

**SUBSTITUTE FOR
HOUSE BILL NO. 5926**

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
by amending sections 90a, 90b, 90c, and 90d (MCL 125.2090a,
125.2090b, 125.2090c, and 125.2090d), section 90a as added by 2011
PA 252, section 90b as amended by 2012 PA 145, and sections 90c and
90d as added by 2011 PA 253.

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

1 economic assistance.

2 (c) "Community revitalization loan" or "loan" means a loan
3 that is approved under section 90b and that is subject to the
4 requirements in section 90d.

5 (d) "Eligible investment" means 1 or more of the following,
6 subject to a written agreement under this section, including
7 investment which occurred prior to the approval of the application,
8 to the extent that ~~it~~**THE PROJECT** has not been **COMPLETELY**
9 reimbursed to or been paid for on behalf of the person requesting a
10 community revitalization incentive under this chapter:

11 (i) Any demolition, construction, alteration, rehabilitation,
12 or improvement of buildings.

13 (ii) Site improvements.

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

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

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 or structure located within a historic district designated
7 by the national register of historic places, the state register of
8 historic sites, or a local unit acting under the local historic
9 districts act, 1970 PA 169, MCL 399.201 to 399.215.

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

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

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

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

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

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

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

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

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

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

16 (f) "Other economic assistance" means any other form of
17 assistance allowed under this act that is not a community
18 revitalization loan or community revitalization grant.

19 Sec. 90b. (1) The fund shall create and operate the Michigan
20 community revitalization program to provide community
21 revitalization incentives for eligible investments on eligible
22 property in this state. The fund shall develop and use a detailed
23 application, approval, and compliance process adopted by a
24 resolution of the board and published and available on the fund's
25 website. Program standards, guidelines, templates, or any other
26 forms used by the fund to implement the Michigan community
27 revitalization program shall be approved by the board.

1 (2) A person **OR 2 OR MORE PERSONS** may apply to the fund for
2 approval of community revitalization incentives associated with a
3 project under this section. Community revitalization incentives
4 shall not be approved for any property that is not eligible
5 property.

6 (3) Funds appropriated for programs under this chapter shall
7 be placed in the 21st century jobs trust fund created in the
8 Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.260.

9 (4) Subject to section 88c, the fund shall review all
10 applications for community revitalization incentives. As part of
11 the application, the applicant shall include documentation
12 establishing that the project is located on eligible property and a
13 project description that includes a project pro-forma. The fund
14 shall consider the following criteria to the extent reasonably
15 applicable to the type of project proposed when approving a
16 community revitalization incentive:

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

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

21 (c) The amount of local community and financial support for
22 the project.

23 (d) The applicant's financial need for a community
24 revitalization incentive.

25 (e) The extent of reuse of vacant buildings, reuse of
26 historical buildings, and redevelopment of blighted property.

27 (f) Creation of jobs.

1 (g) The level of private sector and other contributions,
2 including, but not limited to, federal funds and federal tax
3 credits.

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

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

6 (j) Whether the project promotes mixed-use development and
7 walkable communities.

8 (k) Whether the project converts abandoned public buildings to
9 private use.

10 (l) Whether the project promotes sustainable development.

11 (m) Whether the project involves the rehabilitation of a
12 historic resource.

13 (n) Whether the project addresses areawide redevelopment.

14 (o) Whether the project addresses underserved markets of
15 commerce.

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

17 (q) If the rehabilitation of the historic resource will meet
18 the federal secretary of the interior's standards for
19 rehabilitation and guidelines for rehabilitating historic
20 buildings, 36 CFR 67.

21 (r) Whether the project will compete with or effect existing
22 Michigan businesses within the same industry.

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

26 (5) An application shall be approved or denied not more than
27 90 days after receipt of the application that is considered

1 administratively complete by the board or its designee. If the
2 application is neither approved nor denied within 90 days after
3 being considered administratively complete, it shall be considered
4 by the fund board, or its president if delegated, for action at, or
5 by, the next regularly scheduled board meeting. If an application
6 is approved, the fund shall determine the amount of community
7 revitalization incentives for the project based on the fund's
8 review of the application and the criteria specified in subsection
9 (4).

