

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 562

A bill to amend 1996 PA 381, entitled
"Brownfield redevelopment financing act,"
by amending section 2 (MCL 125.2652), as amended by 2021 PA 138.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Authority" means a brownfield redevelopment authority
3 created under this act.

4 (b) "Baseline environmental assessment" means that term as
5 defined in part 201 or 213.

6 (c) "Blighted" means property that meets any of the following
7 criteria as determined by the governing body:

8 (i) Has been declared a public nuisance in accordance with a
9 local housing, building, plumbing, fire, or other related code or

1 ordinance.

2 (ii) Is an attractive nuisance to children because of physical
3 condition, use, or occupancy.

4 (iii) Is a fire hazard or is otherwise dangerous to the safety
5 of persons or property.

6 (iv) Has had the utilities, plumbing, heating, or sewerage
7 permanently disconnected, destroyed, removed, or rendered
8 ineffective so that the property is unfit for its intended use.

9 (v) Is tax reverted property owned by a qualified local
10 governmental unit, by a county, or by this state. The sale, lease,
11 or transfer of tax reverted property by a qualified local
12 governmental unit, county, or this state after the property's
13 inclusion in a brownfield plan shall not result in the loss to the
14 property of the status as blighted property for purposes of this
15 act.

16 (vi) Is property owned by or under the control of a land bank
17 fast track authority, whether or not located within a qualified
18 local governmental unit. Property included within a brownfield plan
19 prior to the date it meets the requirements of this subdivision to
20 be eligible property shall be considered to become eligible
21 property as of the date the property is determined to have been or
22 becomes qualified as, or is combined with, other eligible property.
23 The sale, lease, or transfer of the property by a land bank fast
24 track authority after the property's inclusion in a brownfield plan
25 shall not result in the loss to the property of the status as
26 blighted property for purposes of this act.

27 (vii) Has substantial buried subsurface demolition debris
28 present so that the property is unfit for its intended use.

29 (d) "Board" means the governing body of an authority.

1 (e) "Brownfield plan" means a plan that meets the requirements
2 of section 13 and section 13b and is adopted under section 14.

3 (f) "Captured taxable value" means the amount in 1 year by
4 which the current taxable value of an eligible property subject to
5 a brownfield plan, including the taxable value or assessed value,
6 as appropriate, of the property for which specific taxes are paid
7 in lieu of property taxes, exceeds the initial taxable value of
8 that eligible property. The state tax commission shall prescribe
9 the method for calculating captured taxable value.

10 (g) "Chief executive officer" means the mayor of a city, the
11 village manager of a village, the township supervisor of a
12 township, or the county executive of a county or, if the county
13 does not have an elected county executive, the chairperson of the
14 county board of commissioners.

15 (h) "Combined brownfield plan" means a brownfield plan that
16 also includes the information necessary to submit the plan to the
17 department or Michigan strategic fund under section 15(20).

18 (i) "Construction period tax capture revenues" means funds
19 equal to the amount of income tax levied and imposed in a calendar
20 year upon wages paid to individuals physically present and working
21 within the eligible property for the construction, renovation, or
22 other improvement of eligible property that is an eligible activity
23 within a transformational brownfield plan. As used in this
24 subdivision, "wages" means that term as defined in section 3401 of
25 the internal revenue code of 1986, 26 USC 3401. To calculate the
26 amount of construction period tax capture revenues for a calendar
27 year under a transformational brownfield plan, the state treasurer
28 shall do all of the following:

29 (i) Require the owner or developer of the eligible property to

1 report the total taxable wages paid to individuals for the
2 construction, renovation, or other improvement of eligible property
3 that is an eligible activity within the transformational brownfield
4 plan. The wages reported under this subparagraph shall exclude any
5 wages paid to employees of the owner or developer.

