

**SUBSTITUTE FOR
HOUSE BILL NO. 6345**

A bill to amend 1986 PA 281, entitled
"The local development financing act,"
by amending sections 2 and 12a (MCL 125.2152 and 125.2162a), as
amended by 2009 PA 162.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Advance" means a transfer of funds made by a municipality
3 to an authority or to another person on behalf of the authority in
4 anticipation of repayment by the authority. Evidence of the intent
5 to repay an advance may include, but is not limited to, an executed
6 agreement to repay, provisions contained in a tax increment
7 financing plan approved prior to the advance, or a resolution of
8 the authority or the municipality.

9 (b) "Alternative energy technology" means equipment, component

1 parts, materials, electronic devices, testing equipment, and
2 related systems that are specifically designed, specifically
3 fabricated, and used primarily for 1 or more of the following:

4 (i) The storage, generation, reformation, or distribution of
5 clean fuels integrated within an alternative energy system or
6 alternative energy vehicle, not including an anaerobic digester
7 energy system or a hydroelectric energy system, for use within the
8 alternative energy system or alternative energy vehicle.

9 (ii) The process of generating and putting into a usable form
10 the energy generated by an alternative energy system. Alternative
11 energy technology does not include those component parts of an
12 alternative energy system that are required regardless of the
13 energy source.

14 (iii) Research and development of an alternative energy vehicle.

15 (iv) Research, development, and manufacturing of an alternative
16 energy system.

17 (v) Research, development, and manufacturing of an anaerobic
18 digester energy system.

19 (vi) Research, development, and manufacturing of a
20 hydroelectric energy system.

21 (c) "Alternative energy technology business" means a business
22 engaged in the research, development, or manufacturing of
23 alternative energy technology.

24 (d) "Assessed value" means 1 of the following:

25 (i) For valuations made before January 1, 1995, the state
26 equalized valuation as determined under the general property tax
27 act, 1893 PA 206, MCL 211.1 to 211.155.

1 (ii) For valuations made after December 31, 1994, the taxable
2 value as determined under section 27a of the general property tax
3 act, 1893 PA 206, MCL 211.27a.

4 (e) "Authority" means a local development finance authority
5 created pursuant to this act.

6 (f) "Authority district" means an area or areas within which
7 an authority exercises its powers.

8 (g) "Board" means the governing body of an authority.

9 (h) "Business development area" means an area designated as a
10 certified industrial park under this act prior to ~~the effective~~
11 ~~date of the amendatory act that added this subdivision, JUNE 29,~~
12 **2000**, or an area designated in the tax increment financing plan
13 that meets all of the following requirements:

14 (i) The area is zoned to allow its use for eligible property.

15 (ii) The area has a site plan or plat approved by the city,
16 village, or township in which the area is located.

17 (i) "Business incubator" means real and personal property that
18 meets all of the following requirements:

19 (i) Is located in a certified technology park or a certified
20 alternative energy park.

21 (ii) Is subject to an agreement under section 12a or 12c.

22 (iii) Is developed for the primary purpose of attracting 1 or
23 more owners or tenants who will engage in activities that would
24 each separately qualify the property as eligible property under
25 subdivision (s) (iii).

26 (j) "Captured assessed value" means the amount in any 1 year
27 by which the current assessed value of the eligible property

1 identified in the tax increment financing plan or, for a certified
2 technology park, the real and personal property included in the tax
3 increment financing plan, including the current assessed value of
4 property for which specific local taxes are paid in lieu of
5 property taxes as determined pursuant to subdivision (ff), exceeds
6 the initial assessed value. The state tax commission shall
7 prescribe the method for calculating captured assessed value.

8 (k) "Certified alternative energy park" means that portion of
9 an authority district designated by a written agreement entered
10 into pursuant to section 12c between the authority, the
11 municipality or municipalities, and the Michigan economic
12 development corporation.

