

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4190**

A bill to amend 1995 PA 24, entitled
"Michigan economic growth authority act,"
by amending section 8 (MCL 207.808), as amended by 2009 PA 123.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8. (1) After receipt of an application, the authority may
2 enter into an agreement with an eligible business for a tax credit
3 under section 9 if the authority determines that all of the
4 following are met:

5 (a) Except as provided in subsection (5), the eligible
6 business creates 1 or more of the following as determined by the
7 authority and provided with written agreement:

8 (i) A minimum of 50 qualified new jobs at the facility if
9 expanding in this state.



1 (ii) A minimum of 50 qualified new jobs at the facility if
2 locating in this state.

3 (iii) A minimum of 25 qualified new jobs at the facility if the
4 facility is located in a neighborhood enterprise zone as determined
5 under the neighborhood enterprise zone act, 1992 PA 147, MCL
6 207.771 to 207.786, is located in a renaissance zone under the
7 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
8 125.2696, or is located in a federally designated empowerment zone,
9 rural enterprise community, or enterprise community.

10 (iv) A minimum of 5 qualified new jobs at the facility if the
11 eligible business is a qualified high-technology business.

12 (v) A minimum of 5 qualified new jobs at the facility if the
13 eligible business is a rural business.

14 (b) Except as provided in subsection (5), the eligible
15 business agrees to maintain 1 or more of the following for each
16 year that a credit is authorized under this act:

17 (i) A minimum of 50 qualified new jobs at the facility if
18 expanding in this state.

19 (ii) A minimum of 50 qualified new jobs at the facility if
20 locating in this state.

21 (iii) A minimum of 25 qualified new jobs at the facility if the
22 facility is located in a neighborhood enterprise zone as determined
23 under the neighborhood enterprise zone act, 1992 PA 147, MCL
24 207.771 to 207.786, is located in a renaissance zone under the
25 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
26 125.2696, or is located in a federally designated empowerment zone,
27 rural enterprise community, or enterprise community.

28 (iv) If the eligible business is a qualified high-technology
29 business, all of the following apply:



1 (A) A minimum of 5 qualified new jobs at the facility.

2 (B) A minimum of 25 qualified new jobs at the facility within
3 5 years after the date of the expansion or location as determined
4 by the authority and a minimum of 25 qualified new jobs at the
5 facility each year thereafter for which a credit is authorized
6 under this act.

7 (v) If the eligible business is a rural business, all of the
8 following apply:

9 (A) A minimum of 5 qualified new jobs at the facility.

10 (B) A minimum of 25 qualified new jobs at the facility within
11 5 years after the date of the expansion or location as determined
12 by the authority.

13 (c) Except as provided in subsection (5) and as otherwise
14 provided in this subdivision, in addition to the jobs specified in
15 subdivision (b), the eligible business, if already located within
16 this state, agrees to maintain a number of full-time jobs equal to
17 or greater than the number of full-time jobs it maintained in this
18 state prior to the expansion, as determined by the authority. After
19 an eligible business has entered into a written agreement as
20 provided in subsection (2), the authority may adjust the number of
21 full-time jobs required to be maintained by the authorized business
22 under this subdivision, in order to adjust for decreases in full-
23 time jobs in the authorized business in this state due to the
24 divestiture of operations, provided a single other person continues
25 to maintain those full-time jobs in this state. The authority shall
26 not approve a reduction in the number of full-time jobs to be
27 maintained unless the authority has determined that it can monitor
28 the maintenance of the full-time jobs in this state by the other
29 person, and the authorized business agrees in writing that the



1 continued maintenance of the full-time jobs in this state by the
2 other person, as determined by the authority, is a condition of
3 receiving tax credits under the written agreement. A full-time job
4 maintained by another person under this subdivision, that otherwise
5 meets the requirements of section 3(j), shall be considered a full-
6 time job, notwithstanding the requirement that a full-time job be
7 performed by an individual employed by an authorized business, or
8 an employee leasing company or professional employer organization
9 on behalf of an authorized business.

10 (d) Except as otherwise provided in this subdivision, the wage
11 paid for each retained job and qualified new job is equal to or
12 greater than 150% of the federal minimum wage. However, if the
13 eligible business is a qualified high-wage activity, then the wage
14 paid for each qualified new job is equal to or greater than 300% of
15 the state minimum wage. However, beginning on August 4, 2008, the
16 authority may include the value of the health care benefit in
17 determining the wage paid for each retained job or qualified new
18 job for an eligible business under this act.

19 (e) The plans for the expansion, retention, or location are
20 economically sound.

21 (f) Except for an eligible business described in subsection
22 (5)(c), the eligible business has not begun construction of the
23 facility.

