

# HOUSE BILL NO. 5136

October 12, 2023, Introduced by Reps. Bollin, Lightner, Beeler, Posthumus, Hall, Borton, Kuhn, Steele, Cavitt, Alexander, Hoadley, Meerman, Kunse, Bruck and Jaime Greene and referred to the Committee on Appropriations.

A bill to amend 2018 PA 540, entitled  
"Economic development incentive evaluation act,"  
by amending section 3 (MCL 18.1753) and by adding section 7a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 3. As used in this act:

2       (a) "Contractor" means the private entity, nonprofit entity,  
3 or academic institution selected by the department under section 5  
4 to evaluate certain economic development incentives.

5       (b) "Department" means the department of technology,  
6 management, and budget.

1 (c) "Economic development incentive" means the abatements, tax  
2 credits, exemptions, grants, loans, or loan guarantees related to  
3 economic development activities in this state as determined by the  
4 Michigan strategic fund provided under the following acts, **funds,**  
5 **or programs:**

6 (i) The Michigan business tax act, 2007 PA 36, MCL 208.1101 to  
7 208.1601.

8 (ii) The income tax act of 1967, 1967 PA 281, MCL 206.1 to  
9 ~~206.713-206.847.~~

10 (iii) 1974 PA 198, MCL 207.551 to 207.572.

11 (iv) The commercial redevelopment act, 1978 PA 255, MCL 207.651  
12 to 207.668.

13 (v) The enterprise zone act, 1985 PA 224, MCL 125.2101 to  
14 125.2123.

15 (vi) 1953 PA 189, MCL 211.181 to 211.182.

16 (vii) The technology park development act, 1984 PA 385, MCL  
17 207.701 to 207.718.

18 (viii) Part 511 of the natural resources and environmental  
19 protection act, 1994 PA 451, MCL 324.51101 to 324.51120.

20 (ix) The neighborhood enterprise zone act, 1992 PA 147, MCL  
21 207.771 to 207.786.

22 (x) The city utility users tax act, 1990 PA 100, MCL 141.1151  
23 to 141.1177.

24 (xi) The city income tax act, 1964 PA 284, MCL 141.501 to  
25 141.787.

26 (xii) The general property tax act, 1893 PA 206, MCL 211.1 to  
27 211.155.

28 (xiii) The Michigan economic growth authority act, 1995 PA 24,

1 MCL 207.801 to 207.810.

2 (xiv) The Michigan renaissance zone act, 1996 PA 376, MCL  
3 125.2681 to 125.2696.

4 (xv) The obsolete property rehabilitation act, 2000 PA 146, MCL  
5 125.2781 to 125.2797.

6 (xvi) The brownfield redevelopment financing act, 1996 PA 381,  
7 MCL 125.2651 to 125.2670.

8 (xvii) The Michigan strategic fund act, 1984 PA 270, MCL  
9 125.2001 to 125.2094, **including, but not limited to, the SOAR**  
10 **programs.**

11 (xviii) **SOAR.**

12 (xix) ~~(xviii)~~—Any new economic development programs as determined  
13 by the Michigan strategic fund.

14 (d) "Exclusive economic development incentive" means an  
15 economic development incentive that is intended to encourage a  
16 single specific entity, project, or associated projects to locate,  
17 expand, invest, or remain in this state or to hire or retain  
18 employees in this state as determined by the strategic fund.

19 (e) "SOAR" means the strategic outreach and attraction reserve  
20 fund created in section 4 of the Michigan trust fund act, 2000 PA  
21 489, MCL 12.254.

22 (f) "SOAR program" means either of the following:

23 (i) The critical industry program created in section 88s of the  
24 Michigan strategic fund act, 1984 PA 270, MCL 125.2088s.

25 (ii) The Michigan strategic site readiness program created in  
26 section 88t of the Michigan strategic fund act, 1984 PA 270, MCL  
27 125.2088t.

28 (g) "SOAR project" means an economic development incentive  
29 that is either of the following:

1 (i) Funded in whole or in part with money from SOAR.

2 (ii) Provided under a SOAR program.

