# Legislative Analysis

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**CORPORATE RESPONSIBILITY ACT**

**House Bill 4553**
**Sponsor: Rep. Jon Switalski**

**House Bill 4516**
**Sponsor: Rep. Jim Slezak**

**House Bill 4543**
**Sponsor: Rep. Mike Huckleberry**

**House Bill 4544**
**Sponsor: Rep. Deb Kennedy**

**House Bill 4545**
**Sponsor: Rep. Alma Wheeler Smith**

**House Bill 4546**
**Sponsor: Rep. Robert Jones**

**House Bill 4547**
**Sponsor: Rep. Dan Scripps**

**House Bill 4548**
**Sponsor: Rep. Gary McDowell**

**House Bill 4550**
**Sponsor: Rep. Gabe Leland**

**House Bill 4551**
**Sponsor: Rep. Lee Gonzales**

**House Bill 4552**
**Sponsor: Rep. Fred Miller**

**1st Committee: Commerce**
**2nd Committee: Oversight and Investigations**

**Complete to 3-22-10**

**A SUMMARY OF HOUSE BILLS 4543-4553 AS INTRODUCED 3-10-09 AND HOUSE BILL 4516 AS INTRODUCED 3-5-09**

House Bill 4553 would create the Michigan Corporate Responsibility Act. The bill would prevent firms from getting abatements, tax credits and exemptions, loans, and grants under a variety of state laws if they had engaged in certain specified conduct.

The other bills in the package would make complementary amendments to those other state laws.

Specifically, under the new act, a business entity could not receive "an economic development benefit" until it had affirmed the following in writing:

- That the business entity has not been convicted during the past 15 years of a criminal offense "incident" to the application for or performance of a state contract or subcontract. This applies to affiliates, subsidiaries, officers, directors, managerial employees and anyone who, directly or indirectly, holds a 20 percent or more pecuniary interest in the entity.

- That the business entity has not been convicted during the past 15 years of a criminal offense or held liable in a civil proceeding that negatively reflects on the entity's business integrity, based on a finding of embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, or a violation of federal or state antitrust statutes. Again, this applies to affiliates, subsidiaries, officers, directors, managerial employees, and anyone who, directly or indirectly, holds a 20 percent or more pecuniary interest in the entity.

- That the business entity will not use state funds, economic development benefits, or the proceeds of funds or benefits to induce an enterprise to leave Michigan.

- That the business entity will not use state funds, economic development benefits, or the proceeds of funds or benefits to contribute to the violation of internationally recognized rights of workers (as defined in the federal Trade Act of 1974) in a country other than the United States.

- That neither the business entity nor an affiliate of the entity is incorporated in a tax haven country after September 11, 2001, while maintaining the United States as the principal market for the public trading of its stock.

- That the business entity is in compliance with requirements under federal law mandating the funding of pension or retirement plan obligations to employees in the business entity.

(The term "tax haven country" includes a country with tax laws that facilitate avoidance by a corporation or its affiliate of U.S. tax obligations; these countries include, but are not limited to, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Commonwealth of the Bahamas, Cyprus, Gibraltar, Isle of Man, the principalities of Liechtenstein and Monaco, and the Republic of the Seychelles.)

The new act cites the following acts: the former Single Business Tax Act, the Plant Rehabilitation and Industrial Development Act (known as PA 198), the Michigan Economic Growth Authority Act, the Renaissance Zone Act, the Obsolete Property Rehabilitation Act, the Brownfield Redevelopment Financing Act, the Strategic Fund Act, the Transportation Economic Development Fund, the Industrial Development Revenue Bond Act, and the new Michigan Business Tax Act.

The other bills each amend an act under which economic development benefits are available to require compliance with the new Corporate Responsibility Act. Generally speaking, the bills as introduced apply to benefits after January 1, 2010.

<u>House Bill 4516</u> would amend the Commercial Rehabilitation Act. (MCL 207.843)

<u>House Bill 4543</u> would amend the Renaissance Zone Act to apply to tool and die businesses. (MCL 125.2690)

House Bill 4544 would amend the Obsolete Property Rehabilitation Act (a property tax abatement statute). (MCL 125.2783)

House Bill 4545 would amend the Municipal Development Revenue Bond Act to prohibit a municipality from entering into an agreement with out-of-compliance businesses. (MCL 125.1253)

House Bill 4546 would amend the Plant Rehabilitation and Industrial Development Act (known as PA 198) to apply to industrial abatements. (MCL 205.559)

House Bill 4547 would amend the Michigan Economic Growth Authority Act to apply the credits under the old Single Business Tax and the new Michigan Business Tax. (MCL 207.88)

House Bill 4548 would amend the Michigan Business Tax Act to apply to historic preservation credits. (MCL 208.1435)

House Bill 4550 would amend the Michigan Business Tax Act to apply to brownfield redevelopment credits. (MCL 208.1437)

House Bill 4551 would amend the Transportation Economic Development Fund. (MCL 247.909)

House Bill 4552 would amend the Michigan Strategic Fund Act. (MCL 125.2011)

**FISCAL IMPACT:**

The bills would have an indeterminate fiscal impact on state and local government.

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