

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 567

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2094) by adding chapter 8C.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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CHAPTER 8C

SEC. 90. THE LEGISLATURE FINDS AND DECLARES THAT ANY ACTIVITY
UNDER THIS CHAPTER TO PROMOTE COMMUNITY REVITALIZATION WILL
ACCELERATE PRIVATE INVESTMENT IN AREAS OF HISTORICAL DISINVESTMENT,
CONTRIBUTE TO MICHIGAN'S REINVENTION AS A VITAL, JOB-GENERATING
STATE, FOSTER REDEVELOPMENT OF FUNCTIONALLY OBSOLETE PROPERTIES,
REDUCE BLIGHT, SUPPORT THE REHABILITATION OF HISTORIC RESOURCES,
AND PROTECT THE NATURAL RESOURCES OF THIS STATE AND IS A PUBLIC
PURPOSE AND OF PARAMOUNT CONCERN IN THE INTEREST OF THE HEALTH,

1 SAFETY, AND GENERAL WELFARE OF THE CITIZENS OF THIS STATE. IT IS
2 THE INTENT OF THE LEGISLATURE THAT THE ECONOMIC BENEFITS RESULTING
3 FROM THIS CHAPTER OCCUR SUBSTANTIALLY WITHIN THIS STATE.

4 SEC. 90A. AS USED IN THIS CHAPTER:

5 (A) "COMMUNITY REVITALIZATION GRANT" OR "GRANT" MEANS A GRANT
6 THAT IS APPROVED UNDER SECTION 90B AND THAT IS SUBJECT TO
7 REQUIREMENTS IN SECTION 90C.

8 (B) "COMMUNITY REVITALIZATION INCENTIVE" MEANS A COMMUNITY
9 REVITALIZATION GRANT, A COMMUNITY REVITALIZATION LOAN, OR OTHER
10 ECONOMIC ASSISTANCE.

11 (C) "COMMUNITY REVITALIZATION LOAN" OR "LOAN" MEANS A LOAN
12 THAT IS APPROVED UNDER SECTION 90B AND THAT IS SUBJECT TO THE
13 REQUIREMENTS IN SECTION 90D.

14 (D) "ELIGIBLE INVESTMENT" MEANS 1 OR MORE OF THE FOLLOWING,
15 SUBJECT TO A WRITTEN AGREEMENT UNDER THIS SECTION, INCLUDING
16 INVESTMENT WHICH OCCURRED PRIOR TO THE APPROVAL OF THE APPLICATION,
17 TO THE EXTENT THAT IT HAS NOT BEEN REIMBURSED TO OR BEEN PAID FOR
18 ON BEHALF OF THE PERSON REQUESTING A COMMUNITY REVITALIZATION
19 INCENTIVE UNDER THIS CHAPTER:

20 (i) ANY DEMOLITION, CONSTRUCTION, ALTERATION, REHABILITATION,
21 OR IMPROVEMENT OF BUILDINGS.

22 (ii) SITE IMPROVEMENTS.

23 (iii) THE ADDITION OF MACHINERY, EQUIPMENT, OR FIXTURES TO THE
24 APPROVED PROJECT.

25 (iv) ARCHITECTURAL, ENGINEERING, SURVEYING, AND SIMILAR
26 PROFESSIONAL FEES BUT NOT CERTAIN SOFT COSTS OF THE ELIGIBLE
27 INVESTMENT AS DETERMINED BY THE BOARD, INCLUDING, BUT NOT LIMITED

1 TO, DEVELOPER FEES, APPRAISALS, PERFORMANCE BONDS, CLOSING COSTS,
2 BANK FEES, LOAN FEES, RISK CONTINGENCIES, FINANCING COSTS,
3 PERMANENT OR CONSTRUCTION PERIOD INTEREST, LEGAL EXPENSES, LEASING
4 OR SALES COMMISSIONS, MARKETING COSTS, PROFESSIONAL FEES, SHARED
5 SAVINGS, TAXES, TITLE INSURANCE, BANK INSPECTION FEES, INSURANCE,
6 AND PROJECT MANAGEMENT FEES.

7 (E) "ELIGIBLE PROPERTY" MEANS PROPERTY THAT MEETS 1 OR MORE OF
8 THE FOLLOWING CONDITIONS:

9 (i) IS DETERMINED TO BE A FACILITY. AS USED IN THIS
10 SUBPARAGRAPH, "FACILITY" MEANS THAT TERM AS DEFINED IN SECTION 2 OF
11 THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL
12 125.2652.