13 (l) "Certified business park" means a business development area
14 that has been designated by the Michigan economic development
15 corporation as meeting criteria established by the Michigan
16 economic development corporation. The criteria shall establish
17 standards for business development areas including, but not limited
18 to, use, types of building materials, landscaping, setbacks,
19 parking, storage areas, and management.

20 (m) "Certified technology park" means that portion of the
21 authority district designated by a written agreement entered into
22 pursuant to section 12a between the authority, the municipality,
23 and the Michigan economic development corporation.

24 (n) "Chief executive officer" means the mayor or city manager
25 of a city, the president of a village, or, for other local units of
26 government or school districts, the person charged by law with the
27 supervision of the functions of the local unit of government or

1 school district.

2 (o) "Development plan" means that information and those
3 requirements for a development set forth in section 15.

4 (p) "Development program" means the implementation of a
5 development plan.

6 (q) "Eligible advance" means an advance made before August 19,
7 1993.

8 (r) "Eligible obligation" means an obligation issued or
9 incurred by an authority or by a municipality on behalf of an
10 authority before August 19, 1993 and its subsequent refunding by a
11 qualified refunding obligation. Eligible obligation includes an
12 authority's written agreement entered into before August 19, 1993
13 to pay an obligation issued after August 18, 1993 and before
14 December 31, 1996 by another entity on behalf of the authority.

15 (s) "Eligible property" means land improvements, buildings,
16 structures, and other real property, and machinery, equipment,
17 furniture, and fixtures, or any part or accessory thereof whether
18 completed or in the process of construction comprising an
19 integrated whole, located within an authority district, of which
20 the primary purpose and use is or will be 1 of the following:

21 (i) The manufacture of goods or materials or the processing of
22 goods or materials by physical or chemical change.

23 (ii) Agricultural processing.

24 (iii) A high technology activity.

25 (iv) The production of energy by the processing of goods or
26 materials by physical or chemical change by a small power
27 production facility as defined by the federal energy regulatory

1 commission pursuant to the public utility regulatory policies act
2 of 1978, Public Law 95-617, which facility is fueled primarily by
3 biomass or wood waste. This act does not affect a person's rights
4 or liabilities under law with respect to groundwater contamination
5 described in this subparagraph. This subparagraph applies only if
6 all of the following requirements are met:

7 (A) Tax increment revenues captured from the eligible property
8 will be used to finance, or will be pledged for debt service on tax
9 increment bonds used to finance, a public facility in or near the
10 authority district designed to reduce, eliminate, or prevent the
11 spread of identified soil and groundwater contamination, pursuant
12 to law.

13 (B) The board of the authority exercising powers within the
14 authority district where the eligible property is located adopted
15 an initial tax increment financing plan between January 1, 1991 and
16 May 1, 1991.

17 (C) The municipality that created the authority establishes a
18 special assessment district whereby not less than 50% of the
19 operating expenses of the public facility described in this
20 subparagraph will be paid for by special assessments. Not less than
21 50% of the amount specially assessed against all parcels in the
22 special assessment district shall be assessed against parcels owned
23 by parties potentially responsible for the identified groundwater
24 contamination pursuant to law.

25 (v) A business incubator.

26 (vi) An alternative energy technology business.

27 (t) "Fiscal year" means the fiscal year of the authority.

1 (u) "Governing body" means the elected body having legislative
2 powers of a municipality creating an authority under this act.

3 (v) "High technology activity" means that term as defined in
4 section 3 of the Michigan economic growth authority act, 1995 PA
5 24, MCL 207.803.

6 (w) "Initial assessed value" means the assessed value of the
7 eligible property identified in the tax increment financing plan
8 or, for a certified technology park, the assessed value of any real
9 and personal property included in the tax increment financing plan,
10 at the time the resolution establishing the tax increment financing
11 plan is approved as shown by the most recent assessment roll for
12 which equalization has been completed at the time the resolution is
13 adopted or, for property that becomes eligible property in other
14 than a certified technology park after the date the plan is
15 approved, at the time the property becomes eligible property.
16 Property exempt from taxation at the time of the determination of
17 the initial assessed value shall be included as zero. Property for
18 which a specific local tax is paid in lieu of property tax shall
19 not be considered exempt from taxation. The initial assessed value
20 of property for which a specific local tax was paid in lieu of
21 property tax shall be determined as provided in subdivision (ff).

