

**SUBSTITUTE FOR
SENATE BILL NO. 885**

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"
by amending sections 8d, 8e, 9, and 10 (MCL 125.2688d, 125.2688e,
125.2689, and 125.2690), section 8d as amended by 2006 PA 93,
section 8e as added by 2006 PA 270, and section 10 as amended by
2005 PA 164.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 8d. (1) The board of the Michigan strategic fund
2 described in section 4 of the Michigan strategic fund act, 1984 PA
3 270, MCL 125.2004, may designate not more than 25 tool and die
4 renaissance recovery zones within this state in 1 or more cities,
5 villages, or townships if that city, village, or township or
6 combination of cities, villages, or townships consents to the

1 creation of a recovery zone within their boundaries. A recovery
2 zone shall have a duration of renaissance zone status for a period
3 of not less than 5 years and not more than 15 years as determined
4 by the board of the Michigan strategic fund. If the Michigan
5 strategic fund determines that the duration of renaissance zone
6 status for a recovery zone is less than 15 years, then the Michigan
7 strategic fund, with the consent of the city, village, or township
8 or combination of cities, villages, or townships in which the
9 qualified tool and die business is located, may extend the duration
10 of renaissance zone status for the recovery zone for 1 or more
11 periods that when combined do not exceed 15 years. Not less than 1
12 of the recovery zones shall consist of 1 or more qualified tool and
13 die businesses that have a North American industrial classification
14 system (NAICS) of 332997.

15 (2) The board of the Michigan strategic fund may designate a
16 recovery zone within this state if the recovery zone consists of
17 not less than 4 and not more than 20 qualified tool and die
18 businesses at the time of designation. If the board of the Michigan
19 strategic fund designated 1 or more recovery zones that contain
20 less than 20 qualified tool and die businesses before December 19,
21 2005, the board of the Michigan strategic fund may add additional
22 qualified tool and die businesses to that recovery zone subject to
23 the limitations contained in this subsection. A recovery zone shall
24 consist of only qualified tool and die business property. The board
25 of the Michigan strategic fund may combine existing recovery zones
26 that are comprised solely of tool and die businesses that are
27 parties to the same qualified collaborative agreement. Where 2 or

1 more recovery zones have been combined, the board of the Michigan
2 strategic fund may continue to designate additional recovery zones,
3 provided that no more than 25 tool and die recovery zones exist at
4 1 time.

5 (3) The board of the Michigan strategic fund may revoke the
6 designation of all or a portion of a recovery zone with respect to
7 1 or more qualified tool and die businesses if those qualified tool
8 and die businesses fail or cease to participate in or comply with a
9 qualified collaborative agreement. A qualified tool and die
10 business may enter into another qualified collaborative agreement
11 once it is designated part of a recovery zone.

12 (4) One or more qualified tool and die businesses subject to a
13 qualified collaborative agreement may merge into another group of
14 qualified tool and die businesses subject to a different qualified
15 collaborative agreement upon application to and approval by the
16 Michigan strategic fund.

17 (5) A qualified tool and die business in a recovery zone may
18 have a different period of renaissance zone status than other
19 qualified tool and die businesses in the same recovery zone.

20 (6) The board of the Michigan strategic fund may modify an
21 existing recovery zone to add 1 or more qualified tool and die
22 businesses with the consent of all other qualified tool and die
23 businesses that are participating in the recovery zone.

24 **(7) THE BOARD OF THE MICHIGAN STRATEGIC FUND MAY MODIFY AN**
25 **EXISTING RECOVERY ZONE TO ADD ADDITIONAL PROPERTY UNDER THE SAME**
26 **TERMS AND CONDITIONS AS THE EXISTING RECOVERY ZONE IF ALL OF THE**
27 **FOLLOWING ARE MET:**

1 (A) THE ADDITIONAL REAL PROPERTY IS CONTIGUOUS TO EXISTING
2 QUALIFIED TOOL AND DIE BUSINESS PROPERTY AND WILL BECOME QUALIFIED
3 TOOL AND DIE BUSINESS PROPERTY ONCE IT IS BROUGHT INTO OPERATION AS
4 DETERMINED BY THE BOARD OF THE MICHIGAN STRATEGIC FUND.

5 (B) THE CITY, VILLAGE, OR TOWNSHIP IN WHICH THE QUALIFIED TOOL
6 AND DIE BUSINESS IS LOCATED CONSENTS TO THE MODIFICATION.