13 (ii) IS A HISTORIC RESOURCE. AS USED IN THIS SUBPARAGRAPH,
14 "HISTORIC RESOURCE" MEANS A PUBLICLY OR PRIVATELY OWNED HISTORIC
15 BUILDING OR STRUCTURE LOCATED WITHIN A HISTORIC DISTRICT DESIGNATED
16 BY THE NATIONAL REGISTER OF HISTORIC PLACES, THE STATE REGISTER OF
17 HISTORIC SITES, OR A LOCAL UNIT ACTING UNDER THE LOCAL HISTORIC
18 DISTRICTS ACT, 1970 PA 169, MCL 399.201 TO 399.215.

19 (iii) IS BLIGHTED PROPERTY. AS USED IN THIS SUBPARAGRAPH,
20 "BLIGHTED PROPERTY" MEANS PROPERTY THAT MEETS ANY OF THE FOLLOWING
21 CRITERIA:

22 (A) HAS BEEN DECLARED A PUBLIC NUISANCE IN ACCORDANCE WITH A
23 LOCAL HOUSING, BUILDING, PLUMBING, FIRE, OR OTHER RELATED CODE OR
24 ORDINANCE.

25 (B) IS AN ATTRACTIVE NUISANCE TO CHILDREN BECAUSE OF PHYSICAL
26 CONDITION, USE, OR OCCUPANCY.

27 (C) IS A FIRE HAZARD OR IS OTHERWISE DANGEROUS TO THE SAFETY

1 OF PERSONS OR PROPERTY.

2 (D) HAS HAD THE UTILITIES, PLUMBING, HEATING, OR SEWERAGE
3 PERMANENTLY DISCONNECTED, DESTROYED, REMOVED, OR RENDERED
4 INEFFECTIVE SO THAT THE PROPERTY IS UNFIT FOR ITS INTENDED USE.

5 (E) IS TAX REVERTED PROPERTY OWNED BY A QUALIFIED LOCAL
6 GOVERNMENTAL UNIT, BY A COUNTY, OR BY THIS STATE.

7 (F) IS PROPERTY OWNED OR UNDER THE CONTROL OF A LAND BANK FAST
8 TRACK AUTHORITY UNDER THE LAND BANK FAST TRACK ACT, 2003 PA 258,
9 MCL 124.751 TO 124.774.

10 (G) HAS SUBSTANTIAL SUBSURFACE DEMOLITION DEBRIS BURIED ON
11 SITE SO THAT THE PROPERTY IS UNFIT FOR ITS INTENDED USE.

12 (iv) IS FUNCTIONALLY OBSOLETE PROPERTY. AS USED IN THIS
13 SUBPARAGRAPH, "FUNCTIONALLY OBSOLETE" MEANS THAT THE PROPERTY IS
14 UNABLE TO BE USED TO ADEQUATELY PERFORM THE FUNCTION FOR WHICH IT
15 WAS INTENDED DUE TO A SUBSTANTIAL LOSS IN VALUE RESULTING FROM
16 FACTORS SUCH AS OVERCAPACITY, CHANGES IN TECHNOLOGY, DEFICIENCIES
17 OR SUPERADEQUACIES IN DESIGN, OR OTHER SIMILAR FACTORS THAT AFFECT
18 THE PROPERTY ITSELF OR THE PROPERTY'S RELATIONSHIP WITH OTHER
19 SURROUNDING PROPERTY AS DETERMINED BY A MICHIGAN ADVANCED ASSESSING
20 OFFICER OR A MICHIGAN MASTER ASSESSING OFFICER.

21 (v) IS A PARCEL THAT IS ADJACENT OR CONTIGUOUS TO PROPERTY
22 DESCRIBED IN SUBPARAGRAPHS (i) THROUGH (iv) IF THE DEVELOPMENT OF THE
23 ADJACENT OR CONTIGUOUS PARCEL IS ESTIMATED TO INCREASE THE TAXABLE
24 VALUE OF THE PROPERTY DESCRIBED IN SUBPARAGRAPHS (i) THROUGH (iv).

25 (F) "OTHER ECONOMIC ASSISTANCE" MEANS ANY OTHER FORM OF
26 ASSISTANCE ALLOWED UNDER THIS ACT THAT IS NOT A COMMUNITY
27 REVITALIZATION LOAN OR COMMUNITY REVITALIZATION GRANT.