6 (ii) Multiply the amount under subparagraph (i) by the effective
7 rate as determined by the state treasurer at which the income tax
8 is levied on an individual in this state. The state treasurer shall
9 estimate the effective rate by taking into account the effect of
10 any exemptions, additions, subtractions, and credits allowable
11 under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1
12 to 206.532. The state treasurer may require the owner or developer
13 to submit any information necessary for the calculation under this
14 subparagraph.

15 (iii) The wage information and other information required under
16 this subdivision shall be provided to the department of treasury by
17 the owner or developer in a manner prescribed by the state
18 treasurer. The state treasurer may require the owner or developer
19 to provide a review or reconciliation of the wages by an
20 independent auditing firm.

21 (j) "Corrective action" means that term as defined in part 111
22 or part 213.

23 (k) "Department" means the department of environment, Great
24 Lakes, and energy.

25 (l) "Department specific activities" means baseline
26 environmental assessments, due care activities, response
27 activities, and other environmentally related actions that are
28 eligible activities and are identified as a part of a brownfield
29 plan that are in addition to the minimum due care activities

1 required by part 201, including, but not limited to:

2 (i) Response activities that are more protective of the public
3 health, safety, and welfare and the environment than required by
4 section 20107a, 20114, or 21304c of the natural resources and
5 environmental protection act, 1994 PA 451, MCL 324.20107a,
6 324.20114, and 324.21304c.

7 (ii) Removal and closure of underground storage tanks pursuant
8 to part 211 or 213.

9 (iii) Disposal of solid waste, as defined in part 115 of the
10 natural resources and environmental protection act, 1994 PA 451,
11 MCL 324.11501 to 324.11554, from the eligible property, provided it
12 was not generated or accumulated by the authority or the developer.

13 (iv) Dust control related to construction activities.

14 (v) Removal and disposal of lake or river sediments exceeding
15 part 201 criteria from, at, or related to an economic development
16 project where the upland property is either a facility or would
17 become a facility as a result of the deposition of dredged spoils.

18 (vi) Industrial cleaning.

19 (vii) Sheet piling and shoring necessary for the removal of
20 materials exceeding part 201 criteria at projects requiring a
21 permit pursuant to part 301, 303, or 325 of the natural resources
22 and environmental protection act, 1994 PA 451, MCL 324.30101 to
23 324.30113, MCL 324.30301 to 324.30328, or MCL 324.32501 to
24 324.32515a.

25 (viii) Lead, mold, or asbestos abatement when lead, mold, or
26 asbestos pose an imminent and significant threat to human health.

27 (ix) Environmental insurance.

28 (m) "Due care activities" means those response activities
29 identified as part of a brownfield plan that are necessary to allow

1 the owner or operator of an eligible property in the plan to comply
2 with the requirements of section 20107a or 21304c of the natural
3 resources and environmental protection act, 1994 PA 451, MCL
4 324.20107a and 324.21304c.

5 (n) "Economic opportunity zone" means 1 or more parcels of
6 property that meet all of the following:

7 (i) That together are 40 or more acres in size.

8 (ii) That contain or contained a manufacturing operation that
9 consists or consisted of 500,000 or more square feet.

10 (iii) That are located in a municipality that has a population
11 of 30,000 or less and that is contiguous to a qualified local
12 governmental unit.

13 (o) "Eligible activities" or "eligible activity" means 1 or
14 more of the following:

15 (i) For all eligible properties, eligible activities include
16 all of the following:

17 (A) Department specific activities.

18 (B) Relocation of public buildings or operations for economic
19 development purposes.

20 (C) Reasonable costs of environmental insurance.

21 (D) Reasonable costs incurred to develop and prepare
22 brownfield plans, combined brownfield plans, or work plans for the
23 eligible property, including legal and consulting fees that are not
24 in the ordinary course of acquiring and developing real estate.

25 (E) Reasonable costs of brownfield plan and work plan
26 implementation, including, but not limited to, tracking and
27 reporting of data and plan compliance and the reasonable costs
28 incurred to estimate and determine actual costs incurred, whether
29 those costs are incurred by a municipality, authority, or private

1 developer.