24 (g) The expansion, retention, or location of the eligible
25 business will benefit the people of this state by increasing
26 opportunities for employment and by strengthening the economy of
27 this state.

28 (h) The tax credits offered under this act are an incentive to
29 expand, retain, or locate the eligible business in Michigan and



1 address the competitive disadvantages with sites outside this
2 state.

3 (i) A cost/benefit analysis reveals that authorizing the
4 eligible business to receive tax credits under this act will result
5 in an overall positive fiscal impact to the state.

6 (2) If the authority determines that the requirements of
7 subsection (1), (5), (9), or (11) have been met, the authority
8 shall determine the amount and duration of tax credits to be
9 authorized under section 9, and shall enter into a written
10 agreement as provided in this section. Except as otherwise provided
11 under this section, the duration of the tax credits shall not
12 exceed 20 years or for an authorized business that is a distressed
13 business, 3 years. In determining the amount and duration of tax
14 credits authorized, the authority shall consider the following
15 factors:

16 (a) The number of qualified new jobs to be created or retained
17 jobs to be maintained.

18 (b) The average wage and health care benefit level of the
19 qualified new jobs or retained jobs relative to the average wage
20 and health care benefit paid by private entities in the county in
21 which the facility is located.

22 (c) The total capital investment or new capital investment the
23 eligible business will make.

24 (d) The cost differential to the business between expanding,
25 locating, or retaining new jobs in Michigan and a site outside of
26 Michigan.

27 (e) The potential impact of the expansion, retention, or
28 location on the economy of Michigan.

29 (f) The cost of the credit under section 9, the staff,



1 financial, or economic assistance provided by the local government
2 unit, or local economic development corporation or similar entity,
3 and the value of assistance otherwise provided by this state.

4 (g) Whether the expansion, retention, or location will occur
5 in this state without the tax credits offered under this act.

6 (h) Whether the authorized business reuses or redevelops
7 property that was previously used for an industrial or commercial
8 purpose in locating the facility.

9 (i) The project's effects on other Michigan businesses within
10 the same industry.

11 (3) A written agreement between an eligible business and the
12 authority shall include, but need not be limited to, all of the
13 following:

14 (a) A description of the business expansion, retention, or
15 location that is the subject of the agreement.

16 (b) Conditions upon which the authorized business designation
17 is made.

18 (c) A statement by the eligible business that a violation of
19 the written agreement may result in the revocation of the
20 designation as an authorized business and the loss or reduction of
21 future credits under section 9.

22 (d) A statement by the eligible business that a
23 misrepresentation in the application may result in the revocation
24 of the designation as an authorized business and the refund of
25 credits received under section 9 plus a penalty equal to 10% of the
26 credits received under section 9.

27 (e) A method for measuring full-time jobs before and after an
28 expansion, retention, or location of an authorized business in this
29 state.



(f) A written certification from the eligible business regarding all of the following:

(i) The eligible business will follow a competitive bid process for the construction, rehabilitation, development, or renovation of the facility, and that this process will be open to all Michigan residents and firms. The eligible business may not discriminate against any contractor on the basis of its affiliation or nonaffiliation with any collective bargaining organization.

(ii) The eligible business will make a ~~good-faith~~ **good-faith** effort to employ, if qualified, Michigan residents at the facility.

(iii) The eligible business will make a ~~good-faith~~ **good-faith** effort to employ or contract with Michigan residents and firms to construct, rehabilitate, develop, or renovate the facility.

(iv) The eligible business is encouraged to make a ~~good-faith~~ **good-faith** effort to utilize Michigan-based suppliers and vendors when purchasing goods and services.

(g) A condition that if the eligible business qualified under subsection (5) (b) (ii) and met the subsection (1) (e) requirement by filing a chapter 11 plan of reorganization, the plan must be confirmed by the bankruptcy court within 6 years of the date of the agreement or the agreement is rescinded.

(4) Upon execution of a written agreement as provided in this section, an eligible business is an authorized business.

(5) Through December 31, 2007, after receipt of an application, the authority may enter into a written agreement with an eligible business that meets 1 or more of the following criteria:

(a) Is located in this state on the date of the application, makes new capital investment of \$250,000,000.00 in this state, and



1 maintains 500 retained jobs, as determined by the authority.

2 (b) Meets 1 or more of the following criteria:

3 (i) Relocates production of a product to this state after the
4 date of the application, makes capital investment of
5 \$500,000,000.00 in this state, and maintains 500 retained jobs, as
6 determined by the authority.

7 (ii) Maintains 150 retained jobs at a facility, maintains 1,000
8 or more full-time jobs in this state, and makes new capital
9 investment in this state.