22 (x) "Michigan economic development corporation" means the
23 public body corporate created under section 28 of article VII of
24 the state constitution of 1963 and the urban cooperation act of
25 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
26 interlocal agreement effective April 5, 1999 between local
27 participating economic development corporations formed under the

1 economic development corporations act, 1974 PA 338, MCL 125.1601 to
2 125.1636, and the Michigan strategic fund. If the Michigan economic
3 development corporation is unable for any reason to perform its
4 duties under this act, those duties may be exercised by the
5 Michigan strategic fund.

6 (y) "Michigan strategic fund" means the Michigan strategic
7 fund as described in the Michigan strategic fund act, 1984 PA 270,
8 MCL 125.2001 to 125.2094.

9 (z) "Municipality" means a city, village, or urban township.
10 However, for purposes of creating and operating a certified
11 alternative energy park, municipality includes townships that are
12 not urban townships.

13 (aa) "Obligation" means a written promise to pay, whether
14 evidenced by a contract, agreement, lease, sublease, bond, or note,
15 or a requirement to pay imposed by law. An obligation does not
16 include a payment required solely because of default upon an
17 obligation, employee salaries, or consideration paid for the use of
18 municipal offices. An obligation does not include those bonds that
19 have been economically defeased by refunding bonds issued under
20 this act. Obligation includes, but is not limited to, the
21 following:

22 (i) A requirement to pay proceeds derived from ad valorem
23 property taxes or taxes levied in lieu of ad valorem property
24 taxes.

25 (ii) A management contract or a contract for professional
26 services.

27 (iii) A payment required on a contract, agreement, bond, or note

1 if the requirement to make or assume the payment arose before
2 August 19, 1993.

3 (iv) A requirement to pay or reimburse a person for the cost of
4 insurance for, or to maintain, property subject to a lease, land
5 contract, purchase agreement, or other agreement.

6 (v) A letter of credit, paying agent, transfer agent, bond
7 registrar, or trustee fee associated with a contract, agreement,
8 bond, or note.

9 (bb) "On behalf of an authority", in relation to an eligible
10 advance made by a municipality or an eligible obligation or other
11 protected obligation issued or incurred by a municipality, means in
12 anticipation that an authority would transfer tax increment
13 revenues or reimburse the municipality from tax increment revenues
14 in an amount sufficient to fully make payment required by the
15 eligible advance made by a municipality, or eligible obligation or
16 other protected obligation issued or incurred by the municipality,
17 if the anticipation of the transfer or receipt of tax increment
18 revenues from the authority is pursuant to or evidenced by 1 or
19 more of the following:

20 (i) A reimbursement agreement between the municipality and an
21 authority it established.

22 (ii) A requirement imposed by law that the authority transfer
23 tax increment revenues to the municipality.

24 (iii) A resolution of the authority agreeing to make payments to
25 the incorporating unit.

26 (iv) Provisions in a tax increment financing plan describing
27 the project for which the obligation was incurred.

1 (cc) "Other protected obligation" means:

2 (i) A qualified refunding obligation issued to refund an
3 obligation described in subparagraph (ii) or (iii), an obligation that
4 is not a qualified refunding obligation that is issued to refund an
5 eligible obligation, or a qualified refunding obligation issued to
6 refund an obligation described in this subparagraph.

7 (ii) An obligation issued or incurred by an authority or by a
8 municipality on behalf of an authority after August 19, 1993, but
9 before December 31, 1994, to finance a project described in a tax
10 increment finance plan approved by the municipality in accordance
11 with this act before August 19, 1993, for which a contract for
12 final design is entered into by the municipality or authority
13 before March 1, 1994.