2 (F) Demolition of structures that is not a response activity,
3 including removal of manufactured debris composed of discarded,
4 unused, or unusable manufactured by-products left on the site by a
5 previous owner. The removal of the manufactured by-products left on
6 the site described in this sub-subparagraph is not eligible for
7 interest reimbursement under sub-subparagraph (H).

8 (G) Lead, asbestos, or mold abatement.

9 (H) Except as otherwise provided in sub-subparagraph (F), the
10 repayment of principal of and interest on any obligation issued by
11 an authority to pay the costs of eligible activities attributable
12 to an eligible property.

13 (ii) For eligible properties located in a qualified local unit
14 of government, or an economic opportunity zone, or that is a former
15 mill, eligible activities include:

16 (A) The activities described in subparagraph (i).

17 (B) Infrastructure improvements that directly benefit eligible
18 property.

19 (C) Site preparation that is not a response activity.

20 (iii) For eligible properties that are owned by or under the
21 control of a land bank fast track authority, or a qualified local
22 unit of government or authority, eligible activities include:

23 (A) The eligible activities described in subparagraphs (i) and
24 (ii).

25 (B) Assistance to a land bank fast track authority in clearing
26 or quieting title to, or selling or otherwise conveying, property
27 owned by or under the control of a land bank fast track authority
28 or the acquisition of property by the land bank fast track
29 authority if the acquisition of the property is for economic

1 development purposes.

2 (C) Assistance to a qualified local governmental unit or
3 authority in clearing or quieting title to, or selling or otherwise
4 conveying, property owned by or under the control of a qualified
5 local governmental unit or authority or the acquisition of property
6 by a qualified local governmental unit or authority if the
7 acquisition of the property is for economic development purposes.

8 (iv) For eligible activities on eligible property that is
9 included in a transformational brownfield plan, any demolition,
10 construction, restoration, alteration, renovation, or improvement
11 of buildings or site improvements on eligible property, including
12 infrastructure improvements that directly benefit eligible
13 property.

14 (v) **For eligible activities on eligible property that is a**
15 **qualified facility that is not located in a qualified local**
16 **governmental unit and that is a facility, functionally obsolete, or**
17 **blighted, the following additional activities:**

18 (A) **The activities described in subparagraph (i).**

19 (B) **Infrastructure improvements that directly benefit eligible**
20 **property.**

21 (C) **Site preparation that is not a response activity.**

22 (p) "Eligible property" means, except as otherwise provided in
23 this subdivision, property for which eligible activities are
24 identified under a brownfield plan that was used or is currently
25 used for commercial, industrial, public, or residential purposes,
26 including personal property located on the property, to the extent
27 included in the brownfield plan, and that is 1 or more of the
28 following:

29 (i) Is in a qualified local governmental unit and is a facility

1 or a site or property as those terms are defined in part 213,
2 historic resource, functionally obsolete, or blighted and includes
3 parcels that are adjacent or contiguous to that property if the
4 development of the adjacent and contiguous parcels is estimated to
5 increase the captured taxable value of that property.

6 (ii) Is not in a qualified local governmental unit and is a
7 facility, historic resource, functionally obsolete, blighted, or a
8 site or property as those terms are defined in part 213, and
9 includes parcels that are adjacent or contiguous to that property
10 if the development of the adjacent and contiguous parcels is
11 estimated to increase the captured taxable value of that property.

12 (iii) Is tax reverted property owned by or under the control of
13 a land bank fast track authority.

14 (iv) Is a transit-oriented development or transit-oriented
15 property.

16 (v) Is located in a qualified local governmental unit and
17 contains a targeted redevelopment area.

18 (vi) Is undeveloped property that was eligible property in a
19 previously approved brownfield plan abolished under section 14(8).

