool and die business  
13 operations if the qualified tool and die businesses that own the  
14 qualified tool and die business property generate 75% or more of  
15 the qualified tool and die businesses' gross revenue from tool and  
16 die operations that take place on the qualified tool and die  
17 business property at the time of designation.

18 (ii) Property leased by 1 or more qualified tool and die  
19 business for which the qualified tool and die business is liable  
20 for ad valorem property taxes and which is used by those qualified  
21 tool and die businesses primarily for tool and die business  
22 operations. Qualified tool and die business property is used  
23 primarily for tool and die business operations if the qualified  
24 tool and die businesses that lease the qualified tool and die  
25 business property generate 75% or more of the qualified tool and  
26 die businesses' gross revenue from tool and die operations that  
27 take place on the qualified tool and die business property at the

1 time of designation. The qualified tool and die business shall  
2 furnish proof of its ad valorem property tax liability to the  
3 department of treasury.

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

9 (a) Section 39b of the single business tax act, ~~Act No. 228 of~~  
10 ~~the Public Acts of 1975, being section 208.39b of the Michigan~~  
11 ~~Compiled Laws 1975 PA 228, MCL 208.39B.~~

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

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

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

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

24 (a) Section 7ff of the general property tax act, ~~Act No. 206~~  
25 ~~of the Public Acts of 1893, being section 211.7ff of the Michigan~~  
26 ~~Compiled Laws 1893 PA 206, MCL 211.7FF.~~

27 (b) Section 11 of ~~Act No. 198 of the Public Acts of 1974,~~

1 ~~being section 207.561 of the Michigan Compiled Laws 1974 PA 198,~~  
2 ~~MCL 207.561.~~

3 (c) Section 12 of the commercial redevelopment act, ~~Act No.~~  
4 ~~255 of the Public Acts of 1978, being section 207.662 of the~~  
5 ~~Michigan Compiled Laws 1978 PA 255, MCL 207.662.~~

6 (d) Section 21c of the enterprise zone act, ~~Act No. 224 of the~~  
7 ~~Public Acts of 1985, being section 125.2121c of the Michigan~~  
8 ~~Compiled Laws 1985 PA 224, MCL 125.2121C.~~

9 (e) Section 1 of ~~Act No. 189 of the Public Acts of 1953, being~~  
10 ~~section 211.181 of the Michigan Compiled Laws 1953 PA 189, MCL~~  
11 ~~211.181.~~

12 (f) Section 12 of the technology park development act, ~~Act No.~~  
13 ~~385 of the Public Acts of 1984, being section 207.712 of the~~  
14 ~~Michigan Compiled Laws 1984 PA 385, MCL 207.712.~~

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

19 (h) Section 9 of the neighborhood enterprise zone act, ~~Act No.~~  
20 ~~147 of the Public Acts of 1992, being section 207.779 of the~~  
21 ~~Michigan Compiled Laws 1992 PA 147, MCL 207.779.~~

22 (3) ~~During~~ **EXCEPT FOR TOOL AND DIE RENAISSANCE RECOVERY ZONES**  
23 **THAT HAVE A DURATION OF LESS THAN 15 YEARS, DURING** the last 3 years  
24 that the taxpayer is eligible for an exemption, deduction, or  
25 credit described in subsections (1) and (2), the exemption,  
26 deduction, or credit shall be reduced by the following percentages:

27 (a) For the tax year that is 2 years before the final year of

1 designation as a renaissance zone, the percentage shall be 25%.

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

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