14 (iii) An obligation incurred by an authority or municipality
15 after August 19, 1993, to reimburse a party to a development
16 agreement entered into by a municipality or authority before August
17 19, 1993, for a project described in a tax increment financing plan
18 approved in accordance with this act before August 19, 1993, and
19 undertaken and installed by that party in accordance with the
20 development agreement.

21 (iv) An ongoing management or professional services contract
22 with the governing body of a county that was entered into before
23 March 1, 1994 and that was preceded by a series of limited term
24 management or professional services contracts with the governing
25 body of the county, the last of which was entered into before
26 August 19, 1993.

27 (dd) "Public facility" means 1 or more of the following:

1 (i) A street, road, bridge, storm water or sanitary sewer,
2 sewage treatment facility, facility designed to reduce, eliminate,
3 or prevent the spread of identified soil or groundwater
4 contamination, drainage system, retention basin, pretreatment
5 facility, waterway, waterline, water storage facility, rail line,
6 electric, gas, telephone or other communications, or any other type
7 of utility line or pipeline, or other similar or related structure
8 or improvement, together with necessary easements for the structure
9 or improvement. Except for rail lines, utility lines, or pipelines,
10 the structures or improvements described in this subparagraph shall
11 be either owned or used by a public agency, functionally connected
12 to similar or supporting facilities owned or used by a public
13 agency, or designed and dedicated to use by, for the benefit of, or
14 for the protection of the health, welfare, or safety of the public
15 generally, whether or not used by a single business entity. Any
16 road, street, or bridge shall be continuously open to public
17 access. A public facility shall be located on public property or in
18 a public, utility, or transportation easement or right-of-way.

19 (ii) The acquisition and disposal of land that is proposed or
20 intended to be used in the development of eligible property or an
21 interest in that land, demolition of structures, site preparation,
22 and relocation costs.

23 (iii) All administrative and real and personal property
24 acquisition and disposal costs related to a public facility
25 described in subparagraphs (i) and (iv), including, but not limited
26 to, architect's, engineer's, legal, and accounting fees as
27 permitted by the district's development plan.

1 (iv) An improvement to a facility used by the public or a
2 public facility as those terms are defined in section 1 of 1966 PA
3 1, MCL 125.1351, which improvement is made to comply with the
4 barrier free design requirements of the state construction code
5 promulgated under the Stille-DeRossett-Hale single state
6 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

7 (v) All of the following costs approved by the Michigan
8 economic development corporation:

9 (A) Operational costs and the costs related to the
10 acquisition, improvement, preparation, demolition, disposal,
11 construction, reconstruction, remediation, rehabilitation,
12 restoration, preservation, maintenance, repair, furnishing, and
13 equipping of land and other assets that are or may become eligible
14 for depreciation under the internal revenue code of 1986 for a
15 business incubator located in a certified technology park or
16 certified alternative energy park.

17 (B) Costs related to the acquisition, improvement,
18 preparation, demolition, disposal, construction, reconstruction,
19 remediation, rehabilitation, restoration, preservation,
20 maintenance, repair, furnishing, and equipping of land and other
21 assets that, if privately owned, would be eligible for depreciation
22 under the internal revenue code of 1986 for laboratory facilities,
23 research and development facilities, conference facilities,
24 teleconference facilities, testing, training facilities, and
25 quality control facilities that are or that support eligible
26 property under subdivision (s) (iii), that are owned by a public
27 entity, and that are located within a certified technology park.

1 (C) Costs related to the acquisition, improvement,
2 preparation, demolition, disposal, construction, reconstruction,
3 remediation, rehabilitation, restoration, preservation,
4 maintenance, repair, furnishing, and equipping of land and other
5 assets that, if privately owned, would be eligible for depreciation
6 under the internal revenue code of 1986 for facilities that are or
7 that will support eligible property under subdivision (s)(vi), that
8 have been or will be owned by a public entity at the time such
9 costs are incurred, that are located within a certified alternative
10 energy park, and that have been or will be conveyed, by gift or
11 sale, by such public entity to an alternative energy technology
12 business.

