

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 1251**

A bill to amend 1996 PA 376, entitled "Michigan renaissance zone act," by amending sections 3, 4, 6, 7, 8a, and 10 (MCL 125.2683, 125.2684, 125.2686, 125.2687, 125.2688a, and 125.2690), section 3 as amended by 1999 PA 98, sections 4, 6, and 10 as amended by 1999 PA 139, and section 8a as added by 1999 PA 98, and by adding section 8c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (A) "AGRICULTURAL PROCESSING FACILITY" MEANS 1 OR MORE
3 FACILITIES OR OPERATIONS THAT TRANSFORM, PACKAGE, SORT, OR GRADE
4 LIVESTOCK OR LIVESTOCK PRODUCTS, AGRICULTURAL COMMODITIES, OR
5 PLANTS OR PLANT PRODUCTS INTO GOODS THAT ARE USED FOR
6 INTERMEDIATE OR FINAL CONSUMPTION INCLUDING GOODS FOR NONFOOD
7 USE, AND SURROUNDING PROPERTY.

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1 (B) ~~(a)~~ "Board" means the state administrative board
2 created in 1921 PA 2, MCL 17.1 to 17.3.

3 (C) ~~(b)~~ "Development plan" means a written plan that
4 addresses the criteria in section 7 and includes all of the
5 following:

6 (i) A map of the proposed renaissance zone that indicates
7 the geographic boundaries, the total area, and the present use
8 and conditions generally of the land and structures within those
9 boundaries.

10 (ii) Evidence of community support and commitment from resi-
11 dential and business interests.

12 (iii) A description of the methods proposed to increase eco-
13 nomic opportunity and expansion, facilitate infrastructure
14 improvement, and identify job training opportunities.

15 (iv) Current social, economic, and demographic characteris-
16 tics of the proposed renaissance zone and anticipated improve-
17 ments in education, health, human services, public safety, and
18 employment if the renaissance zone is created.

19 (v) Any other information required by the board.

20 (D) ~~(c)~~ "Elected county executive" means the elected
21 county executive in a county organized under 1966 PA 293,
22 MCL 45.501 to 45.521, or 1973 PA 139, MCL 45.551 to 45.573.

23 (E) ~~(d)~~ "Local governmental unit" means a county, city,
24 village, or township.

25 (F) ~~(e)~~ "Person" means an individual, partnership, corpo-
26 ration, association, limited liability company, governmental
27 entity, or other legal entity.

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1 (G) ~~(f)~~ "Qualified local governmental unit" means either
2 of the following:

3 (i) A county.

4 (ii) A city, village, or township that contains an eligible
5 distressed area as defined in section 11 of the state housing
6 development authority act of 1966, 1966 PA 346, MCL 125.1411.

7 (H) ~~(g)~~ "Renaissance zone" means a geographic area desig-
8 nated under this act.

9 (I) ~~(h)~~ "Residential rental property" means that term as
10 defined in section 7ff of the general property tax act, 1893
11 PA 206, MCL 211.7ff.

12 (J) ~~(i)~~ "Review board" means the renaissance zone review
13 board created in section 5.

14 (K) ~~(j)~~ "Rural area" means an area that lies outside of
15 the boundaries of an urban area.

16 (l) ~~(k)~~ "Urban area" means an urbanized area as determined
17 by the economics and statistics administration, United States
18 bureau of the census according to the 1990 census.

19 Sec. 4. (1) One or more qualified local governmental units
20 may apply to the review board to designate the qualified local
21 governmental unit or units as a renaissance zone if all of the
22 following criteria are met:

23 (a) The geographic area of the proposed renaissance zone is
24 located within the boundaries of the qualified local governmental
25 unit or units that apply.

26 (b) The application includes a development plan.

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1 (c) The proposed renaissance zone is not more than 5,000
2 acres in size.

3 (d) The renaissance zone does not contain more than 10 dis-
4 tinct geographic areas. Except as otherwise provided in this
5 subdivision, the minimum size of a distinct geographic area is
6 not less than 5 acres. A qualified local governmental unit or
7 units may designate not more than 4 distinct geographic areas in
8 each renaissance zone to have no minimum size requirement.

9 (e) The application includes the proposed duration of
10 renaissance zone status, not to exceed 15 years, except as other-
11 wise provided in this section.

12 (f) If the qualified local governmental unit has an elected
13 county executive, the county executive's written approval of the
14 application.

15 (g) If the qualified local governmental unit is a city, that
16 city's mayor's written approval of the application.

17 ~~(2) A qualified local governmental unit shall not be a part~~
18 ~~of more than 1 renaissance zone.~~

19 (2) ~~(3)~~ A qualified local governmental unit may submit not
20 more than 1 application to the review board for designation as a
21 renaissance zone. A resolution provided by a city, village, or
22 township under section 7(2) does not constitute an application of
23 a city, village, or township for a renaissance zone under this
24 act.