20 (vii) Eligible property does not include qualified agricultural
21 property exempt under section 7ee of the general property tax act,
22 1893 PA 206, MCL 211.7ee, from the tax levied by a local school
23 district for school operating purposes to the extent provided under
24 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211.

25 (q) "Environmental insurance" means liability insurance for
26 environmental contamination and cleanup that is not otherwise
27 required by state or federal law.

28 (r) "Facility" means that term as defined in part 201.

29 (s) "Fiscal year" means the fiscal year of the authority.

1 (t) "Former mill" means a former mill that has not been used
2 for industrial purposes for the immediately preceding 2 years, that
3 is not located in a qualified local governmental unit, that is a
4 facility or is a site or a property as those terms are defined in
5 part 213, functionally obsolete, or blighted, and that is located
6 within 15 miles of a river that is a federal superfund site listed
7 under the comprehensive environmental response, compensation and
8 liability act of 1980, 42 USC 9601 to 9675, and that is located in
9 a municipality with a population of less than 10,000.

10 (u) "Functionally obsolete" means that the property is unable
11 to be used to adequately perform the function for which it was
12 intended due to a substantial loss in value resulting from factors
13 such as overcapacity, changes in technology, deficiencies or
14 superadequacies in design, or other similar factors that affect the
15 property itself or the property's relationship with other
16 surrounding property.

17 (v) "Governing body" means the elected body having legislative
18 powers of a municipality creating an authority under this act.

19 (w) "Historic resource" means that term as defined in section
20 90a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2090a.

21 (x) "Income tax" means the tax levied and imposed under part 1
22 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

23 (y) "Income tax capture revenues" means, with respect to each
24 eligible property subject to a transformational brownfield plan,
25 funds equal to the amount for each tax year by which the aggregate
26 income tax from individuals residing within the eligible property
27 subject to a transformational brownfield plan exceeds the initial
28 income tax value. Subject to subparagraph (iii), the state treasurer
29 shall calculate annually the income tax capture revenues associated

1 with each transformational brownfield plan. In calculating income
2 tax capture revenues, the state treasurer shall subtract from the
3 aggregate amount of income tax credits under sections 255, 265,
4 266, and chapter 9 of the income tax act of 1967, 1967 PA 281, MCL
5 206.255, 206.265, 206.266, and 206.501 to 206.532. The state
6 treasurer shall require the owner or developer of the eligible
7 property to provide to the department of treasury all of the
8 following information at the end of each calendar year, including
9 the year in which the resolution adding that eligible property in
10 the transformational brownfield plan is adopted:

11 (i) A list of addresses for all residential units, rental or
12 owner-occupied, within the eligible property.

13 (ii) Any other information that may be necessary to calculate
14 the income tax capture revenues. The information required under
15 this subdivision shall be provided in a manner prescribed by the
16 state treasurer.

17 (iii) Notwithstanding anything to the contrary in this
18 subdivision, in lieu of the reporting and calculation methods
19 otherwise provided for, the owner or developer of a
20 transformational brownfield project site may elect to utilize a
21 safe harbor method of calculating income tax capture revenues.
22 Under this safe harbor method, the Michigan strategic fund shall
23 establish a safe harbor amount of annual income tax capture
24 revenues for each eligible property at the time the Michigan
25 strategic fund approves the transformational brownfield plan, and
26 those amounts shall serve as the basis for the transmittal of
27 income tax capture revenues to the owner or developer of the
28 transformational project site under section 8a(4). The Michigan
29 strategic fund shall establish the safe harbor amount for an