13 (vi) Operating and planning costs included in a plan pursuant
14 to section 12(1)(f), including costs of marketing property within
15 the district and attracting development of eligible property within
16 the district.

17 (ee) "Qualified refunding obligation" means an obligation
18 issued or incurred by an authority or by a municipality on behalf
19 of an authority to refund an obligation if the refunding obligation
20 meets both of the following:

21 (i) The net present value of the principal and interest to be
22 paid on the refunding obligation, including the cost of issuance,
23 will be less than the net present value of the principal and
24 interest to be paid on the obligation being refunded, as calculated
25 using a method approved by the department of treasury.

26 (ii) The net present value of the sum of the tax increment
27 revenues described in subdivision (hh)(ii) and the distributions

1 under section 11a to repay the refunding obligation will not be
2 greater than the net present value of the sum of the tax increment
3 revenues described in subdivision (hh) (ii) and the distributions
4 under section 11a to repay the obligation being refunded, as
5 calculated using a method approved by the department of treasury.

6 (ff) "Specific local taxes" means a tax levied under 1974 PA
7 198, MCL 207.551 to 207.572, the obsolete property rehabilitation
8 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial
9 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the
10 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA
11 189, MCL 211.181 to 211.182, and the technology park development
12 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed
13 value or current assessed value of property subject to a specific
14 local tax is the quotient of the specific local tax paid divided by
15 the ad valorem millage rate. However, after 1993, the state tax
16 commission shall prescribe the method for calculating the initial
17 assessed value and current assessed value of property for which a
18 specific local tax was paid in lieu of a property tax.

19 (gg) "State fiscal year" means the annual period commencing
20 October 1 of each year.

21 (hh) "Tax increment revenues" means the amount of ad valorem
22 property taxes and specific local taxes attributable to the
23 application of the levy of all taxing jurisdictions upon the
24 captured assessed value of eligible property within the district
25 or, for purposes of a certified technology park or a certified
26 alternative energy park, real or personal property that is located
27 within the certified technology park and included within the tax

1 increment financing plan, subject to the following requirements:

2 (i) Tax increment revenues include ad valorem property taxes
3 and specific local taxes attributable to the application of the
4 levy of all taxing jurisdictions, other than the state pursuant to
5 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
6 and local or intermediate school districts, upon the captured
7 assessed value of real and personal property in the development
8 area for any purpose authorized by this act.

9 (ii) ~~Tax~~ **EXCEPT AS OTHERWISE PROVIDED IN SUBPARAGRAPH (v), TAX**
10 increment revenues include ad valorem property taxes and specific
11 local taxes attributable to the application of the levy of the
12 state pursuant to the state education tax act, 1993 PA 331, MCL
13 211.901 to 211.906, and local or intermediate school districts upon
14 the captured assessed value of real and personal property in the
15 development area in an amount equal to the amount necessary,
16 without regard to subparagraph (i), for the following purposes:

17 (A) To repay eligible advances, eligible obligations, and
18 other protected obligations.

19 (B) To fund or to repay an advance or obligation issued by or
20 on behalf of an authority to fund the cost of public facilities
21 related to or for the benefit of eligible property located within a
22 certified technology park or a certified alternative energy park to
23 the extent the public facilities have been included in an agreement
24 under section 12a(3), not to exceed 50%, as determined by the state
25 treasurer, of the amounts levied by the state pursuant to the state
26 education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local
27 and intermediate school districts for a period not to exceed 15

1 years, as determined by the state treasurer, if the state treasurer
2 determines that the capture under this subparagraph is necessary to
3 reduce unemployment, promote economic growth, and increase capital
4 investment in the municipality.

5 (iii) Tax increment revenues do not include any of the
6 following:

7 (A) Ad valorem property taxes or specific local taxes that are
8 excluded from and not made part of the tax increment financing
9 plan.