10 (iii) Is located in this state on the date of the application,
11 maintains at least 100 retained jobs at a single facility, and
12 agrees to make new capital investment at that facility equal to the
13 greater of \$100,000.00 per retained job maintained at that facility
14 or \$10,000,000.00 to be completed or contracted for not later than
15 December 31, 2007.

16 (iv) Maintains 300 retained jobs at a facility; the facility is
17 at risk of being closed and if it were to close, the work would go
18 to a location outside this state, as determined by the authority;
19 new management or new ownership is proposed for the facility that
20 is committed to improve the viability of the facility, unless
21 otherwise provided in this subparagraph; and the tax credits
22 offered under this act are necessary for the facility to maintain
23 operations. The authority may not enter into a written agreement
24 under this subparagraph after December 31, 2007. Of the written
25 agreements entered into under this subparagraph, the authority may
26 enter into 3 written agreements under this subparagraph that are
27 excluded from the requirements of subsection (1)(e), (f), and (h)
28 if the authority considers it in the public interest and if the
29 eligible business would have met the requirements of subsection



(1)(g) and (h) within the immediately preceding 6 months from the signing of the written agreement for a tax credit. Of the 3 written agreements described in this subparagraph, the authority may also waive the requirement for new management if the existing management and labor make a commitment to improve the viability and productivity of the facility to better meet international competition as determined by the authority.

(v) Maintains 100 retained jobs at a facility; is a rural business, unless otherwise provided in this subparagraph; the facility is at risk of being closed and if it were to close, the work would go to a location outside this state, as determined by the authority; new management or new ownership is proposed for the facility that is committed to improve the viability of the facility; and the tax credits offered under this act are necessary for the facility to maintain operations. The authority may not enter into a written agreement under this subparagraph after December 31, 2007. Of the written agreements entered into under this subparagraph, the authority may enter into 3 written agreements under this subparagraph that are excluded from the requirements of subsection (1)(e), (f), and (h) if the authority considers it in the public interest and if the eligible business would have met the requirements of subsection (1)(e), (g), and (h) within the immediately preceding 6 months from the signing of the written agreement for a tax credit. Of the 3 written agreements described in this subparagraph, the authority may also waive the requirement that the business be a rural business if the business is located in a county with a population of 500,000 or more and 600,000 or less.

(vi) Maintains 175 retained jobs and makes new capital



1 investment at a facility in a county with a population of not less
2 than 7,500 but not greater than 8,000.

3 (vii) Is located in this state on the date of the application,
4 maintains at least 675 retained jobs at a facility, agrees to
5 create 400 new jobs, and agrees to make a new capital investment of
6 at least \$45,000,000.00 to be completed or contracted for not later
7 than December 31, 2007. Of the written agreements entered into
8 under this subparagraph, the authority may enter into 1 written
9 agreement under this subparagraph that is excluded from the
10 requirements of subsection (1)(f) if the authority considers it in
11 the public interest.

12 (viii) Is located in this state on the date of the application,
13 makes new capital investment of \$250,000,000.00 or more in this
14 state, and makes that capital investment at a facility located
15 north of the 45th parallel.

16 (c) Is a distressed business.

17 (6) Through December 31, 2008, each year, the authority shall
18 not execute new written agreements that in total provide for more
19 than 400 yearly credits over the terms of those agreements entered
20 into that year for eligible businesses that are not qualified high-
21 technology businesses, distressed businesses, rural businesses, or
22 an eligible business described in subsection (11). For calendar
23 year 2009, the authority shall not execute new written agreements
24 described in this subsection that in total provide for more than
25 400 yearly credits over the terms of those agreements entered into
26 that year, plus up to 85 additional yearly credits taken from
27 previously issued credits by the authority. For calendar year 2010
28 and each year thereafter **through calendar year 2014**, the authority
29 shall not execute new written agreements described in this



1 subsection that in total provide for more than 300 yearly credits
2 over the terms of those agreements entered into that year, plus up
3 to 85 additional yearly credits taken from previously issued
4 credits by the authority. As used in this subsection, beginning
5 calendar year 2010, "yearly credit" means the number of years over
6 the term of an agreement multiplied by the percentage amount
7 authorized in the agreement. As used in this subsection,
8 "previously issued credits" means 2/3 of the number of tax credits
9 authorized by the authority for an authorized business beginning in
10 calendar year 1999 that meet all of the following:

11 (a) That the authorized business did not use any or a portion
12 of the tax credits authorized under that written agreement.

13 (b) The authority determined at a meeting upon a vote of the
14 majority of the members present that the credits previously
15 authorized satisfy subdivision (a).