1 eligible property by imputing a standard annual taxable income for
2 households residing within the eligible property or portion of the
3 eligible property. The safe harbor is effective only to the extent
4 that the residential units within the eligible property or portion
5 of the eligible property are actively leased or, in the case of
6 units made available for sale, sold in an arms-length transaction.
7 Imputations as to standard household taxable income may vary based
8 on location and other relevant factors. The Michigan strategic fund
9 may adjust the safe harbor amount for an eligible property, or
10 portion of the eligible property, after the time of
11 transformational brownfield plan approval as required to reflect
12 changes in the transformational brownfield plan for the
13 transformational project site that may occur after approval of the
14 transformational brownfield plan, provided that those changes may
15 not result in an aggregate increase in the level of income tax
16 capture revenues from the amount initially established. The owner
17 or developer of the transformational project site may make the
18 election to utilize the safe harbor method of accounting at any
19 time prior to the first reimbursement of income tax capture
20 revenues under the transformational brownfield plan, provided that
21 an election, once made, cannot be rescinded.

22 (z) "Industrial cleaning" means cleaning or removal of
23 contaminants from within a structure necessary to achieve the
24 intended use of the property.

25 (aa) "Infrastructure improvements" means a street, road,
26 sidewalk, parking facility, pedestrian mall, alley, bridge, sewer,
27 sewage treatment plant, property designed to reduce, eliminate, or
28 prevent the spread of identified soil or groundwater contamination,
29 drainage system, waterway, waterline, water storage facility, rail

1 line, utility line or pipeline, transit-oriented development,
2 transit-oriented property, or other similar or related structure or
3 improvement, together with necessary easements for the structure or
4 improvement, owned or used by a public agency or functionally
5 connected to similar or supporting property owned or used by a
6 public agency, or designed and dedicated to use by, for the benefit
7 of, or for the protection of the health, welfare, or safety of the
8 public generally, whether or not used by a single business entity,
9 provided that any road, street, or bridge shall be continuously
10 open to public access and that other property shall be located in
11 public easements or rights-of-way and sized to accommodate
12 reasonably foreseeable development of eligible property in
13 adjoining areas. Infrastructure improvements also include 1 or more
14 of the following whether publicly or privately owned or operated or
15 located on public or private property:

16 (i) Underground parking.

17 (ii) Multilevel parking structures.

18 (iii) Urban stormwater management systems.

19 (bb) "Initial income tax value" means, with respect to each
20 eligible property subject to a transformational brownfield plan,
21 the aggregate amount of income tax less credits under sections 255,
22 265, 266, and chapter 9 of the income tax act of 1967, 1967 PA 281,
23 MCL 206.255, 206.265, 206.266, and 206.501 to 206.532, from
24 individuals residing within the eligible property for the tax year
25 in which the resolution adding that eligible property in the
26 transformational brownfield plan is adopted.

27 (cc) "Initial taxable value" means the taxable value of an
28 eligible property identified in and subject to a brownfield plan at
29 the time the resolution adding that eligible property in the

1 brownfield plan is adopted, as shown either by the most recent
2 assessment roll for which equalization has been completed at the
3 time the resolution is adopted or, if provided by the brownfield
4 plan, by the next assessment roll for which equalization will be
5 completed following the date the resolution adding that eligible
6 property in the brownfield plan is adopted. Property exempt from
7 taxation at the time the initial taxable value is determined shall
8 be included with the initial taxable value of zero. Property for
9 which a specific tax is paid in lieu of property tax shall not be
10 considered exempt from taxation. The state tax commission shall
11 prescribe the method for calculating the initial taxable value of
12 property for which a specific tax was paid in lieu of property tax.
13 The initial assessed value may be modified by lowering the initial
14 assessed value once during the term of the brownfield plan through
15 an amendment as provided in section 14 after the tax increment
16 financing plan fails to generate captured taxes for 3 consecutive
17 years due to declines in assessed value.

18 (dd) "Initial withholding tax value" means, with respect to
19 each eligible property subject to a transformational brownfield
20 plan, the amount of income tax withheld under part 3 of the income
21 tax act of 1967, 1967 PA 281, MCL 206.701 to 206.713, from
22 individuals employed within the eligible property for the calendar
23 year in which the resolution adding the eligible property to the
24 plan is adopted. The initial withholding tax value shall not
25 include construction period tax capture revenues.

