

# HOUSE BILL No. 6328

September 6, 2018, Introduced by Rep. Kahle and referred to the Committee on Transportation and Infrastructure.

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 2017 PA 239.

## 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

1 that is approved under section 90b and that is subject to the  
2 requirements in section 90d.

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

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

11 (ii) Site improvements.

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

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

23 (v) **QUALIFIED INVESTMENTS FOR RESEARCH AND DEVELOPMENT OF A**  
24 **QUALIFIED TECHNOLOGY.**

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

27 (i) Is determined to be a facility. As used in this

1 subparagraph, "facility" means that term as defined in section 2 of  
2 the brownfield redevelopment financing act, 1996 PA 381, MCL  
3 125.2652.

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

12 (iii) Is blighted property. As used in this subparagraph,  
13 "blighted property" means property that meets any of the following  
14 criteria:

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

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

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

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

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

27 (F) Is property owned or under the control of a land bank fast

1 track authority under the land bank fast track act, 2003 PA 258,  
2 MCL 124.751 to 124.774.

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

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

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

19 (vi) Through September 30, 2022, is used for a neighborhood  
20 and commercial corridor food initiative.

21 **(vii) PROPERTY USED FOR THE RESEARCH AND DEVELOPMENT OF A**  
22 **QUALIFIED TECHNOLOGY.**

23 **(viii)** ~~(vii)~~ Any other property as determined by the fund  
24 board if the development of the property will promote community  
25 revitalization consistent with the findings and declarations in  
26 section 90.

27 (f) "Federal secretary of the interior's standards for

1 rehabilitation and guidelines for rehabilitating historic  
2 buildings, 36 CFR 67" means the nationally recognized federal  
3 standards that guide work undertaken on historic resources.

4 (g) "Neighborhood and commercial corridor food initiative"  
5 means property that will be used primarily as a retail supermarket,  
6 grocery store, produce market, or delicatessen that is located in a  
7 downtown area or in a development area as defined in section 2 of  
8 the corridor improvement authority act, 2005 PA 280, MCL 125.2872,  
9 as determined by the board, that offers unprocessed USDA-inspected  
10 meat and poultry products or meat products that carry the USDA  
11 organic seal, fresh fruits and vegetables, and dairy products for  
12 sale to the public.

13 (h) "Other economic assistance" means any other form of  
14 assistance allowed under this act that is not a community  
15 revitalization loan or community revitalization grant.

16 (I) **"QUALIFIED INVESTMENT" MEANS AN INVESTMENT OF AT LEAST**  
17 **\$20,000.00 AS CERTIFIED BY THE FUND.**

18 (J) **"QUALIFIED TECHNOLOGY" MEANS ADVANCED PROPULSION AND**  
19 **MOBILITY TECHNOLOGIES OR SYSTEMS INTEGRAL TO THE DEVELOPMENT OF**  
20 **POWER TRAINS UTILIZING CLEAN FUEL.**

21 (K) **"RESEARCH AND DEVELOPMENT" MEANS "QUALIFIED RESEARCH" AS**  
22 **THAT TERM IS DEFINED IN SECTION 41(D) OF THE INTERNAL REVENUE CODE**  
23 **OF 1986, 26 USC 41.**

24 Sec. 90b. (1) The fund shall create and operate the Michigan  
25 community revitalization program to provide community  
26 revitalization incentives for eligible investments on eligible  
27 property in this state. The fund shall develop and use a detailed

1 application, approval, and compliance process adopted by a  
2 resolution of the board and published and available on the fund's  
3 website. Program standards, guidelines, templates, or any other  
4 forms used by the fund to implement the Michigan community  
5 revitalization program shall be approved by the board.

6 (2) A person or 2 or more persons may apply to the fund for  
7 approval of community revitalization incentives associated with a  
8 project under this section. Community revitalization incentives  
9 shall not be approved for any property that is not eligible  
10 property.

11 (3) Funds appropriated for programs under this chapter must be  
12 placed in the 21st century jobs trust fund created in the Michigan  
13 trust fund act, 2000 PA 489, MCL 12.251 to 12.262.

14 (4) Subject to section 88c, the fund shall review all  
15 applications for community revitalization incentives. As part of  
16 the application, the applicant shall include documentation  
17 establishing that the project is located on eligible property and a  
18 project description that includes a project pro-forma. ~~The~~**EXCEPT**  
19 **AS OTHERWISE PROVIDED IN SUBSECTION (10), THE** fund shall consider  
20 the following criteria to the extent reasonably applicable as  
21 reasonably determined by the fund board or its designee to the type  
22 of project proposed when approving a community revitalization  
23 incentive:

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

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

1 (c) The amount of local community and financial support for  
2 the project.

3 (d) The applicant's financial need for a community  
4 revitalization incentive.

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

7 (f) Creation of jobs.

8 (g) The level of private sector and other contributions,  
9 including, but not limited to, federal funds and federal tax  
10 credits.

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

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

13 (j) Whether the project promotes mixed-use development and  
14 walkable communities.

15 (k) Whether the project converts abandoned public buildings to  
16 private use.

17 (l) Whether the project promotes sustainable development.

18 (m) Whether the project involves the rehabilitation of a  
19 historic resource.