25 (3) ~~(4)~~ For a distinct geographic area described in sub-
26 section (1)(d), a village may include publicly owned land within
27 the boundaries of any distinct geographic area.

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1 (4) ~~(5)~~ Through December 31, 2002, a qualified local
2 governmental unit or units in which a renaissance zone was desig-
3 nated under section 8 OR 8A may designate additional distinct
4 geographic areas not to exceed a total of 10 distinct geographic
5 areas upon application to and approval by the board. The addi-
6 tional distinct geographic areas shall have the duration of
7 renaissance zone status as determined by the qualified local gov-
8 ernmental unit not to exceed 15 years except as provided in sub-
9 section ~~(6)~~ (5).

10 (5) ~~(6)~~ If a qualified local governmental unit or units
11 designate additional distinct geographic areas in a renaissance
12 zone under subsection ~~(5)~~ (4), the qualified local governmental
13 unit or units may extend the duration of the renaissance zone
14 status of 1 or more distinct geographic areas in that renaissance
15 zone until 2017.

16 (6) ~~(7)~~ Through December 31, 2002, a qualified local gov-
17 ernmental unit or units in which a renaissance zone was desig-
18 nated under section 8 OR 8A may, upon application to and approval
19 by the board, seek to extend the duration of renaissance zone
20 status until 2017. Upon application, the board shall extend the
21 duration of renaissance zone status as specified in the applica-
22 tion from the qualified local governmental unit.

23 Sec. 6. (1) The board shall review all recommendations sub-
24 mitted by the review board and determine which applications meet
25 the criteria contained in section 7.

26 (2) The board shall do all of the following:

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1 (a) Designate renaissance zones.

2 (b) Subject to subsection (3), approve or reject the
3 duration of renaissance zone status, ~~as submitted in the~~
4 ~~application,~~ not to exceed 15 years except as provided in sec-
5 tion ~~4(6)~~ 4(5).

6 (c) Subject to subsection (3), approve or reject the geo-
7 graphic boundaries and the total area of the renaissance zone as
8 submitted in the application.

9 (3) The board shall not alter the geographic boundaries of
10 the renaissance zone or the duration of renaissance zone status
11 described in the application unless the qualified local govern-
12 mental unit or units and the local governmental unit or units in
13 which the renaissance zone is to be located consent by resolution
14 to the alteration.

15 (4) The board shall not designate a renaissance zone under
16 section 8 before November 1, 1996 or after December 31, 1996.

17 (5) The designation of a renaissance zone under this act
18 shall take effect on January 1 in the year following
19 designation. However, for purposes of the taxes exempted under
20 section 9(2), the designation of a renaissance zone under this
21 act shall take effect on December 31 in the year of designation.

22 (6) The board shall not designate a renaissance zone under
23 section 8a OR 8C after December 31, 2002.

24 (7) Through December 31, 2002, a qualified local governmen-
25 tal unit in which a renaissance zone was designated under
26 section 8 OR 8A may modify the boundaries of that renaissance
27 zone to include contiguous parcels of property as determined by

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1 the qualified local governmental unit and approval by the review
2 board. The additional contiguous parcels of property included in
3 a renaissance zone under this subsection do not constitute an
4 additional distinct geographic area under section 4(1)(d). If
5 the boundaries of the renaissance zone are modified as provided
6 in this subsection, the additional contiguous parcels of property
7 shall become part of the original renaissance zone on the same
8 terms and conditions as the original designation of that renaiss-
9 sance zone.

10 Sec. 7. (1) The board shall consider the following criteria
11 in designating a renaissance zone:

[(A) SHALL GIVE PRIORITY TO APPLICATIONS THAT INCLUDE NEW
BUSINESS ACTIVITY.]

12 [(B) ~~(a)~~] Evidence of adverse economic and socioeconomic condi-
13 tions within the proposed renaissance zone.

14 [(C) ~~(b)~~]The viability of the development plan.

15 [(D) ~~(c)~~] Whether the development plan is creative and
innovative.

16 ~~in comparison to other applications.~~

17 [(E) ~~(d)~~] Public and private commitment to and other resources
18 available for the proposed renaissance zone.

19 [(F) ~~(e)~~] How renaissance zone designation would relate to a
20 broader plan for the community as a whole.

21 [(G) ~~(f)~~] The level of demonstrated cooperation from
surrounding

22 communities.

23 [(H) ~~(g)~~] How the local regulatory burden will be eased for
busi-

24 nesses operating in the proposed renaissance zone.

25 [(I) ~~(h)~~] Public and private commitment to improving abandoned
26 real property.

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1 [(J) (i)] Any other information required by the board.