10 (B) Ad valorem property taxes and specific local taxes
11 attributable to ad valorem property taxes excluded by the tax
12 increment financing plan of the authority from the determination of
13 the amount of tax increment revenues to be transmitted to the
14 authority.

15 (C) Ad valorem property taxes exempted from capture under
16 section 4(3) or specific local taxes attributable to such ad
17 valorem property taxes.

18 (D) Ad valorem property taxes specifically levied for the
19 payment of principal and interest of obligations approved by the
20 electors or obligations pledging the unlimited taxing power of the
21 local governmental unit or specific local taxes attributable to
22 such ad valorem property taxes.

23 (E) The amount of ad valorem property taxes or specific taxes
24 captured by a downtown development authority under 1975 PA 197, MCL
25 125.1651 to 125.1681, tax increment financing authority under the
26 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to
27 125.1830, or brownfield redevelopment authority under the

1 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
2 to 125.2672, if those taxes were captured by these other
3 authorities on the date that the initial assessed value of a parcel
4 of property was established under this act.

5 (iv) The amount of tax increment revenues authorized to be
6 included under subparagraph (ii), and required to be transmitted to
7 the authority under section 13(1), from ad valorem property taxes
8 and specific local taxes attributable to the application of the
9 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
10 211.906, or a local school district or an intermediate school
11 district upon the captured assessed value of real and personal
12 property in a development area shall be determined separately for
13 the levy by the state, each school district, and each intermediate
14 school district as the product of sub-subparagraphs (A) and (B):

15 (A) The percentage that the total ad valorem taxes and
16 specific local taxes available for distribution by law to the
17 state, local school district, or intermediate school district,
18 respectively, bears to the aggregate amount of ad valorem millage
19 taxes and specific taxes available for distribution by law to the
20 state, each local school district, and each intermediate school
21 district.

22 (B) The maximum amount of ad valorem property taxes and
23 specific local taxes considered tax increment revenues under
24 subparagraph (ii).

25 (v) **FOR PURPOSES OF A CERTIFIED TECHNOLOGY PARK DESIGNATED**
26 **UNDER SECTION 12A(11), TAX INCREMENT REVENUES DO NOT INCLUDE AD**
27 **VALOREM PROPERTY TAXES AND SPECIFIC LOCAL TAXES LEVIED BY A LOCAL**

1 **OR INTERMEDIATE SCHOOL DISTRICT.**

2 (ii) "Urban township" means a township that meets 1 or more of
3 the following:

4 (i) Meets all of the following requirements:

5 (A) Has a population of 20,000 or more, or has a population of
6 10,000 or more but is located in a county with a population of
7 400,000 or more.

8 (B) Adopted a master zoning plan before February 1, 1987.

9 (C) Provides sewer, water, and other public services to all or
10 a part of the township.

11 (ii) Meets all of the following requirements:

12 (A) Has a population of less than 20,000.

13 (B) Is located in a county with a population of 250,000 or
14 more but less than 400,000, and that county is located in a
15 metropolitan statistical area.

16 (C) Has within its boundaries a parcel of property under
17 common ownership that is 800 acres or larger and is capable of
18 being served by a railroad, and located within 3 miles of a limited
19 access highway.

20 (D) Establishes an authority before December 31, 1998.

21 (iii) Meets all of the following requirements:

22 (A) Has a population of less than 20,000.

23 (B) Has a state equalized valuation for all real and personal
24 property located in the township of more than \$200,000,000.00.

25 (C) Adopted a master zoning plan before February 1, 1987.

26 (D) Is a charter township under the charter township act, 1947
27 PA 359, MCL 42.1 to 42.34.

1 (E) Has within its boundaries a combination of parcels under
2 common ownership that is 800 acres or larger, is immediately
3 adjacent to a limited access highway, is capable of being served by
4 a railroad, and is immediately adjacent to an existing sewer line.

5 (F) Establishes an authority before March 1, 1999.

6 (iv) Meets all of the following requirements:

7 (A) Has a population of 13,000 or more.

8 (B) Is located in a county with a population of 150,000 or
9 more.