3 (h) ~~(e)~~ "The strategic fund" means the **Michigan strategic** fund  
4 **created** under the Michigan strategic fund act, 1984 PA 270, MCL  
5 125.2001 to 125.2094.

6 **Sec. 7a. (1) At least once every year, the auditor general**  
7 **shall conduct an audit and examination of each disbursement of**  
8 **money for a SOAR program or a SOAR project. As part of the audit,**  
9 **the auditor general shall determine all of the following, as**  
10 **applicable:**

11 (a) Whether any money for a SOAR project must be repaid to the  
12 strategic fund under a clawback or specific repayment provision.

13 (b) Whether money for a SOAR project repaid to the strategic  
14 fund under a clawback or specific repayment provision has been  
15 deposited in the general fund of this state in compliance with  
16 sections 88s and 88t of the Michigan strategic fund act, 1984 PA  
17 270, MCL 125.2088s and 125.2088t.

18 (c) Whether any money allocated to a SOAR program remained  
19 unexpended, unallocated, or unobligated at the end of the fiscal  
20 year.

21 (d) Whether money allocated to a SOAR program that remained  
22 unexpended, unallocated, or unobligated at the end of a fiscal year  
23 has reverted to the general fund of this state in compliance with  
24 sections 88s and 88t of the Michigan strategic fund act, 1984 PA  
25 270, MCL 125.2088s and 125.2088t.

26 (e) Whether a SOAR project has been canceled or placed on  
27 definite hold or indefinite hold.

28 (f) If a SOAR project was canceled or placed on definite hold  
29 or indefinite hold, whether the strategic fund held or stopped the

1 disbursement of money for the SOAR project, including any related  
2 project funds, in compliance with sections 88s and 88t of the  
3 Michigan strategic fund act, 1984 PA 270, MCL 125.2088s and  
4 125.2088t.

5 (g) If a SOAR project was canceled or placed on definite hold  
6 or indefinite hold and not resumed within 1 year, whether money for  
7 the SOAR project, including any related project funds, reverted to  
8 the general fund in compliance with sections 88s and 88t of the  
9 Michigan strategic fund act, 1984 PA 270, MCL 125.2088s and  
10 125.2088t.

11 (2) An audit under this section must be conducted in  
12 compliance with and is subject to the provisions of 2003 PA 1, MCL  
13 13.101.

14 (3) The auditor general shall submit a report of findings to  
15 the department, the department of treasury, the strategic fund, and  
16 the house and senate appropriations committees not later than 30  
17 days after the completion of the audit and examination and publish  
18 the report on the website of the office of the auditor general.

19 (4) The audit and examination under this section is in  
20 addition to any evaluation of economic development incentives by a  
21 contractor under this act and does not relieve the department or  
22 its contactors of any duties under this act.

23 (5) After receiving the report of the auditor general's  
24 findings under subsection (3), the department of treasury and the  
25 strategic fund shall take all actions necessary to ensure that any  
26 money for a SOAR project that must be repaid to the strategic fund  
27 under a clawback or specific repayment provision is repaid and that  
28 any money for a SOAR project or SOAR program that must be returned  
29 to the general fund is deposited in the general fund.

1 (6) As used in this section:

2 (a) "Audit" means that term as defined in section 1 of 2003 PA  
3 1, MCL 13.101.

4 (b) "Auditor general" means that term as defined in section 1  
5 of 2003 PA 1, MCL 13.101.

6 (c) "Definite hold" means that term as defined in section 88s  
7 or 88t of the Michigan strategic fund act, 1984 PA 270, MCL  
8 125.2088s and 125.2088t.

9 (d) "Examination" means that term as defined in section 1 of  
10 2003 PA 1, MCL 13.101.

11 (e) "Indefinite hold" means that term as defined in section  
12 88s or 88t of the Michigan strategic fund act, 1984 PA 270, MCL  
13 125.2088s and 125.2088t.

14 (f) "Related project funds" means that term as defined in  
15 section 88s or 88t of the Michigan strategic fund act, 1984 PA 270,  
16 MCL 125.2088s and 125.2088t.