20 (n) Whether the project addresses areawide redevelopment.

21 (o) Whether the project addresses underserved markets of  
22 commerce.

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

24 (q) If the rehabilitation of the historic resource will meet  
25 the federal secretary of the interior's standards for  
26 rehabilitation and guidelines for rehabilitating historic  
27 buildings, 36 CFR 67, when applied after engaging in discussions

1 with the state historic preservation office.

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

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

7 (5) An application shall be approved or denied not more than  
8 90 days after receipt of the application that is considered  
9 administratively complete by the board or its designee. If the  
10 application is neither approved nor denied within 90 days after  
11 being considered administratively complete, it must be considered  
12 by the fund board, or its president if delegated, for action at, or  
13 by, the next regularly scheduled board meeting. If an application  
14 is approved, the fund shall determine the amount of community  
15 revitalization incentives for the project based on the fund's  
16 review of the application and the criteria specified in subsection  
17 (4).

18 (6) Except as otherwise provided in this subsection, the  
19 amount of community revitalization incentives that the board may  
20 approve for a single project shall not exceed 25% of a project's  
21 eligible investment up to \$10,000,000.00. A community  
22 revitalization loan shall not exceed \$10,000,000.00, and a  
23 community revitalization grant shall not exceed \$1,500,000.00.  
24 However, a combination of loans, grants, and other economic  
25 assistance under this chapter shall not exceed \$10,000,000.00 per  
26 project. The board may not approve \$10,000,000.00 per project in  
27 community revitalization incentives to more than 3 projects per



1 fiscal year. The board shall approve not less than 5 projects of  
2 \$1,000,000.00 or less per project per fiscal year. If, after  
3 reviewing all applications in a fiscal year, the fund determines  
4 that less than 5 projects warranted an award of \$1,000,000.00 or  
5 less, this subsection does not apply. Notwithstanding any other  
6 limitation in this subsection, each year, of the community  
7 revitalization projects approved by the board, the board may  
8 approve up to 3 single projects that shall not exceed 50% of a  
9 project's eligible investment up to \$10,000,000.00 for community  
10 revitalization loans and grants for the specific purpose of  
11 historic preservation. Beginning for the 2017-2018 fiscal year and  
12 through the 2021-2022 fiscal year, except as otherwise provided in  
13 subsection (9), not less than 5% of community revitalization  
14 incentives shall be awarded to neighborhood and commercial corridor  
15 food initiatives. **COMMUNITY REVITALIZATION INCENTIVES FOR QUALIFIED**  
16 **INVESTMENTS FOR RESEARCH AND DEVELOPMENT OF A QUALIFIED TECHNOLOGY**  
17 **SHALL NOT EXCEED 20% OF THE AMOUNT OF THE QUALIFIED INVESTMENT OF**  
18 **THE APPLICANT NOT TO EXCEED AN AMOUNT EQUAL TO \$1,000,000.00 PER**  
19 **APPLICANT.**

20 (7) When the board approves an application and determines the  
21 amount of community revitalization incentives, the board shall  
22 enter into a written agreement with the applicant. The written  
23 agreement must provide in a clear and concise manner all of the  
24 conditions imposed, including specific time frames, on the  
25 applicant to receive the community revitalization incentive under  
26 this chapter. The written agreement must provide for the secured  
27 status of any loan, repayment, and penalties if the applicant fails

1 to comply with the provisions of the written agreement as  
2 determined by the board. The applicant shall agree to provide the  
3 data described in the written agreement that is necessary for the  
4 fund to report to the legislature under this chapter.

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

19 (9) The application process for community revitalization  
20 incentives for neighborhood and commercial corridor food  
21 initiatives must provide that applications for neighborhood and  
22 commercial corridor food initiatives must be received on or before  
23 June 1 for that fiscal year. If there are insufficient approved  
24 applications in a fiscal year for community revitalization  
25 incentives for neighborhood and commercial corridor food  
26 initiatives, then the remaining allocated funds may be used for  
27 community revitalization incentives that are not for neighborhood

1 and commercial corridor food initiatives as determined by the  
2 board. In addition, a new neighborhood and commercial corridor food  
3 initiative, as determined by the board, is not eligible for a  
4 community revitalization incentive if it is located within 1 mile  
5 of an existing retail supermarket, grocery store, or produce  
6 market, as determined by the board, that offers unprocessed USDA-  
7 inspected meat and poultry products or meat products that carry the  
8 USDA organic seal, fresh fruits and vegetables, and dairy products  
9 for sale to the public.

10 **(10) SUBSECTION (4) (I) TO (K) AND (M) DOES NOT APPLY TO**  
11 **COMMUNITY REVITALIZATION INCENTIVES FOR ELIGIBLE PROPERTY USED FOR**  
12 **THE RESEARCH AND DEVELOPMENT OF A QUALIFIED TECHNOLOGY.**

13 **(11)** ~~(10)~~—The legislature finds and declares that funding  
14 authorized under this section is intended to encourage  
15 diversification of the economy, to encourage capital investment in  
16 this state, to promote the creation of qualified new jobs in this  
17 state, and to promote the investment in brownfield and historic  
18 preservation projects that reclaim previously used property that is  
19 less likely to be revitalized without the investment.