

HOUSE BILL No. 4207

February 14, 2017, Introduced by Reps. Schor, Moss, Ellison, Faris, Wittenberg, Hammoud, Singh, Geiss, Guerra and Neeley 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
10 requirements in section 90d.

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

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

9 (ii) Site improvements.

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

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

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

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

27 (ii) Is a historic resource. As used in this subparagraph,

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

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

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

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

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

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

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

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

26 (G) Has substantial subsurface demolition debris buried on
27 site so that the property is unfit for its intended use.

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

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

15 (vi) **IS USED FOR AN URBAN FOOD INITIATIVE.**

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

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

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

27 **(H) "URBAN FOOD INITIATIVE" MEANS PROPERTY THAT WILL BE USED**

1 PRIMARILY AS A RETAIL SUPERMARKET, GROCERY STORE, PRODUCE MARKET,
2 OR DELICATESSEN THAT IS LOCATED IN A DOWNTOWN AREA AS DETERMINED BY
3 THE BOARD THAT OFFERS UNPROCESSED USDA-INSPECTED MEAT AND POULTRY
4 PRODUCTS OR MEAT PRODUCTS THAT CARRY THE USDA ORGANIC SEAL, FRESH
5 FRUITS AND VEGETABLES, AND DAIRY PRODUCTS FOR SALE TO THE PUBLIC.

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

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

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

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

1 shall consider the following criteria to the extent reasonably
2 applicable as reasonably determined by the fund board or its
3 designee to the type of project proposed when approving a community
4 revitalization ~~incentive~~: **INCENTIVE**:

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

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

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

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

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

15 (f) Creation of jobs.

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

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

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

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

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

25 (l) Whether the project promotes sustainable development.

26 (m) Whether the project involves the rehabilitation of a
27 historic resource.

1 (n) Whether the project addresses areawide redevelopment.

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

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

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

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

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

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

26 (6) Except as otherwise provided in this subsection, the
27 amount of community revitalization incentives that the board may

1 approve for a single project shall not exceed 25% of a project's
2 eligible investment up to \$10,000,000.00. A community
3 revitalization loan shall not exceed \$10,000,000.00, and a
4 community revitalization grant shall not exceed \$1,500,000.00.
5 However, a combination of loans, grants, and other economic
6 assistance under this chapter shall not exceed \$10,000,000.00 per
7 project. The board may not approve \$10,000,000.00 per project in
8 community revitalization incentives to more than 3 projects per
9 fiscal year. The board shall approve not less than 5 projects of
10 \$1,000,000.00 or less per project per fiscal year. If, after
11 reviewing all applications in a fiscal year, the fund determines
12 that less than 5 projects warranted an award of \$1,000,000.00 or
13 less, this subsection ~~shall~~**DOES** not apply. Notwithstanding any
14 other limitation in this subsection, each year, of the community
15 revitalization projects approved by the board, the board may
16 approve up to 3 single projects that shall not exceed 50% of a
17 project's eligible investment up to \$10,000,000.00 for community
18 revitalization loans and grants for the specific purpose of
19 historic preservation. **BEGINNING FOR THE 2017-2018 FISCAL YEAR AND**
20 **EACH FISCAL YEAR THEREAFTER, EXCEPT AS OTHERWISE PROVIDED IN**
21 **SUBSECTION (9), 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~~**MUST** provide in a clear and concise manner all of
27 the conditions imposed, including specific time frames, on the

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

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

23 **(9) THE APPLICATION PROCESS FOR COMMUNITY REVITALIZATION**
24 **INCENTIVES FOR URBAN FOOD INITIATIVES MUST PROVIDE THAT**
25 **APPLICATIONS FOR URBAN FOOD INITIATIVES MUST BE RECEIVED ON OR**
26 **BEFORE JUNE 1 FOR THAT FISCAL YEAR. IF THERE ARE INSUFFICIENT**
27 **APPROVED APPLICATIONS IN A FISCAL YEAR FOR COMMUNITY REVITALIZATION**

1 INCENTIVES FOR URBAN FOOD INITIATIVES, THEN THE REMAINING ALLOCATED
2 FUNDS MAY BE USED FOR COMMUNITY REVITALIZATION INCENTIVES THAT ARE
3 NOT FOR URBAN FOOD INITIATIVES AS DETERMINED BY THE BOARD.

4 (10) ~~(9)~~—The legislature finds and declares that funding
5 authorized under this section is intended to encourage
6 diversification of the economy, to encourage capital investment in
7 this state, to promote the creation of qualified new jobs in this
8 state, and to promote the investment in brownfield and historic
9 preservation projects that reclaim previously used property that is
10 less likely to be revitalized without the investment.