

# HOUSE BILL No. 5885

September 15, 2016, Introduced by Reps. Schor, Faris, Moss, Wittenberg, Guerra, Love, Neeley and Singh and referred to the Committee on Commerce and Trade.

A bill to amend 1984 PA 270, entitled  
"Michigan strategic fund act,"  
by amending sections 90a and 90b (MCL 125.2090a and 125.2090b), as  
amended by 2014 PA 506.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 90a. As used in this chapter:

2       (a) "Community revitalization grant" or "grant" means a grant  
3 that is approved under section 90b and that is subject to  
4 requirements in section 90c.

5       (b) "Community revitalization incentive" means a community  
6 revitalization grant, a community revitalization loan, or other  
7 economic assistance.

8       (c) "Community revitalization loan" or "loan" means a loan  
9 that is approved under section 90b and that is subject to the

1 requirements in section 90d.

2 (d) "Eligible investment" means 1 or more of the following,  
3 subject to a written agreement under this section, including  
4 investment which occurred prior to the approval of the application,  
5 to the extent that the project has not been completely reimbursed  
6 to or been paid for on behalf of the person requesting a community  
7 revitalization incentive under this chapter:

8 (i) Any demolition, construction, alteration, rehabilitation,  
9 or improvement of buildings.

10 (ii) Site improvements.

11 (iii) The addition of machinery, equipment, or fixtures to the  
12 approved project.

13 (iv) Architectural, engineering, surveying, and similar  
14 professional fees but not certain soft costs of the eligible  
15 investment as determined by the board, including, but not limited  
16 to, developer fees, appraisals, performance bonds, closing costs,  
17 bank fees, loan fees, risk contingencies, financing costs,  
18 permanent or construction period interest, legal expenses, leasing  
19 or sales commissions, marketing costs, professional fees, shared  
20 savings, taxes, title insurance, bank inspection fees, insurance,  
21 and project management fees.

22 (e) "Eligible property" means property that meets 1 or more of  
23 the following conditions:

24 (i) Is determined to be a facility. As used in this  
25 subparagraph, "facility" means that term as defined in section 2 of  
26 the brownfield redevelopment financing act, 1996 PA 381, MCL  
27 125.2652.

1           (ii) Is a historic resource. As used in this subparagraph,  
2 "historic resource" means a publicly or privately owned historic  
3 building, structure, site, object, feature, or open space either  
4 manmade or natural, individually listed or located within and  
5 contributing to a historic district designated by the national  
6 register of historic places, the state register of historic sites,  
7 or a local unit acting under the local historic districts act, 1970  
8 PA 169, MCL 399.201 to 399.215.

9           (iii) Is blighted property. As used in this subparagraph,  
10 "blighted property" means property that meets any of the following  
11 criteria:

12           (A) Has been declared a public nuisance in accordance with a  
13 local housing, building, plumbing, fire, or other related code or  
14 ordinance.

15           (B) Is an attractive nuisance to children because of physical  
16 condition, use, or occupancy.

17           (C) Is a fire hazard or is otherwise dangerous to the safety  
18 of persons or property.

19           (D) Has had the utilities, plumbing, heating, or sewerage  
20 permanently disconnected, destroyed, removed, or rendered  
21 ineffective so that the property is unfit for its intended use.

22           (E) Is tax reverted property owned by a qualified local  
23 governmental unit, by a county, or by this state.

24           (F) Is property owned or under the control of a land bank fast  
25 track authority under the land bank fast track act, 2003 PA 258,  
26 MCL 124.751 to 124.774.

27           (G) Has substantial subsurface demolition debris buried on

1 site so that the property is unfit for its intended use.

2 (iv) Is functionally obsolete property. As used in this  
3 subparagraph, "functionally obsolete" means that the property is  
4 unable to be used to adequately perform the function for which it  
5 was intended due to a substantial loss in value resulting from  
6 factors such as overcapacity, changes in technology, deficiencies  
7 or superadequacies in design, or other similar factors that affect  
8 the property itself or the property's relationship with other  
9 surrounding property as determined by a Michigan advanced assessing  
10 officer or a Michigan master assessing officer.