10 (6) The amount of community revitalization incentives that the
11 board may approve for a single project shall not exceed 25% of a
12 project's eligible investment up to \$10,000,000.00. A community
13 revitalization loan shall not exceed \$10,000,000.00 and a community
14 revitalization grant shall not exceed \$1,000,000.00. However, a
15 combination of loans, grants, and other economic assistance under
16 this chapter shall not exceed \$10,000,000.00 per project. The board
17 may not approve \$10,000,000.00 per project in community
18 revitalization incentives to more than 3 projects per fiscal year.
19 The board shall approve not less than 5 projects of \$1,000,000.00
20 or less per project per fiscal year. If, after reviewing all
21 applications in a fiscal year, the fund determines that less than 5
22 projects warranted an award of \$1,000,000.00 or less, this
23 subsection shall not apply.

24 (7) When the board approves an application and determines the
25 amount of community revitalization incentives, the board shall
26 enter into a written agreement with the applicant. The written
27 agreement shall provide in a clear and concise manner all of the

1 conditions imposed, including specific time frames, on the
2 applicant to receive the community revitalization incentive under
3 this chapter. The written agreement shall provide for **THE SECURED**
4 **STATUS OF ANY LOAN**, repayment, and penalties if the applicant fails
5 to comply with the provisions of the written agreement as
6 determined by the board. The applicant shall agree to provide the
7 data described in the written agreement that is necessary for the
8 fund to report to the legislature under this 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, may be
12 used for the purposes of administering the programs and activities
13 authorized under this chapter. However, the fund and the fund board
14 shall not use more than 3% of the annual appropriation for
15 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 Sec. 90c. Upon ~~completion of a project~~ **SATISFYING A MILESTONE**
24 **ESTABLISHED IN A WRITTEN AGREEMENT** for which the board has approved
25 a community revitalization grant under section 90b, the applicant
26 may apply to the fund for ~~the A grant and may assign a grant by~~
27 ~~submitting written request of the assignment to the fund~~

1 DISBURSEMENT AS SPECIFIED IN THE WRITTEN AGREEMENT. ALL OR A
2 PORTION OF THE RIGHTS OR OBLIGATIONS OF THE APPLICANT UNDER THE
3 WRITTEN GRANT AGREEMENT MAY BE ASSIGNED BY THE APPLICANT TO 1 OR
4 MORE ASSIGNEES WITH PRIOR WRITTEN APPROVAL OF, AND ON TERMS AND
5 CONDITIONS ACCEPTABLE TO, THE FUND. The board shall develop and
6 implement the use of an application form and assignment form to be
7 used under this section. Within 90 days of receipt of an
8 application for disbursement, the fund or its designee shall then
9 determine whether the project has complied with the terms of the
10 written agreement and, if applicable, the federal secretary of the
11 interior's standards for rehabilitation and guidelines for
12 rehabilitating historic buildings, 36 CFR 67. If the fund or its
13 designee determines that the project has complied with the written
14 agreement and, if applicable, the federal secretary of the
15 interior's standards for rehabilitation and guidelines for
16 rehabilitating historic buildings, 36 CFR 67, the fund shall issue
17 the grant proceeds to the applicant or, if the grant has been
18 assigned, to the assignee.

19 Sec. 90d. (1) Upon ~~completion of a project~~ **SATISFYING A**
20 **MILESTONE ESTABLISHED IN A WRITTEN AGREEMENT** for which the board
21 has approved a community revitalization loan under section 90b, the
22 applicant may apply to the fund for ~~the loan proceeds and may~~
23 ~~assign some or all of the loan proceeds by submitting written~~
24 ~~notice of the assignment to the fund~~ **A LOAN DISBURSEMENT AS**
25 **SPECIFIED IN THE WRITTEN AGREEMENT. ALL OR A PORTION OF THE RIGHTS**
26 **OR OBLIGATIONS OF THE APPLICANT UNDER THE WRITTEN LOAN AGREEMENT**
27 **MAY BE ASSIGNED BY THE APPLICANT TO 1 OR MORE ASSIGNEES WITH PRIOR**

