

**SUBSTITUTE FOR
HOUSE BILL NO. 4207**

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~~ **THAT** occurred prior to the approval of the
5 application, to the extent that the project has not been completely
6 reimbursed to or been paid for on behalf of the person requesting a
7 community 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) **THROUGH SEPTEMBER 30, 2022, IS USED FOR A NEIGHBORHOOD**
 17 **AND COMMERCIAL CORRIDOR FOOD INITIATIVE.**

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

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

26 (G) **"NEIGHBORHOOD AND COMMERCIAL CORRIDOR FOOD INITIATIVE"**
 27 **MEANS PROPERTY THAT WILL BE USED PRIMARILY AS A RETAIL SUPERMARKET,**

1 GROCERY STORE, PRODUCE MARKET, OR DELICATESSEN THAT IS LOCATED IN A
2 DOWNTOWN AREA OR IN A DEVELOPMENT AREA AS DEFINED IN SECTION 2 OF
3 THE CORRIDOR IMPROVEMENT AUTHORITY ACT, 2005 PA 280, MCL 125.2872,
4 AS DETERMINED BY THE BOARD, THAT OFFERS UNPROCESSED USDA-INSPECTED
5 MEAT AND POULTRY PRODUCTS OR MEAT PRODUCTS THAT CARRY THE USDA
6 ORGANIC SEAL, FRESH FRUITS AND VEGETABLES, AND DAIRY PRODUCTS FOR
7 SALE TO THE PUBLIC.

8 (H) ~~(g)~~ "Other economic assistance" means any other form of
9 assistance allowed under this act that is not a community
10 revitalization loan or community revitalization grant.

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

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

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

1 (4) Subject to section 88c, the fund shall review all
2 applications for community revitalization incentives. As part of
3 the application, the applicant shall include documentation
4 establishing that the project is located on eligible property and a
5 project description that includes a project pro-forma. The fund
6 shall consider the following criteria to the extent reasonably
7 applicable as reasonably determined by the fund board or its
8 designee to the type of project proposed when approving a community
9 revitalization ~~incentive~~: **INCENTIVE:**

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

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

14 (c) The amount of local community and financial support for
15 the project.

16 (d) The applicant's financial need for a community
17 revitalization incentive.

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

20 (f) Creation of jobs.

21 (g) The level of private sector and other contributions,
22 including, but not limited to, federal funds and federal tax
23 credits.

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

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

26 (j) Whether the project promotes mixed-use development and
27 walkable communities.

1 (k) Whether the project converts abandoned public buildings to
2 private use.

3 (l) Whether the project promotes sustainable development.

4 (m) Whether the project involves the rehabilitation of a
5 historic resource.

6 (n) Whether the project addresses areawide redevelopment.

7 (o) Whether the project addresses underserved markets of
8 commerce.

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

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

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

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

20 (5) An application shall be approved or denied not more than
21 90 days after receipt of the application that is considered
22 administratively complete by the board or its designee. If the
23 application is neither approved nor denied within 90 days after
24 being considered administratively complete, it ~~shall~~**MUST** be
25 considered by the fund board, or its president if delegated, for
26 action at, or by, the next regularly scheduled board meeting. If an
27 application is approved, the fund shall determine the amount of

1 community revitalization incentives for the project based on the
2 fund's review of the application and the criteria specified in
3 subsection (4).