11 (v) Is a parcel that is adjacent or contiguous to property  
12 described in subparagraphs (i) through (iv) if the development of  
13 the adjacent or contiguous parcel is estimated to increase the  
14 taxable value of the property described in subparagraphs (i)  
15 through (iv).

16 (vi) IS USED FOR AN URBAN FOOD INITIATIVE.

17 (vii) ~~(vi)~~ Any other property as determined by the fund board  
18 if the development of the property will promote community  
19 revitalization consistent with the findings and declarations in  
20 section 90.

21 (f) "Federal secretary of the interior's standards for  
22 rehabilitation and guidelines for rehabilitating historic  
23 buildings, 36 CFR 67" means the nationally recognized federal  
24 standards that guide work undertaken on historic resources.

25 (g) "Other economic assistance" means any other form of  
26 assistance allowed under this act that is not a community  
27 revitalization loan or community revitalization grant.

1           (H) "URBAN FOOD INITIATIVE" MEANS PROPERTY THAT WILL BE USED  
2     PRIMARILY AS A RETAIL SUPERMARKET, GROCERY STORE, PRODUCE MARKET,  
3     OR DELICATESSEN THAT IS LOCATED IN A DOWNTOWN AREA AS DETERMINED BY  
4     THE BOARD THAT OFFERS UNPROCESSED USDA-INSPECTED MEAT AND POULTRY  
5     PRODUCTS OR MEAT PRODUCTS THAT CARRY THE USDA ORGANIC SEAL, FRESH  
6     FRUITS AND VEGETABLES, AND DAIRY PRODUCTS FOR SALE TO THE PUBLIC.

7           Sec. 90b. (1) The fund shall create and operate the Michigan  
8     community revitalization program to provide community  
9     revitalization incentives for eligible investments on eligible  
10    property in this state. The fund shall develop and use a detailed  
11    application, approval, and compliance process adopted by a  
12    resolution of the board and published and available on the fund's  
13    website. Program standards, guidelines, templates, or any other  
14    forms used by the fund to implement the Michigan community  
15    revitalization program shall be approved by the board.

16          (2) A person or 2 or more persons may apply to the fund for  
17    approval of community revitalization incentives associated with a  
18    project under this section. Community revitalization incentives  
19    shall not be approved for any property that is not eligible  
20    property.

21          (3) Funds appropriated for programs under this chapter shall  
22    be placed in the 21st century jobs trust fund created in the  
23    Michigan trust fund act, 2000 PA 489, MCL 12.251 to ~~12.260~~-12.262.

24          (4) Subject to section 88c, the fund shall review all  
25    applications for community revitalization incentives. As part of  
26    the application, the applicant shall include documentation  
27    establishing that the project is located on eligible property and a

1 project description that includes a project pro-forma. The fund  
2 shall consider the following criteria to the extent reasonably  
3 applicable as reasonably determined by the fund board or its  
4 designee to the type of project proposed when approving a community  
5 revitalization ~~incentive~~ **INCENTIVE**:

6 (a) The importance of the project to the community in which it  
7 is located.

8 (b) If the project will act as a catalyst for additional  
9 revitalization of the community in which it is located.

10 (c) The amount of local community and financial support for  
11 the project.

12 (d) The applicant's financial need for a community  
13 revitalization incentive.

14 (e) The extent of reuse of vacant buildings, reuse of historic  
15 resources, and redevelopment of blighted property.

16 (f) Creation of jobs.

17 (g) The level of private sector and other contributions,  
18 including, but not limited to, federal funds and federal tax  
19 credits.

20 (h) Whether the project is financially and economically sound.

21 (i) Whether the project increases the density of the area.

22 (j) Whether the project promotes mixed-use development and  
23 walkable communities.

24 (k) Whether the project converts abandoned public buildings to  
25 private use.

26 (l) Whether the project promotes sustainable development.

27 (m) Whether the project involves the rehabilitation of a

1 historic resource.

2 (n) Whether the project addresses areawide redevelopment.

3 (o) Whether the project addresses underserved markets of  
4 commerce.

5 (p) The level and extent of environmental contamination.