10 (C) Adopted a master zoning plan before February 1, 1987.

11 (v) Meets all of the following requirements:

12 (A) Is located in a county with a population of 1,000,000 or
13 more.

14 (B) Has a written agreement with an adjoining township to
15 develop 1 or more public facilities on contiguous property located
16 in both townships.

17 (C) Has a master plan in effect.

18 (vi) Meets all of the following requirements:

19 (A) Has a population of less than 10,000.

20 (B) Has a state equalized valuation for all real and personal
21 property located in the township of more than \$280,000,000.00.

22 (C) Adopted a master zoning plan before February 1, 1987.

23 (D) Has within its boundaries a combination of parcels under
24 common ownership that is 199 acres or larger, is located within 1
25 mile of a limited access highway, and is located within 1 mile of
26 an existing sewer line.

27 (E) Has rail service.

1 (F) Establishes an authority before May 7, 2009.

2 (vii) Has joined an authority under section 3(2) which is
3 seeking or has entered into an agreement for a certified
4 alternative energy park.

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

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

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

24 (i) Grants of preferences for access to and commercialization
25 of intellectual property.

26 (ii) Access to laboratory and other facilities owned by or
27 under control of the institution of higher education or private

1 research-based institute.

2 (iii) Donations of services.

3 (iv) Access to telecommunication facilities and other
4 infrastructure.

5 (v) Financial commitments.

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

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

9 (b) A demonstration of a significant commitment on behalf of
10 the institution of higher education or private research-based
11 institute to the commercialization of research produced at the
12 certified technology park, as evidenced by the intellectual
13 property and, if applicable, tenure policies that reward faculty
14 and staff for commercialization and collaboration with private
15 businesses.

16 (c) A demonstration that the proposed certified technology
17 park will be developed to take advantage of the unique
18 characteristics and specialties offered by the public and private
19 resources available in the area in which the proposed certified
20 technology park will be located.

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

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

27 (ii) A business plan exhibiting the economic utilization and

1 availability of resources and a likelihood of successful
2 development of technologies and research into viable business
3 enterprises.

4 (iii) A commitment to the employment of a qualified full-time
5 manager to supervise the development and operation of the business
6 incubator.

7 (e) The existence of a business plan for the proposed
8 certified technology park that identifies its objectives in a
9 clearly focused and measurable fashion and that addresses the
10 following matters:

11 (i) A commitment to new business formation.

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

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

15 (iv) The availability of and method proposed for development of
16 infrastructure and other improvements, including telecommunications
17 technology, necessary for the development of the proposed certified
18 technology park.

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

21 (f) A demonstrable and satisfactory assurance that the
22 proposed certified technology park can be developed to principally
23 contain eligible property as defined by section 2(s)(iii) and (v).

24 (3) An authority and a municipality that incorporated the
25 authority may enter into an agreement with the Michigan economic
26 development corporation establishing the terms and conditions
27 governing the certified technology park. Upon designation of the

1 certified technology park pursuant to the terms of the agreement,
2 the subsequent failure of any party to comply with the terms of the
3 agreement shall not result in the termination or rescission of the
4 designation of the area as a certified technology park. The
5 agreement shall include, but is not limited to, the following
6 provisions:

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

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

12 (c) The financial commitments of any party to the agreement
13 and of any owner or developer of property within the certified
14 technology park.

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

19 (e) The terms of enforcement of the agreement, which may
20 include the definition of events of default, cure periods, legal
21 and equitable remedies and rights, and penalties and damages,
22 actual or liquidated, upon the occurrence of an event of default.

23 (f) The public facilities to be developed for the certified
24 technology park.

25 (g) The costs approved for public facilities under section
26 2(dd).

27 (4) If the Michigan economic development corporation has

1 determined that a sale price or rental value at below market rate
2 will assist in increasing employment or private investment in the
3 certified technology park, the authority and municipality have
4 authority to determine the sale price or rental value for public
5 facilities owned or developed by the authority and municipality in
6 the certified technology park at below market rate.