7 (8) ~~(7)~~—As used in this section:

8 (a) "Qualified collaborative agreement" means an agreement
9 that demonstrates synergistic opportunities, including, but not
10 limited to, all of the following:

11 (i) Sales and marketing efforts.

12 (ii) Development of standardized processes.

13 (iii) Development of tooling standards.

14 (iv) Standardized project management methods.

15 (v) Improved ability for specialized or small niche shops to
16 develop expertise and compete successfully on larger programs.

17 (b) "Qualified tool and die business" means a business entity
18 that meets all of the following:

19 (i) Has a North American industrial classification system
20 (NAICS) of 332997, 333511, 333512, 333513, 333514, or 333515; or
21 has a North American industrial classification system (NAICS) of
22 337215 and operates a facility within an existing renaissance zone,
23 which facility is adjacent to real property not located in a
24 renaissance zone and is located within 1/4 mile of a Michigan
25 technical education center.

26 (ii) Has entered into a qualified collaboration agreement as
27 approved by the Michigan strategic fund consisting of not fewer

1 than 4 or more than 20 other business entities at the time of
2 designation that have a North American industrial classification
3 system (NAICS) of 332997, 333511, 333512, 333513, 333514, or
4 333515.

5 (iii) Has fewer than 75 full-time employees.

6 (c) "Qualified tool and die business property" means 1 or more
7 of the following:

8 (i) Property owned by 1 or more qualified tool and die
9 businesses and used by those qualified tool and die businesses
10 primarily for tool and die business operations. Qualified tool and
11 die business property is used primarily for tool and die business
12 operations if the qualified tool and die businesses that own the
13 qualified tool and die business property generate 75% or more of
14 the qualified tool and die businesses' gross revenue from tool and
15 die operations that take place on the qualified tool and die
16 business property at the time of designation.

17 (ii) Property leased by 1 or more qualified tool and die
18 business for which the qualified tool and die business is liable
19 for ad valorem property taxes and which is used by those qualified
20 tool and die businesses primarily for tool and die business
21 operations. Qualified tool and die business property is used
22 primarily for tool and die business operations if the qualified
23 tool and die businesses that lease the qualified tool and die
24 business property generate 75% or more of the qualified tool and
25 die businesses' gross revenue from tool and die operations that
26 take place on the qualified tool and die business property at the
27 time of designation. The qualified tool and die business shall

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1 furnish proof of its ad valorem property tax liability to the
2 department of treasury.

3 Sec. 8e. (1) The board, upon recommendation of the board of
4 the Michigan strategic fund defined in section 4 of the Michigan
5 strategic fund act, 1984 PA 270, MCL 125.2004, **AND UPON**
6 **RECOMMENDATION OF THE COMMISSION OF AGRICULTURE IF THE RENEWABLE**
7 **ENERGY FACILITY USES AGRICULTURAL <<CROPS>> OR RESIDUES, <<OR PROCESSED**
8 **PRODUCTS FROM AGRICULTURAL CROPS>> AS ITS PRIMARY RAW MATERIAL SOURCE,**
may designate

9 not more than 10 additional renaissance zones for renewable energy
10 facilities within this state in 1 or more cities, villages, or
11 townships if that city, village, or township or combination of
12 cities, villages, or townships consents to the creation of a
13 renaissance zone for a renewable energy facility within their
14 boundaries.

15 (2) Each renaissance zone designated for a renewable energy
16 facility under this section shall be 1 continuous distinct
17 geographic area.

18 (3) The board may revoke the designation of all or a portion
19 of a renaissance zone for a renewable energy facility if the board
20 determines that the renewable energy facility does 1 or more of the
21 following in a renaissance zone designated under this section:

22 (a) Fails to commence operation.

23 (b) Ceases operation.

24 (c) Fails to commence construction or renovation within 1 year
25 from the date the renaissance zone for the renewable energy
26 facility is designated.

27 (4) When designating a renaissance zone for a renewable energy

1 facility, the board shall consider all of the following:

2 (a) The economic impact on local suppliers who supply raw
3 materials, goods, and services to the renewable energy facility.

4 (b) The creation of jobs relative to the employment base of
5 the community rather than the static number of jobs created.

6 (c) The viability of the project.

7 (d) The economic impact on the community in which the
8 renewable energy facility is located.