26 (ee) "Land bank fast track authority" means an authority
27 created under the land bank fast track act, 2003 PA 258, MCL
28 124.751 to 124.774.

29 (ff) "Local taxes" means all taxes levied other than taxes

1 levied for school operating purposes.

2 (gg) "Michigan strategic fund" means the Michigan strategic
3 fund created under the Michigan strategic fund act, 1984 PA 270,
4 MCL 125.2001 to 125.2094.

5 (hh) "Mixed-use" means a real estate project with planned
6 integration of some combination of retail, office, residential, or
7 hotel uses.

8 (ii) "Municipality" means all of the following:

9 (i) A city.

10 (ii) A village.

11 (iii) A township in those areas of the township that are outside
12 of a village.

13 (iv) A township in those areas of the township that are in a
14 village upon the concurrence by resolution of the village in which
15 the zone would be located.

16 (v) A county.

17 (jj) "Owned by or under the control of" means that a land bank
18 fast track authority or a qualified local unit of government has 1
19 or more of the following:

20 (i) An ownership interest in the property.

21 (ii) A tax lien on the property.

22 (iii) A tax deed to the property.

23 (iv) A contract with this state or a political subdivision of
24 this state to enforce a lien on the property.

25 (v) A right to collect delinquent taxes, penalties, or
26 interest on the property.

27 (vi) The ability to exercise its authority over the property.

28 (kk) "Part 111", "part 201", "part 211", or "part 213" means
29 that part as described as follows:

(i) Part 111 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.11101 to 324.11153.

(ii) Part 201 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.20101 to 324.20142.

(iii) Part 211 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.21101 to 324.21113.

(iv) Part 213 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.21301a to 324.21334.

(ll) "Qualified facility" means a landfill facility area of 15 or more contiguous acres that is located in a city and that contains, contained, or is adjacent to a landfill, a material recycling facility, or an asphalt plant that is no longer in operation.

(mm) ~~(ll)~~—"Qualified local governmental unit" means that term as defined in the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797.

(nn) ~~(mm)~~—"Qualified taxpayer" means that term as defined in sections 38d and 38g of former 1975 PA 228, or section 437 of the Michigan business tax act, 2007 PA 36, MCL 208.1437, or a recipient of a community revitalization incentive as described in section 90a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2090a.

(oo) ~~(nn)~~—"Release" means that term as defined in part 201 or part 213.

(pp) ~~(oo)~~—"Response activity" means either of the following:

(i) Response activity as that term is defined in part 201.

(ii) Corrective action.

(qq) ~~(pp)~~—"Specific taxes" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572; the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668; the enterprise zone act, 1985 PA

224, MCL 125.2101 to 125.2123; 1953 PA 189, MCL 211.181 to 211.182; the technology park development act, 1984 PA 385, MCL 207.701 to 207.718; the obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797; the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to 207.786; the commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856; or that portion of the tax levied under the tax reverted clean title act, 2003 PA 260, MCL 211.1021 to 211.1025a, that is not required to be distributed to a land bank fast track authority.

(rr) ~~(qq)~~ "State brownfield redevelopment fund" means the state brownfield redevelopment fund created in section 8a.

(ss) ~~(rr)~~ "Targeted redevelopment area" means not fewer than 40 and not more than 500 contiguous parcels of real property located in a qualified local governmental unit and designated as a targeted redevelopment area by resolution of the governing body and approved by the Michigan strategic fund. A qualified local governmental unit is limited to designating no more than 2 targeted redevelopment areas for the purposes of this section in a calendar year. The Michigan strategic fund may approve no more than 5 targeted redevelopment areas for the purposes of this section in a calendar year.