1 **WRITTEN APPROVAL OF, AND ON TERMS AND CONDITIONS ACCEPTABLE TO, THE**
2 **FUND.** The board shall develop and implement the use of an
3 application for disbursement form and assignment form to be used
4 under this subsection. Within 90 days of receipt or disbursement of
5 an application for disbursement, the fund or its designee shall
6 determine whether the project has complied with the written
7 agreement and, if applicable, the federal secretary of the
8 interior's standards for rehabilitation and guidelines for
9 rehabilitating historic buildings, 36 CFR 67. If the fund or its
10 designee determines that the project has complied with the written
11 agreement and, if applicable, the federal secretary of the
12 interior's standards for rehabilitation and guidelines for
13 rehabilitating historic buildings, 36 CFR 67, the fund shall
14 distribute the loan proceeds to the applicant or, if the loan
15 proceeds have been assigned, to the assignee.

16 (2) The board shall develop criteria for repayment of the
17 community revitalization loan.

18 (3) The proceeds from repayment of community revitalization
19 loans under subsection (2) shall be paid into the investment fund
20 described in section 88h and expended exclusively for community
21 revitalization incentives under this chapter.

22 (4) Beginning November 1, 2012 and each year thereafter, the
23 fund shall report to each house of the legislature on the
24 activities of the fund under this chapter that occurred in the
25 previous fiscal year. The report shall be made available in an
26 electronic format. Except as otherwise provided in this subsection
27 or in this act, the fund shall not divulge sensitive or private

1 financial information associated with a community revitalization
2 incentive. The report shall include, but is not limited to, all of
3 the following:

4 (a) The total proposed amount of private investment attracted
5 under this section.

6 (b) The total actual amount of private investment attracted
7 under this section as reported to the fund.

8 (c) The total number of new written agreements.

9 (d) The amount of the community revitalization incentives
10 awarded under this chapter separately for each project.

11 (e) The actual amount of the community revitalization
12 incentives made under this chapter separately for each project.

13 (f) The total actual amount of square footage revitalized or
14 added for each project approved under this section as reported to
15 the fund. When reporting square footage, the person must report the
16 square footage by category, including, but not limited to,
17 commercial, residential, or retail.

18 (g) The aggregate increase in taxable value of all property
19 subject to a written agreement under this chapter when established
20 and recorded by the local units of government and as reported to
21 the fund.

22 (h) A summary of all written agreements for community
23 revitalization loans.

24 (i) The total actual number of residential units revitalized
25 or added for each project approved under this section as reported
26 to the fund.

27 (j) The identity of persons who received a community

1 revitalization incentive outside the program standards and
2 guidelines and why the variance was given.

3 (k) The amount of administrative costs used to administer the
4 programs and activities authorized under this chapter.

5 (l) A summary of the projected and actual aggregated taxpayer
6 return on investment for each eligible investment that received a
7 distribution in the reporting period.

8 (5) Beginning February 1, 2012 and not less than every 3
9 months thereafter, the fund shall post on its internet website the
10 name and location of a person who received approval of community
11 revitalization investment under this chapter in the immediately
12 preceding 3-month period.

13 (6) Beginning on and after January 1, 2012, on a monthly basis
14 the fund shall provide exact copies of all information that is
15 provided to board members of the fund for the purpose of monthly
16 board meetings, subject to confidentiality under section 5, to each
17 of the following:

18 (a) The chairperson and minority vice-chairperson of the house
19 commerce committee.

20 (b) The chairperson and minority vice-chairperson of the house
21 appropriations subcommittee on general government.

22 (c) The chairperson and minority vice-chairperson of the
23 senate economic development committee.

24 (d) The chairperson and minority vice-chairperson of the
25 senate appropriations subcommittee on general government.