9 (e) All other things being equal, giving preference to a
10 business entity already located in this state.

11 (f) Whether the renewable energy facility can be located in an
12 existing renaissance zone designated under section 8 or 8a.

13 (5) Beginning on ~~the effective date of the amendatory act that~~
14 ~~added this subsection~~ **JULY 7, 2006**, the board shall require a
15 development agreement between the Michigan strategic fund and the
16 renewable energy facility.

17 (6) Until the maximum number of additional renaissance zones
18 for renewable energy facilities described in subsection (1) is met,
19 if the board designates a renaissance zone under this section,
20 section 8c, or section 8f for a facility that is a forest products
21 processing facility or an agricultural processing facility and that
22 also meets the definition of a renewable energy facility, then the
23 board shall only designate that renaissance zone as a renaissance
24 zone for a renewable energy facility under this section.

25 (7) As used in this section, "development agreement" means a
26 written agreement between the Michigan strategic fund and the
27 renewable energy facility that includes, but is not limited to, all

1 of the following:

2 (a) A requirement that the renewable energy facility comply
3 with all state and local laws.

4 (b) A requirement that the renewable energy facility report
5 annually to the Michigan strategic fund on all of the following:

6 (i) The amount of capital investment made at the facility.

7 (ii) The number of individuals employed at the facility at the
8 beginning and end of the reporting period as well as the number of
9 individuals transferred to the facility from another facility owned
10 by the renewable energy facility.

11 (iii) The percentage of raw materials purchased in this state.

12 (c) Any other conditions or requirements reasonably required
13 by the Michigan strategic fund.

14 Sec. 9. (1) Except as otherwise provided in section 10, an
15 individual who is a resident of a renaissance zone or a business
16 that is located and conducts business activity within a renaissance
17 zone shall receive the exemption, deduction, or credit as provided
18 in the following for the period provided under section 6(2)(b):

19 (a) Section 39b of the single business tax act, ~~Act No. 228 of~~
20 ~~the Public Acts of 1975, being section 208.39b of the Michigan~~
21 ~~Compiled Laws 1975 PA 228, MCL 208.39B, OR SECTION 433 OF THE~~
22 **MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1433.**

23 (b) Section 31 of the income tax act of 1967, ~~Act No. 281 of~~
24 ~~the Public Acts of 1967, being section 206.31 of the Michigan~~
25 ~~Compiled Laws 1967 PA 281, MCL 206.31.~~

26 (c) Section 35 of chapter 2 of the city income tax act, ~~Act~~
27 ~~No. 284 of the Public Acts of 1964, being section 141.635 of the~~

1 ~~Michigan Compiled Laws 1964 PA 284, MCL 141.635.~~

2 (d) ~~Section 5 of the city utility users tax act, Act No. 100~~
3 ~~of the Public Acts of 1990, being section 141.1155 of the Michigan~~
4 ~~Compiled Laws 1990 PA 100, MCL 141.1155.~~

5 (2) Except as otherwise provided in section 10, property
6 located in a renaissance zone is exempt from the collection of
7 taxes under all of the following:

8 (a) ~~Section 7ff of the general property tax act, Act No. 206~~
9 ~~of the Public Acts of 1893, being section 211.7ff of the Michigan~~
10 ~~Compiled Laws 1893 PA 206, MCL 211.7FF.~~

11 (b) ~~Section 11 of Act No. 198 of the Public Acts of 1974,~~
12 ~~being section 207.561 of the Michigan Compiled Laws 1974 PA 198,~~
13 ~~MCL 207.561.~~

14 (c) ~~Section 12 of the commercial redevelopment act, Act No.~~
15 ~~255 of the Public Acts of 1978, being section 207.662 of the~~
16 ~~Michigan Compiled Laws 1978 PA 255, MCL 207.662.~~

17 (d) ~~Section 21c of the enterprise zone act, Act No. 224 of the~~
18 ~~Public Acts of 1985, being section 125.2121c of the Michigan~~
19 ~~Compiled Laws 1985 PA 224, MCL 125.2121C.~~

20 (e) ~~Section 1 of Act No. 189 of the Public Acts of 1953, being~~
21 ~~section 211.181 of the Michigan Compiled Laws 1953 PA 189, MCL~~
22 ~~211.181.~~

