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BILL ANALYSIS



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House Bill 4207 (Substitute H-2 as passed by the House)
Sponsor: Representative Andy Schor
House Committee: Commerce and Trade
Senate Committee: Economic Development and International Investment

Date Completed: 11-30-17

CONTENT

The bill would amend Chapter 8C (Community Revitalization Program) of the Michigan Strategic Fund Act to do the following:

- **Extend eligibility for community revitalization incentives to property used for a neighborhood and commercial corridor food initiative, through September 30, 2022.**
- **For fiscal year (FY) 2017-18 through FY 2021-22, require at least 5% of community revitalization incentives to be awarded to neighborhood and commercial corridor food initiatives.**
- **State that a new neighborhood and commercial corridor food initiative would not be eligible for a community revitalization incentive if it were located within one mile of an existing retail supermarket, grocery store, or produce market that sold certain products.**

Chapter 8C requires the Michigan Strategic Fund (MSF) to create and operate the Michigan Community Revitalization Program to provide community revitalization incentives for eligible investments on eligible property in Michigan. Community revitalization incentives include grants, loans, and other economic assistance.

"Eligible property" means property that is one or more of the following:

- A facility, as defined in the Brownfield Redevelopment Financing Act.
- A historic resource.
- Blighted property.
- Functionally obsolete property.
- A parcel that is adjacent or contiguous to any of those types of property if the development of the parcel is estimated to increase the taxable value of the other property.
- Any other property as determined by the MSF board if the development of the property will promote community revitalization consistent with the findings and declarations in Chapter 8C.

Under the bill, eligible property would include, through September 30, 2022, property used for a neighborhood and commercial corridor food initiative.

"Neighborhood and commercial corridor food initiative" would mean property that will be used primarily as a retail supermarket, grocery store, produce market, or delicatessen that is located in a downtown area or in a development area as defined under the Corridor

Improvement Authority Act, as determined by the MSF board, that offers unprocessed United States Department of Agriculture (USDA)-inspected meat and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.

The Act specifies that the amount of community revitalization incentives that the MSF board may approve for a single project may not exceed 25% of a project's eligible investment up to \$10.0 million. A community revitalization loan may not exceed \$10.0 million, and a community revitalization grant may not exceed \$1.5 million, but a combination of loans, grants, and other economic assistance under Chapter 8C may not exceed \$10.0 million per project. Also, the board must approve at least five projects of \$1.0 million or less per project per fiscal year (unless fewer than five projects warrant an award of \$1.0 million or less).

Under the bill, for FY 2017-18 through FY 2021-22, except as provided below, at least 5% of community revitalization incentives would have to be awarded to neighborhood and commercial corridor food initiatives.

The application process for community revitalization incentives for neighborhood and commercial corridor food initiatives would have to provide that applications for such initiatives would have to be received on or before June 1 for that fiscal year. If there were insufficient approved applications in a fiscal year for community revitalization incentives for neighborhood and commercial corridor food initiatives, then the remaining allocated funds could be used for other community revitalization incentives as determined by the board.

In addition, a new neighborhood and commercial corridor food initiative, as determined by the board, would not be eligible for a community revitalization incentive if it were located within one mile of an existing retail supermarket, grocery store, or produce market, as determined by the board, that offered unprocessed USDA-inspected meat and poultry products or meat products that carried the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public.

MCL 125.2090a & 125.2090b

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have a fiscal impact on the Department of Talent and Economic Development (which houses the Michigan Strategic Fund), the Community Revitalization Program, and local units of government. The Department would experience minor administrative costs in processing applications for neighborhood and commercial corridor food initiatives. The Department may use up to 4% of annual appropriations from the 21st Century Jobs Trust Fund and charge application fees for administrative costs.

The Community Revitalization Program is funded from the Business Attraction and Community Revitalization line item in the Michigan Strategic Fund budget. The fiscal year 2017-18 appropriation for Business Attraction and Community Revitalization is \$115.5 million (in Article III of Public Act 107 of 2017). Additionally, boilerplate Section 1024 requires at least \$20.0 million from the line item to be used for brownfield redevelopment and historic preservation projects under the Community Revitalization Program, and \$42.4 million was appropriated to the program in FY 2015-16. This means that funding for neighborhood and commercial corridor food initiatives would be at least \$1.0 million to over \$2.0 million annually between FY 2017-18 and FY 2021-22.

Local units of government would receive additional grants for community projects from the State. These grants would go toward existing downtown or development areas that do not

currently have a retail supermarket, grocery store, or produce market within one mile of a corridor food initiative. Since there would be no cap on the size of grants for the initiatives, it is difficult to predict the number or size of grants that would be awarded.

Fiscal Analyst: Cory Savino

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.