7 (5) If public facilities developed pursuant to an agreement
8 entered into under this section are conveyed or leased at less than
9 fair market value or at below market rates, the terms of the
10 conveyance or lease shall include legal and equitable remedies and
11 rights to assure the public facilities are used as eligible
12 property. Legal and equitable remedies and rights may include
13 penalties and actual or liquidated damages.

14 (6) Except as otherwise provided in this section, an agreement
15 designating a certified technology park may not be made after
16 December 31, 2002, but any agreement made on or before December 31,
17 2002 may be amended after that date. However, the Michigan economic
18 development corporation may enter into an agreement with a
19 municipality after December 31, 2002 and on or before December 31,
20 2005 if that municipality has adopted a resolution of interest to
21 create a certified technology park before December 31, 2002.

22 (7) The Michigan economic development corporation shall market
23 the certified technology parks and the certified business parks.
24 The Michigan economic development corporation and an authority may
25 contract with each other or any third party for these marketing
26 services.

27 (8) Except as otherwise provided in subsections (9), ~~and~~ (10),

1 **AND (11)**, the Michigan economic development corporation shall not
2 designate more than 10 certified technology parks. For purposes of
3 this subsection only, 2 certified technology parks located in a
4 county that contains a city with a population of more than 750,000,
5 shall be counted as 1 certified technology park. Not more than 7 of
6 the certified technology parks designated under this section may
7 not include a firm commitment from at least 1 business engaged in a
8 high technology activity creating a significant number of jobs.

9 (9) The Michigan economic development corporation may
10 designate an additional 5 certified technology parks after November
11 1, 2002 and before December 31, 2007. The Michigan economic
12 development corporation shall not accept applications for the
13 additional certified technology parks under this subsection until
14 after November 1, 2002.

15 (10) The Michigan economic development corporation may
16 designate an additional 3 certified technology parks after February
17 1, 2008 and before December 31, 2008. The Michigan economic
18 development corporation shall not accept applications for the
19 additional certified technology parks under this subsection until
20 after February 1, 2008.

21 **(11) THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION MAY**
22 **DESIGNATE AN ADDITIONAL 2 CERTIFIED TECHNOLOGY PARKS AFTER JUNE 1,**
23 **2010 AND BEFORE APRIL 1, 2011. THE MICHIGAN ECONOMIC DEVELOPMENT**
24 **CORPORATION SHALL NOT ACCEPT APPLICATIONS FOR THE ADDITIONAL**
25 **CERTIFIED TECHNOLOGY PARKS UNDER THIS SUBSECTION UNTIL AFTER JUNE**
26 **1, 2010.**

27 (12) ~~(11)~~—The Michigan economic development corporation shall

1 give priority to applications that include new business activity.

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

16 **(14)** ~~(13)~~—Not including certified technology parks designated
17 under subsection (8), but for certified technology parks designated
18 under subsections (9), ~~and~~ (10), **AND (11)** only, this state shall do
19 all of the following:

20 (a) Reimburse intermediate school districts each year for all
21 tax revenue lost that was captured by an authority for a certified
22 technology park designated by the Michigan economic development
23 corporation after October 3, 2002.

24 (b) Reimburse local school districts each year for all tax
25 revenue lost that was captured by an authority for a certified
26 technology park designated by the Michigan economic development
27 corporation after October 3, 2002.

1 (c) Reimburse the school aid fund from funds other than those
2 appropriated in section 11 of the state school aid act of 1979,
3 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
4 calculations under subdivisions (a) and (b) and for all revenue
5 lost that was captured by an authority for a certified technology
6 park designated by the Michigan economic development corporation
7 after October 3, 2002. Foundation allowances calculated under
8 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
9 388.1620, shall not be reduced as a result of tax revenue lost that
10 was captured by an authority for a certified technology park
11 designated by the Michigan economic development corporation under
12 subsection (9), ~~or~~ (10), **OR (11)** after October 3, 2002.