23 (f) ~~Section 12 of the technology park development act, Act No.~~
24 ~~385 of the Public Acts of 1984, being section 207.712 of the~~
25 ~~Michigan Compiled Laws 1984 PA 385, MCL 207.712.~~

26 (g) ~~Section 51105 of part 511 (commercial forests) of the~~
27 ~~natural resources and environmental protection act, Act No. 451 of~~

1 ~~the Public Acts of 1994, being section 324.51105 of the Michigan~~
2 ~~Compiled Laws 1994 PA 451, MCL 324.51105.~~

3 (h) Section 9 of the neighborhood enterprise zone act, ~~Act No.~~
4 ~~147 of the Public Acts of 1992, being section 207.779 of the~~
5 ~~Michigan Compiled Laws 1992 PA 147, MCL 207.779.~~

6 (3) During the last 3 years that the taxpayer is eligible for
7 an exemption, deduction, or credit described in subsections (1) and
8 (2), the exemption, deduction, or credit shall be reduced by the
9 following percentages:

10 (a) For the tax year that is 2 years before the final year of
11 designation as a renaissance zone, the percentage shall be 25%.

12 (b) For the tax year immediately preceding the final year of
13 designation as a renaissance zone, the percentage shall be 50%.

14 (c) For the tax year that is the final year of designation as
15 a renaissance zone, the percentage shall be 75%.

16 Sec. 10. (1) An individual who is a resident of a renaissance
17 zone or a business that is located and conducts business activity
18 within a renaissance zone or a person that owns property located in
19 a renaissance zone is not eligible for the exemption, deduction, or
20 credit listed in section 9(1) or (2) for that taxable year if 1 or
21 more of the following apply:

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

24 (i) The single business tax act, 1975 PA 228, MCL 208.1 to
25 208.145, **OR THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101**
26 **TO 208.1601.**

27 (ii) The income tax act of 1967, 1967 PA 281, MCL 206.1 to

1 206.532.

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

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

5 (v) The enterprise zone act, 1985 PA 224, MCL 125.2101 to
6 125.2123.

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

8 (vii) The technology park development act, 1984 PA 385, MCL
9 207.701 to 207.718.

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

12 (ix) The neighborhood enterprise zone act, 1992 PA 147, MCL
13 207.771 to 207.786.

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

16 (b) The resident, business, or property owner is substantially
17 delinquent as defined in a written policy by the qualified local
18 governmental unit in which the renaissance zone is located on
19 December 31 of the prior tax year under 1 or both of the following:

20 (i) The city income tax act, 1964 PA 284, MCL 141.501 to
21 141.787.

22 (ii) Taxes, fees, and special assessments collected under the
23 general property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~
24 **211.155**.

25 (c) For residential rental property in a renaissance zone, the
26 residential rental property is not in substantial compliance with
27 all applicable state and local zoning, building, and housing laws,

1 ordinances, or codes and, except as otherwise provided in this
2 subdivision, the residential rental property owner has not filed an
3 affidavit before December 31 in the immediately preceding tax year
4 with the local tax collecting unit in which the residential rental
5 property is located as required under section 7ff of the general
6 property tax act, 1893 PA 206, MCL 211.7ff. Beginning December 31,
7 2004, a residential rental property owner is not required to file
8 an affidavit if the qualified local governmental unit in which the
9 residential rental property is located determines that the
10 residential rental property is in substantial compliance with all
11 applicable state and local zoning, building, and housing laws,
12 ordinances, and codes on December 31 of the immediately preceding
13 tax year.

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

20 (3) A casino located and conducting business activity within a
21 renaissance zone is not eligible for the exemption, deduction, or
22 credit listed in section 9(1) or (2). Real property in a
23 renaissance zone on which a casino is operated, personal property
24 of a casino located in a renaissance zone, and all property
25 associated or affiliated with the operation of a casino is not
26 eligible for the exemption, deduction, or credit listed in section
27 9(1) or (2). As used in this subsection, "casino" means a casino or

1 a parking lot, hotel, motel, or retail store owned or operated by a
2 casino, an affiliate, or an affiliated company, regulated by this
3 state pursuant to the Michigan gaming control and revenue act, ~~the~~
4 ~~Initiated Law of 1996~~ **1996 IL 1**, MCL 432.201 to 432.226.

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

11 Enacting section 1. This amendatory act does not take effect
12 unless House Bill No. 5100 of the 94th Legislature is enacted into
13 law.