6 (q) If the rehabilitation of the historic resource will meet  
7 the federal secretary of the interior's standards for  
8 rehabilitation and guidelines for rehabilitating historic  
9 buildings, 36 CFR 67, when applied after engaging in discussions  
10 with the state historic preservation office.

11 (r) Whether the project will compete with or affect existing  
12 Michigan businesses within the same industry.

13 (s) Any other additional criteria approved by the board that  
14 are specific to each individual project and are consistent with the  
15 findings and intent of this chapter.

16 (5) An application shall be approved or denied not more than  
17 90 days after receipt of the application that is considered  
18 administratively complete by the board or its designee. If the  
19 application is neither approved nor denied within 90 days after  
20 being considered administratively complete, it shall be considered  
21 by the fund board, or its president if delegated, for action at, or  
22 by, the next regularly scheduled board meeting. If an application  
23 is approved, the fund shall determine the amount of community  
24 revitalization incentives for the project based on the fund's  
25 review of the application and the criteria specified in subsection  
26 (4).

27 (6) Except as otherwise provided in this subsection, the

1 amount of community revitalization incentives that the board may  
2 approve for a single project shall not exceed 25% of a project's  
3 eligible investment up to \$10,000,000.00. A community  
4 revitalization loan shall not exceed \$10,000,000.00, and a  
5 community revitalization grant shall not exceed \$1,500,000.00.  
6 However, a combination of loans, grants, and other economic  
7 assistance under this chapter shall not exceed \$10,000,000.00 per  
8 project. The board may not approve \$10,000,000.00 per project in  
9 community revitalization incentives to more than 3 projects per  
10 fiscal year. The board shall approve not less than 5 projects of  
11 \$1,000,000.00 or less per project per fiscal year. If, after  
12 reviewing all applications in a fiscal year, the fund determines  
13 that less than 5 projects warranted an award of \$1,000,000.00 or  
14 less, this subsection shall not apply. Notwithstanding any other  
15 limitation in this subsection, each year, of the community  
16 revitalization projects approved by the board, the board may  
17 approve up to 3 single projects that shall not exceed 50% of a  
18 project's eligible investment up to \$10,000,000.00 for community  
19 revitalization loans and grants for the specific purpose of  
20 historic preservation. **BEGINNING FOR THE 2016-2017 FISCAL YEAR AND**  
21 **EACH YEAR THEREAFTER, NOT LESS THAN 5% OF COMMUNITY REVITALIZATION**  
22 **INCENTIVES SHALL BE AWARDED TO URBAN FOOD INITIATIVES.**

23 (7) When the board approves an application and determines the  
24 amount of community revitalization incentives, the board shall  
25 enter into a written agreement with the applicant. The written  
26 agreement shall provide in a clear and concise manner all of the  
27 conditions imposed, including specific time frames, on the

1 applicant to receive the community revitalization incentive under  
2 this chapter. The written agreement shall provide for the secured  
3 status of any loan, repayment, and penalties if the applicant fails  
4 to comply with the provisions of the written agreement as  
5 determined by the board. The applicant shall agree to provide the  
6 data described in the written agreement that is necessary for the  
7 fund to report to the legislature under this chapter.

8 (8) Not more than 4% of the annual appropriation as provided  
9 by law from the 21st century jobs trust fund established in the  
10 Michigan trust fund act, 2000 PA 489, MCL 12.251 to ~~12.260~~, **12.262**,  
11 may be used for the purposes of administering the programs and  
12 activities authorized under this chapter. However, the fund and the  
13 fund board shall not use more than 3% of the annual appropriation  
14 for administering the programs and activities authorized under this  
15 chapter unless the fund board by a 2/3 vote authorizes the  
16 additional 1% for administration. The MEDC may charge actual and  
17 reasonable fees for costs associated with the community  
18 revitalization incentive authorized under this chapter. These fees  
19 are in addition to an amount of the appropriation used for  
20 administering the programs and activities authorized under this  
21 chapter.

22 (9) The legislature finds and declares that funding authorized  
23 under this section is intended to encourage diversification of the  
24 economy, to encourage capital investment in this state, to promote  
25 the creation of qualified new jobs in this state, and to promote  
26 the investment in brownfield and historic preservation projects  
27 that reclaim previously used property that is less likely to be

1 revitalized without the investment.