16 (7) The authority shall not execute more than 50 new written
17 agreements each year for eligible businesses that are qualified
18 high-technology businesses or rural business. In addition, the
19 authority may execute not more than 25 additional new written
20 agreements each year for eligible businesses that are qualified
21 high-technology businesses that have demonstrated that not less
22 than 10% of the total operating expenses of the eligible business
23 in the immediately preceding 2 years was attributable to research
24 and development. Not more than 35 of the 75 written agreements for
25 businesses that are qualified high-technology businesses or rural
26 business may be executed each year for qualified rural businesses.
27 Not more than 50 of the 75 written agreements for businesses that
28 are qualified high-technology businesses or rural businesses may be
29 executed each year for a high-technology business that engages in a



1 qualified high-wage activity. Not more than 4 of the 75 agreements
2 executed under this subsection may provide for a tax credit with a
3 duration of more than 12 years but not more than 20 years. The
4 authority shall not execute a written agreement for an eligible
5 business that is a qualified high-technology business or rural
6 business under this subsection if that eligible business has
7 claimed a credit under section 455 of the Michigan business tax
8 act, 2007 PA 36, MCL 208.1455.

9 (8) The authority shall not execute more than 20 new written
10 agreements each year for eligible businesses that are distressed
11 businesses. The authority shall not execute more than 5 of the
12 written agreements described in this subsection each year for
13 distressed businesses that had 1,000 or more full-time jobs at a
14 facility 4 years immediately preceding the application to the
15 authority under this act. The authority shall not execute more than
16 5 new written agreements each year for eligible businesses
17 described in subsection (11). The authority shall not execute more
18 than 4 new written agreements each year for eligible businesses
19 described in subsection (11) in local governmental units that have
20 a population greater than 16,000.

21 (9) Beginning January 1, 2008, after receipt of an
22 application, the authority may enter into a written agreement with
23 an eligible business that does not meet the criteria described in
24 subsection (1), if the eligible business meets all of the
25 following:

26 (a) Agrees to retain not fewer than 50 jobs.

27 (b) Agrees to invest, through construction, acquisition,
28 transfer, purchase, contract, or any other method as determined by
29 the authority, at a facility equal to \$50,000.00 or more per



1 retained job maintained at the facility.

2 (c) Certifies to the authority that, without the credits under
3 this act and without the new capital investment, the facility is at
4 risk of closing and the work and jobs would be removed to a
5 location outside of this state.

6 (d) Certifies to the authority that the management or
7 ownership is committed to improving the long-term viability of the
8 facility in meeting the national and international competition
9 facing the facility through better management techniques, best
10 practices, including state of the art lean manufacturing practices,
11 and market diversification.

12 (e) Certifies to the authority that it will make best efforts
13 to keep jobs in Michigan when making plant location and closing
14 decisions.

15 (f) Certifies to the authority that the workforce at the
16 facility demonstrates its commitment to improving productivity and
17 profitability at the facility through various means.

18 (10) Beginning on April 28, 2008, if the authority enters into
19 a written agreement with an eligible business, the written
20 agreement shall include a repayment provision of all or a portion
21 of the credits received by the eligible business for a facility if
22 the eligible business moves full-time jobs outside this state
23 during the term of the written agreement and for a period of years
24 after the term of the written agreement, as determined by the
25 authority.

26 (11) Beginning January 1, 2008, after receipt of an
27 application, the authority may enter into a written agreement with
28 an eligible business that does not meet the criteria described in
29 subsection (1), if the eligible business meets all of the



1 following:

2 (a) Agrees to create or retain not fewer than 15 jobs.

3 (b) Agrees to occupy property that is a historic resource as
 4 that term is defined in section 435 of the Michigan business tax
 5 act, 2007 PA 36, MCL 208.1435, and that is located in a downtown
 6 district as defined in ~~section 1 of 1975 PA 197, MCL~~
 7 ~~125.1651.~~ **section 201 of the recodified tax increment financing act,**
 8 **2018 PA 57, MCL 125.4201.**

9 (c) The average wage paid for each retained job and full-time
 10 job is equal to or greater than 150% of the federal minimum wage.

11 **(12) The authority or its successor may modify or amend the**
 12 **Michigan economic growth authority tax credit agreement approved by**
 13 **a resolution of the Michigan strategic fund board on November 27,**
 14 **2018 and subsequently assign or transfer that agreement as long as**
 15 **the modification or amendment reduces the total amount of the**
 16 **credit, the modification or amendment does not extend the term to**
 17 **claim the credit, and the value of the credit taken by the**
 18 **transferee does not exceed \$12,000,000.00.**

19 **(13) The authority or its successor shall establish guidelines**
 20 **for the amendment, modification, or transfer described in**
 21 **subsection (12) and shall publish those guidelines on its website.**

22 Enacting section 1. This amendatory act does not take effect
 23 unless all of the following bills of the 100th Legislature are
 24 enacted into law:

25 (a) House Bill No. 4189.

26 (b) House Bill No. 4191.