2 (2) The board shall not designate an area as a renaissance
3 zone unless ~~, as a part of the application, the qualified local~~
4 ~~governmental unit or units provide a resolution from the govern=~~
5 ~~ing body of the qualified local governmental unit and~~ each city,
6 village, or township, within which the proposed renaissance zone
7 is to be located, PROVIDES A RESOLUTION FROM ITS GOVERNING BODY
8 that states if the renaissance zone designation is granted, per-
9 sons and property within the renaissance zone are exempt from
10 taxes levied by that ~~local governmental unit~~ CITY, VILLAGE, OR
11 TOWNSHIP as provided in this act.

12 (3) Within a 12-month period immediately preceding and imme-
13 diately following designation of a renaissance zone or submission
14 of an application for consideration as a renaissance zone, an
15 individual who is a resident of a renaissance zone or an area
16 being considered for designation as a renaissance zone, a busi-
17 ness that is located and conducts business activity within a
18 renaissance zone or an area being considered for designation as a
19 renaissance zone, or an officer of a business that is located and
20 conducts business activity within a renaissance zone or an area
21 being considered for designation as a renaissance zone shall
22 report to the chief executive officer of the local governmental
23 unit in which the renaissance zone is designated or the local
24 governmental unit that has applied for renaissance zone designa-
25 tion any transaction with or gift to any official or employee of
26 that local governmental unit. As used in this subsection, "gift"
27 means that term as defined in section 4 of ~~Act No. 472 of the~~

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1 ~~Public Acts of 1978, being section 4.414 of the Michigan Compiled~~
2 ~~Laws~~ 1978 PA 472, MCL 4.414.

3 Sec. 8a. (1) Except as provided in subsections (2), (3),
4 and (4), the board shall not designate more than 9 additional
5 renaissance zones within this state under this section. Not more
6 than 6 of the renaissance zones shall be located in urban areas
7 and not more than ~~4~~ 5 of the renaissance zones shall be located
8 in rural areas. For purposes of determining whether a renais-
9 sance zone is located in an urban area or rural area under this
10 section, if any part of a renaissance zone is located within an
11 urban area, the entire renaissance zone shall be considered to be
12 located in an urban area.

13 (2) The board of the Michigan strategic fund described in
14 section 4 of the Michigan strategic fund act, 1984 PA 270,
15 MCL 125.2004, may designate not more than 5 additional renais-
16 sance zones within this state in 1 or more cities, villages, or
17 townships if that city, village, or township or combination of
18 cities, villages, or townships consents to the creation of a
19 renaissance zone within their boundaries.

20 (3) In addition to the not more than 9 additional renais-
21 sance zones described in subsection (1), the board may designate
22 additional renaissance zones within this state in 1 or more qual-
23 ified local governmental units if that qualified local governmen-
24 tal unit or units contain a military installation that was oper-
25 ated by the United States department of defense and ~~has~~ WAS
26 closed IN 1977 OR after 1990.

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1 (4) Land owned by a county or the qualified local
2 governmental unit or units adjacent to a zone as described in
3 subsection (3) may be included in this zone.

4 SEC. 8C. (1) THE BOARD, UPON RECOMMENDATION OF THE BOARD OF
5 THE MICHIGAN STRATEGIC FUND DEFINED IN SECTION 4 OF THE MICHIGAN
6 STRATEGIC FUND ACT, 1984 PA 270, MCL 125.2004, MAY DESIGNATE NOT
7 MORE THAN 10 ADDITIONAL RENAISSANCE ZONES FOR AGRICULTURAL PRO-
8 CESSING FACILITIES WITHIN THIS STATE IN 1 OR MORE CITIES, VIL-
9 LAGES, OR TOWNSHIPS IF THAT CITY, VILLAGE, OR TOWNSHIP OR COMBI-
10 NATION OF CITIES, VILLAGES, OR TOWNSHIPS CONSENTS TO THE CREATION
11 OF A RENAISSANCE ZONE FOR AN AGRICULTURAL PROCESSING FACILITY
12 WITHIN THEIR BOUNDARIES.

13 (2) EACH RENAISSANCE ZONE DESIGNATED FOR AN AGRICULTURAL
14 PROCESSING FACILITY UNDER THIS SECTION SHALL BE 1 CONTINUOUS DIS-
15 TINCT GEOGRAPHIC AREA.

16 (3) THE BOARD MAY REVOKE THE DESIGNATION OF ALL OR A PORTION
17 OF A RENAISSANCE ZONE FOR AN AGRICULTURAL PROCESSING FACILITY IF
18 THE BOARD DETERMINES THAT THE AGRICULTURAL PROCESSING FACILITY
19 FAILS TO COMMENCE OPERATION OR CEASES OPERATION IN A RENAISSANCE
20 ZONE DESIGNATED UNDER THIS SECTION.