1 SEC. 90B. (1) THE FUND SHALL CREATE AND OPERATE THE MICHIGAN
2 COMMUNITY REVITALIZATION PROGRAM TO PROVIDE COMMUNITY
3 REVITALIZATION INCENTIVES FOR ELIGIBLE INVESTMENTS ON ELIGIBLE
4 PROPERTY IN THIS STATE. THE FUND SHALL DEVELOP AND USE A DETAILED
5 APPLICATION, APPROVAL, AND COMPLIANCE PROCESS ADOPTED BY A
6 RESOLUTION OF THE BOARD AND PUBLISHED AND AVAILABLE ON THE FUND'S
7 WEBSITE. PROGRAM STANDARDS, GUIDELINES, TEMPLATES, OR ANY OTHER
8 FORMS USED BY THE FUND TO IMPLEMENT THE MICHIGAN COMMUNITY
9 REVITALIZATION PROGRAM SHALL BE APPROVED BY THE BOARD.

10 (2) A PERSON MAY APPLY TO THE FUND FOR APPROVAL OF COMMUNITY
11 REVITALIZATION INCENTIVES ASSOCIATED WITH A PROJECT UNDER THIS
12 SECTION. COMMUNITY REVITALIZATION INCENTIVES SHALL NOT BE APPROVED
13 FOR ANY PROPERTY THAT IS NOT ELIGIBLE PROPERTY.

14 (3) FUNDS APPROPRIATED FOR PROGRAMS UNDER THIS CHAPTER SHALL
15 BE PLACED IN THE 21ST CENTURY JOBS TRUST FUND CREATED IN THE
16 MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.251 TO 12.260.

17 (4) SUBJECT TO SECTION 88C, THE FUND SHALL REVIEW ALL
18 APPLICATIONS FOR COMMUNITY REVITALIZATION INCENTIVES. AS PART OF
19 THE APPLICATION, THE APPLICANT SHALL INCLUDE DOCUMENTATION
20 ESTABLISHING THAT THE PROJECT IS LOCATED ON ELIGIBLE PROPERTY AND A
21 PROJECT DESCRIPTION THAT INCLUDES A PROJECT PRO-FORMA. THE FUND
22 SHALL CONSIDER THE FOLLOWING CRITERIA TO THE EXTENT REASONABLY
23 APPLICABLE TO THE TYPE OF PROJECT PROPOSED WHEN APPROVING A
24 COMMUNITY REVITALIZATION INVENTIVE:

25 (A) THE IMPORTANCE OF THE PROJECT TO THE COMMUNITY IN WHICH IT
26 IS LOCATED.

27 (B) IF THE PROJECT WILL ACT AS A CATALYST FOR ADDITIONAL

1 REVITALIZATION OF THE COMMUNITY IN WHICH IT IS LOCATED.

2 (C) THE AMOUNT OF LOCAL COMMUNITY AND FINANCIAL SUPPORT FOR
3 THE PROJECT.

4 (D) THE APPLICANT'S FINANCIAL NEED FOR A COMMUNITY
5 REVITALIZATION INCENTIVE.

6 (E) THE EXTENT OF REUSE OF VACANT BUILDINGS, REUSE OF
7 HISTORICAL BUILDINGS, AND REDEVELOPMENT OF BLIGHTED PROPERTY.

8 (F) CREATION OF JOBS.

9 (G) THE LEVEL OF PRIVATE SECTOR AND OTHER CONTRIBUTIONS,
10 INCLUDING, BUT NOT LIMITED TO, FEDERAL FUNDS AND FEDERAL TAX
11 CREDITS.

12 (H) WHETHER THE PROJECT IS FINANCIALLY AND ECONOMICALLY SOUND.

13 (I) WHETHER THE PROJECT INCREASES THE DENSITY OF THE AREA.

14 (J) WHETHER THE PROJECT PROMOTES MIXED-USE DEVELOPMENT AND
15 WALKABLE COMMUNITIES.

16 (K) WHETHER THE PROJECT CONVERTS ABANDONED PUBLIC BUILDINGS TO
17 PRIVATE USE.

18 (L) WHETHER THE PROJECT PROMOTES SUSTAINABLE DEVELOPMENT.

19 (M) WHETHER THE PROJECT INVOLVES THE REHABILITATION OF A
20 HISTORIC RESOURCE.

21 (N) WHETHER THE PROJECT ADDRESSES AREAWIDE REDEVELOPMENT.

22 (O) WHETHER THE PROJECT ADDRESSES UNDERSERVED MARKETS OF
23 COMMERCE.

24 (P) THE LEVEL AND EXTENT OF ENVIRONMENTAL CONTAMINATION.