(tt) ~~(ss)~~ "Tax increment revenues" means the amount of ad valorem property taxes and specific taxes attributable to the application of the levy of all taxing jurisdictions upon the captured taxable value of each parcel of eligible property subject to a brownfield plan and personal property located on that property, regardless of whether those taxes began to be levied after the brownfield plan was adopted. Tax increment revenues do not include any of the following:

(i) Ad valorem property taxes specifically levied for the payment of principal of and interest on either obligations approved by the electors or obligations pledging the unlimited taxing power of the local governmental unit, and specific taxes attributable to those ad valorem property taxes.

(ii) For tax increment revenues attributable to eligible property also exclude the amount of ad valorem property taxes or specific taxes captured by a downtown development authority under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230, tax increment finance authority under the tax increment finance authority act, part 3 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to 125.4329, corridor improvement authority under part 6 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4602 to 125.4629, or local development finance authority under part 4 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4401 to 125.4420, if those taxes were captured by these other authorities on the date that eligible property became subject to a brownfield plan under this act.

(iii) Ad valorem property taxes levied under 1 or more of the following or specific taxes attributable to those ad valorem property taxes:

(A) The zoological authorities act, 2008 PA 49, MCL 123.1161 to 123.1183.

(B) The art institute authorities act, 2010 PA 296, MCL 123.1201 to 123.1229.

(uu) ~~(tt)~~ "Taxable value" means the value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

1 **(vv)** ~~(uu)~~ "Taxes levied for school operating purposes" means
2 all of the following:

3 (i) The taxes levied by a local school district for operating
4 purposes.

5 (ii) The taxes levied under the state education tax act, 1993
6 PA 331, MCL 211.901 to 211.906.

7 (iii) That portion of specific taxes attributable to taxes
8 described under subparagraphs (i) and (ii).

9 **(ww)** ~~(vv)~~ "Transformational brownfield plan" means a
10 brownfield plan that meets the requirements of section 13c and is
11 adopted under section 14a and, as designated by resolution of the
12 governing body and approved by the Michigan strategic fund, will
13 have a transformational impact on local economic development and
14 community revitalization based on the extent of brownfield
15 redevelopment and growth in population, commercial activity, and
16 employment that will result from the plan. To be designated a
17 transformational brownfield plan, a transformational brownfield
18 plan under this subdivision shall be for mixed-use development
19 unless waived by the Michigan strategic fund as provided under
20 section 14a(26) and shall be expected to result in the following
21 levels of capital investment:

22 (i) In a municipality that is not a county and that has a
23 population of at least 600,000, \$500,000,000.00.

24 (ii) In a municipality that is not a county and that has a
25 population of at least 150,000 and not more than 599,999,
26 \$100,000,000.00.

27 (iii) In a municipality that is not a county and that has a
28 population of at least 100,000 and not more than 149,999,
29 \$75,000,000.00.

1 (iv) In a municipality that is not a county and that has a
 2 population of at least 50,000 and not more than 99,999,
 3 \$50,000,000.00.

4 (v) In a municipality that is not a county and that has a
 5 population of at least 25,000 and not more than 49,999,
 6 \$25,000,000.00.

7 (vi) In a municipality that is not a county and that has a
 8 population of less than 25,000, \$15,000,000.00.

9 **(xx)** ~~(ww)~~ "Transit-oriented development" means infrastructure
 10 improvements that are located within 1/2 mile of a transit station
 11 or transit-oriented property that promotes transit ridership or
 12 passenger rail use as determined by the board and approved by the
 13 municipality in which it is located.

14 **(yy)** ~~(xx)~~ "Transit-oriented property" means property that
 15 houses a transit station in a manner that promotes transit
 16 ridership or passenger rail use.