21 Sec. 10. (1) An individual who is a resident of a renais-
22 sance zone or a business that is located and conducts business
23 activity within a renaissance zone or a person that owns property
24 located in a renaissance zone is not eligible for the exemption,
25 deduction, or credit listed in section 9(1) or (2) for that tax-
26 able year if 1 or more of the following apply:

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1 (a) The resident, business, or property owner is delinquent
2 on December 31 of the prior tax year under 1 or more of the
3 following:

4 (i) The single business tax act, 1975 PA 228, MCL 208.1 to
5 208.145.

6 (ii) The income tax act of 1967, 1967 PA 281, MCL 206.1 to
7 206.532.

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

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

11 (v) The enterprise zone act, 1985 PA 224, MCL 125.2101 to
12 125.2123.

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

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

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

18 (ix) The neighborhood enterprise zone act, 1992 PA 147,
19 MCL 207.771 to 207.787.

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

22 (b) The resident, business, or property owner is substan-
23 tially delinquent as defined in a written policy by the qualified
24 local governmental unit in which the renaissance zone is located
25 on December 31 of the prior tax year under 1 or both of the
26 following:

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1 (i) The city income tax act, 1964 PA 284, MCL 141.501 to
2 141.787.

3 (ii) Taxes, fees, and special assessments collected under
4 the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.

5 (c) For residential rental property in a renaissance zone,
6 the residential rental property is not in substantial compliance
7 with all applicable state and local zoning, building, and housing
8 laws, ordinances, or codes and the residential rental property
9 owner has not filed an affidavit before December 31 in the imme-
10 diately preceding tax year with the local tax collecting unit in
11 which the residential rental property is located as required
12 under section 7ff of the general property tax act, 1893 PA 206,
13 MCL 211.7ff.

14 ~~(2) A business located in a qualified local governmental~~
15 ~~unit that relocates from outside a renaissance zone into a~~
16 ~~renaissance zone in that same qualified local governmental unit~~
17 ~~shall not receive the exemptions, deductions, or credits~~
18 ~~described in section 9 unless the governing body of the qualified~~
19 ~~local governmental unit in which the renaissance zone is located~~
20 ~~approves the relocation of the business.~~

21 ~~(3) Unless approval of the relocation is obtained under sub-~~
22 ~~section (2), if a business relocates more than 25 full-time~~
23 ~~equivalent jobs to a renaissance zone, the business shall notify~~
24 ~~the Michigan strategic fund in the department of management and~~
25 ~~budget and the local governmental unit from which the jobs are~~
26 ~~being relocated of the relocation. The business is not eligible~~
27 ~~for the exemptions, deductions, or credits listed in section 9(1)~~

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1 and ~~(2)~~ if the local governmental unit from which the jobs are
2 being relocated adopts a resolution objecting to the relocation
3 of the jobs within 60 days after the notification by the
4 business. The business becomes eligible for the exemptions,
5 deductions, and credits listed in section 9(1) and (2) when the
6 local governmental unit that objected to the relocation rescinds
7 its objection by resolution. A local governmental unit that
8 objects to the relocation of jobs shall file a copy of all reso=
9 lutions of objection and rescission with the department of trea=
10 sury, Michigan strategic fund in the department of management and
11 budget, county or local governmental unit that created the
12 renaissance zone into which the jobs are transferred, and the
13 local governmental unit into which the jobs are transferred. As
14 used in this subsection only, "local governmental unit" means a
15 city, village, or township.

16 (2) ~~(4)~~ An individual who is a resident of a renaissance
17 zone is eligible for an exemption, deduction, or credit under
18 section 9(1) and (2) until the department of treasury determines
19 that the aggregate state and local tax revenue forgone as a
20 result of all exemptions, deductions, or credits granted under
21 this act to that individual reaches \$10,000,000.00.

22 (3) ~~(5)~~ A casino located and conducting business activity
23 within a renaissance zone is not eligible for the exemption,
24 deduction, or credit listed in section 9(1) or (2). Real prop=
25 erty in a renaissance zone on which a casino is operated, per=
26 sonal property of a casino located in a renaissance zone, and all
27 property associated or affiliated with the operation of a casino

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1 is not eligible for the exemption, deduction, or credit listed in
2 section 9(1) or (2). As used in this subsection, "casino" means
3 a casino or a parking lot, hotel, motel, or retail store owned or
4 operated by a casino, an affiliate, or an affiliated company,
5 regulated by this state pursuant to the Michigan gaming control
6 and revenue act, the Initiated Law of 1996, MCL 432.201 to
7 432.226.

8 (4) ~~(6)~~ For tax years beginning on or after January 1,
9 1997, an individual who is a resident of a renaissance zone shall
10 not be denied the exemption under subsection (1) if the individ-
11 ual failed to file a return on or before December 31 of the prior
12 tax year under subsection (1)(a)(ii) and that individual was
13 entitled to a refund under that act.