4 (6) Except as otherwise provided in this subsection, the
5 amount of community revitalization incentives that the board may
6 approve for a single project shall not exceed 25% of a project's
7 eligible investment up to \$10,000,000.00. A community
8 revitalization loan shall not exceed \$10,000,000.00, and a
9 community revitalization grant shall not exceed \$1,500,000.00.
10 However, a combination of loans, grants, and other economic
11 assistance under this chapter shall not exceed \$10,000,000.00 per
12 project. The board may not approve \$10,000,000.00 per project in
13 community revitalization incentives to more than 3 projects per
14 fiscal year. The board shall approve not less than 5 projects of
15 \$1,000,000.00 or less per project per fiscal year. If, after
16 reviewing all applications in a fiscal year, the fund determines
17 that less than 5 projects warranted an award of \$1,000,000.00 or
18 less, this subsection ~~shall~~**DOES** not apply. Notwithstanding any
19 other limitation in this subsection, each year, of the community
20 revitalization projects approved by the board, the board may
21 approve up to 3 single projects that shall not exceed 50% of a
22 project's eligible investment up to \$10,000,000.00 for community
23 revitalization loans and grants for the specific purpose of
24 historic preservation. **BEGINNING FOR THE 2017-2018 FISCAL YEAR AND**
25 **THROUGH THE 2021-2022 FISCAL YEAR, EXCEPT AS OTHERWISE PROVIDED IN**
26 **SUBSECTION (9), NOT LESS THAN 5% OF COMMUNITY REVITALIZATION**
27 **INCENTIVES SHALL BE AWARDED TO NEIGHBORHOOD AND COMMERCIAL CORRIDOR**

1 **FOOD INITIATIVES.**

2 (7) When the board approves an application and determines the
3 amount of community revitalization incentives, the board shall
4 enter into a written agreement with the applicant. The written
5 agreement ~~shall~~**MUST** provide in a clear and concise manner all of
6 the conditions imposed, including specific time frames, on the
7 applicant to receive the community revitalization incentive under
8 this chapter. The written agreement ~~shall~~**MUST** provide for the
9 secured status of any loan, repayment, and penalties if the
10 applicant fails to comply with the provisions of the written
11 agreement as determined by the board. The applicant shall agree to
12 provide the data described in the written agreement that is
13 necessary for the fund to report to the legislature under this
14 chapter.

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

1 chapter.

2 (9) THE APPLICATION PROCESS FOR COMMUNITY REVITALIZATION
3 INCENTIVES FOR NEIGHBORHOOD AND COMMERCIAL CORRIDOR FOOD
4 INITIATIVES MUST PROVIDE THAT APPLICATIONS FOR NEIGHBORHOOD AND
5 COMMERCIAL CORRIDOR FOOD INITIATIVES MUST BE RECEIVED ON OR BEFORE
6 JUNE 1 FOR THAT FISCAL YEAR. IF THERE ARE INSUFFICIENT APPROVED
7 APPLICATIONS IN A FISCAL YEAR FOR COMMUNITY REVITALIZATION
8 INCENTIVES FOR NEIGHBORHOOD AND COMMERCIAL CORRIDOR FOOD
9 INITIATIVES, THEN THE REMAINING ALLOCATED FUNDS MAY BE USED FOR
10 COMMUNITY REVITALIZATION INCENTIVES THAT ARE NOT FOR NEIGHBORHOOD
11 AND COMMERCIAL CORRIDOR FOOD INITIATIVES AS DETERMINED BY THE
12 BOARD. IN ADDITION, A NEW NEIGHBORHOOD AND COMMERCIAL CORRIDOR FOOD
13 INITIATIVE, AS DETERMINED BY THE BOARD, IS NOT ELIGIBLE FOR A
14 COMMUNITY REVITALIZATION INCENTIVE IF IT IS LOCATED WITHIN 1 MILE
15 OF AN EXISTING RETAIL SUPERMARKET, GROCERY STORE, OR PRODUCE
16 MARKET, AS DETERMINED BY THE BOARD, THAT OFFERS UNPROCESSED USDA-
17 INSPECTED MEAT AND POULTRY PRODUCTS OR MEAT PRODUCTS THAT CARRY THE
18 USDA ORGANIC SEAL, FRESH FRUITS AND VEGETABLES, AND DAIRY PRODUCTS
19 FOR SALE TO THE PUBLIC.

20 (10) ~~(9)~~—The legislature finds and declares that funding
21 authorized under this section is intended to encourage
22 diversification of the economy, to encourage capital investment in
23 this state, to promote the creation of qualified new jobs in this
24 state, and to promote the investment in brownfield and historic
25 preservation projects that reclaim previously used property that is
26 less likely to be revitalized without the investment.