25 (Q) IF THE REHABILITATION OF THE HISTORIC RESOURCE WILL MEET
26 THE FEDERAL SECRETARY OF THE INTERIOR'S STANDARDS FOR
27 REHABILITATION AND GUIDELINES FOR REHABILITATING HISTORIC

1 BUILDINGS, 36 CFR 67.

2 (R) WHETHER THE PROJECT WILL COMPETE WITH OR EFFECT 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 SHALL 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) THE AMOUNT OF COMMUNITY REVITALIZATION INCENTIVES THAT THE
19 BOARD MAY APPROVE FOR A SINGLE PROJECT SHALL NOT EXCEED 25% OF A
20 PROJECT'S ELIGIBLE INVESTMENT UP TO \$10,000,000.00. A COMMUNITY
21 REVITALIZATION LOAN SHALL NOT EXCEED \$10,000,000.00 AND A COMMUNITY
22 REVITALIZATION GRANT SHALL NOT EXCEED \$1,000,000.00. HOWEVER, A
23 COMBINATION OF LOANS, GRANTS, AND OTHER ECONOMIC ASSISTANCE UNDER
24 THIS CHAPTER SHALL NOT EXCEED \$10,000,000.00 PER PROJECT. THE BOARD
25 MAY NOT APPROVE \$10,000,000.00 PER PROJECT IN COMMUNITY
26 REVITALIZATION INCENTIVES TO MORE THAN 3 PROJECTS PER FISCAL YEAR.
27 THE BOARD SHALL APPROVE NOT LESS THAN 5 PROJECTS OF \$1,000,000.00

1 OR LESS PER PROJECT PER FISCAL YEAR. IF, AFTER REVIEWING ALL
2 APPLICATIONS IN A FISCAL YEAR, THE FUND DETERMINES THAT LESS THAN 5
3 PROJECTS WARRANTED AN AWARD OF \$1,000,000.00 OR LESS, THIS
4 SUBSECTION SHALL NOT APPLY.

5 (7) WHEN THE BOARD APPROVES AN APPLICATION AND DETERMINES THE
6 AMOUNT OF COMMUNITY REVITALIZATION INCENTIVES, THE BOARD SHALL
7 ENTER INTO A WRITTEN AGREEMENT WITH THE APPLICANT. THE WRITTEN
8 AGREEMENT SHALL PROVIDE IN A CLEAR AND CONCISE MANNER ALL OF THE
9 CONDITIONS IMPOSED, INCLUDING SPECIFIC TIME FRAMES, ON THE
10 APPLICANT TO RECEIVE THE COMMUNITY REVITALIZATION INCENTIVE UNDER
11 THIS CHAPTER. THE WRITTEN AGREEMENT SHALL PROVIDE FOR REPAYMENT AND
12 PENALTIES IF THE APPLICANT FAILS TO COMPLY WITH THE PROVISIONS OF
13 THE WRITTEN AGREEMENT AS DETERMINED BY THE BOARD. THE APPLICANT
14 SHALL AGREE TO PROVIDE THE DATA DESCRIBED IN THE WRITTEN AGREEMENT
15 THAT IS NECESSARY FOR THE FUND TO REPORT TO THE LEGISLATURE UNDER
16 THIS CHAPTER.

17 (8) NOT MORE THAN 4% OF THE ANNUAL APPROPRIATION AS PROVIDED
18 BY LAW FROM THE 21ST CENTURY JOBS TRUST FUND ESTABLISHED IN THE
19 MICHIGAN TRUST FUND ACT, 2000 PA 489, MCL 12.251 TO 12.260, MAY BE
20 USED FOR THE PURPOSES OF ADMINISTERING THE PROGRAMS AND ACTIVITIES
21 AUTHORIZED UNDER THIS CHAPTER. HOWEVER, THE FUND AND THE FUND BOARD
22 SHALL NOT USE MORE THAN 3% OF THE ANNUAL APPROPRIATION FOR
23 ADMINISTERING THE PROGRAMS AND ACTIVITIES AUTHORIZED UNDER THIS
24 CHAPTER UNLESS THE FUND BOARD BY A 2/3 VOTE AUTHORIZES THE
25 ADDITIONAL 1% FOR ADMINISTRATION. THE MEDC MAY CHARGE ACTUAL AND
26 REASONABLE FEES FOR COSTS ASSOCIATED WITH THE COMMUNITY
27 REVITALIZATION LOAN. THESE FEES ARE IN ADDITION TO AN AMOUNT OF THE

1 **APPROPRIATION USED FOR ADMINISTERING THE PROGRAMS AND ACTIVITIES**
2 **AUTHORIZED UNDER THIS CHAPTER.**

3 Enacting section 1. This amendatory act does not take effect
4 unless all of the following bills of the 96th Legislature are
5 enacted into law:

6 (a) Senate Bill No. 566.

7 (b) Senate Bill No. 568.