

COMMUNITY REVITALIZATION PROGRAM

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House Bill 5926

Sponsor: Rep. Bradford C. Jacobsen

Committee: Commerce

Complete to 9-25-12

A SUMMARY OF HOUSE BILL 5926 AS INTRODUCED 9-19-12

The bill would amend the Michigan Strategic Fund Act to make changes in the Community Revitalization Program regarding which investments are eligible investments, who may apply for program incentives, and when grants and loans can be disbursed or transferred.

Legislation enacted in 2011 created a new Community Revitalization Program to provide incentives for certain investments in the state through grants, loans, and other economic assistance. The program has been characterized as a replacement for brownfield and historic preservation tax credits, which have no longer been available since recent changes to income and business taxes took effect on January 1, 2012. This new program was created within the Michigan Strategic Fund. The dollars for grants and loans comes from the 21st Century Jobs Trust Fund.

The bill makes the following revisions to current law:

- The definition of "eligible investment" lists the various activities for which grants and loans are available through application to the Michigan Strategic Fund. Currently a cost and expense listed is eligible, "to the extent that it has not been reimbursed to or been paid for on behalf of the person requesting a community revitalization incentive." The bill would strike the language in quotation marks.
- The act currently says "a person may apply" for the incentives. The bill would say, instead, that "a person or two or more persons may apply" for the incentives.
- The act now allows an applicant to apply for a previously approved grant or loan "upon completion of a project" for which the grant or loan was approved. The bill would instead allow the applicant to apply a grant or loan disbursement as specified in the written agreement "upon satisfying a milestone" established in that agreement.
- The law currently says that a grant can be assigned (i.e., transferred to another person) by submitting a written request to the MSF and some or all of loan proceeds can be assigned by submitting written notice of the assignment to the MSF. The bill says, for both grants and loans, that "all or a portion of the rights or obligations of the applicant under the written [grant or loan] agreement may be

assigned by the applicant to one or more assignees with prior written approval of, and on terms and conditions acceptable to, the Fund."

FISCAL IMPACT:

House Bill 5926 would have no fiscal impact on state and local government. Rather, by altering certain eligibility criteria and disbursement procedures, the provisions could impact the distribution of an already appropriated, fixed amount of funds available for Community Revitalization grants and loans.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.