17 **(zz)** ~~(yy)~~ "Withholding tax capture revenues" means, with
 18 respect to each eligible property subject to a transformational
 19 brownfield plan, the amount for each calendar year by which the
 20 income tax withheld under part 3 of the income tax act of 1967,
 21 1967 PA 281, MCL 206.701 to 206.713, from individuals employed
 22 within the eligible property exceeds the initial withholding tax
 23 value. Withholding tax capture revenues shall not include income
 24 tax from individuals domiciled within the eligible property or
 25 construction period tax capture revenues. To calculate withholding
 26 tax capture revenues for a calendar year under a transformational
 27 brownfield plan, the state treasurer or the Michigan strategic fund
 28 shall do all of the following:

29 (i) The state treasurer shall require the owner or developer of

1 the eligible property to provide the department of treasury with
2 notice not more than 10 days from the date an employer commences or
3 terminates occupancy within the eligible property. As used in this
4 subdivision, "employer" means that term as defined in section 8 of
5 the income tax act of 1967, 1967 PA 281, MCL 206.8.

6 (ii) The state treasurer shall develop methods and processes
7 that are necessary for each employer occupying the eligible
8 property to report the amount of withholding under part 3 of the
9 income tax act of 1967, 1967 PA 281, MCL 206.701 to 206.713, from
10 individuals employed within the eligible property.

11 (iii) The Michigan strategic fund shall include the following
12 provisions in the development or reimbursement agreement for any
13 transformational brownfield plan that utilizes withholding tax
14 capture revenues:

15 (A) That the owner or developer of the eligible property shall
16 require each employer occupying the eligible property to comply
17 with the reporting requirements under this section through a
18 contract requirement, lease requirement, or other such means.

19 (B) That reimbursement of withholding tax capture revenues is
20 limited to amounts that are reported in accordance with part 3 of
21 the income tax act of 1967, 1967 PA 281, MCL 206.701 to 206.713,
22 and this state has no obligation with respect to withholding tax
23 capture revenues that are not reported or paid.

24 (iv) Notwithstanding anything to the contrary in this
25 subdivision, in lieu of the reporting and calculation methods
26 otherwise provided for, the owner or developer of a
27 transformational project site may elect to utilize a safe harbor
28 method of calculating withholding tax capture revenues. Under this
29 safe harbor method, the Michigan strategic fund shall establish a

1 safe harbor amount of annual withholding tax capture revenues for
2 each eligible property at the time the Michigan strategic fund
3 approves the transformational brownfield plan, and those amounts
4 shall serve as the basis for the transmittal of withholding tax
5 capture revenues to the owner or developer of the transformational
6 project site under section 8a(4). The Michigan strategic fund shall
7 establish the safe harbor amount for an eligible property by
8 imputing a standard level of employee occupancy that corresponds to
9 the size and use of the eligible property or portion of the
10 eligible property and a safe harbor average annual taxable wage for
11 the individuals employed within the eligible property or portion of
12 the eligible property. The safe harbor shall be effective only to
13 the extent the eligible property or portion of the eligible
14 property is actively occupied, as evidenced by the existence of a
15 binding lease agreement or similar instrument. Imputations as to
16 occupancy and wages may vary between projects based on location,
17 the type and use of the eligible property, and other relevant
18 factors. The Michigan strategic fund may adjust the safe harbor
19 amount for an eligible property, or portion of the eligible
20 property, after the time of plan approval as required to reflect
21 changes in the transformational brownfield plan for the
22 transformational project site that may occur after approval of the
23 transformational brownfield plan, provided that any of those
24 changes may not result in an aggregate increase in the level of
25 withholding tax capture revenues from the amount initially
26 established. The owner or developer of the transformational project
27 site may make the election to utilize the safe harbor method of
28 accounting at any time prior to the first reimbursement of
29 withholding tax capture revenues under the plan, provided that an

1 election, once made, cannot be rescinded.

2 **(aaa)** ~~(zz)~~ "Work plan" means a plan that describes each
3 individual activity to be conducted to complete eligible activities
4 and the associated costs of each individual activity.

5 **(bbb)** ~~(aaa)~~ "Zone" means, for an authority established before
6 June 6, 2000, a brownfield redevelopment zone designated under this
7 act.