



**House
Legislative
Analysis
Section**

Washington Square Building, Suite 1025
Lansing, Michigan 48909
Phone: 517/373-6466

CREATE ECON. DEVELOPMENT ORGANIZATIONS

House Bill 5668

Sponsor: Rep. Bob Emerson

Committee: Economic Development and Energy

RECEIVED

JUN 03 1988

Mich. State Law Library

Complete to 8-31-88

A SUMMARY OF HOUSE BILL 5668 AS INTRODUCED 5-25-88

The bill would create the Economic Development Organization Act which would provide for the creation and regulation of economic development organizations, composed of various business and municipal representatives, which would work to increase business development opportunities in regions throughout the state. The Department of Commerce would administer the bill.

Application For Organizing. Upon application by one or more department-approved municipalities (counties, cities, villages or townships) and various persons representing the private sector, the department could approve an economic development organization to coordinate state and local economic development efforts to promote business growth. The department director would have to approve or disapprove an application within 40 days after receipt of the application, unless further information was "reasonably required" in support of the application, in which case departmental approval/disapproval would have to occur within 60 days of receiving all required information.

Organization Responsibilities, Goals. An economic development organization would be run by a board of directors composed of at least nine members, with a majority representing private sector interests. An organization's initial board of directors would have to be named in the application, and subsequent members would be appointed in a manner, and for terms, as specified in the organization's bylaws. The members of an organization's board would have to be substantially involved in the business-related activities of the area, and would have to represent various interests, including private business and industry, municipalities, local economic development organizations, chambers of commerce, financial institutions, organized labor, educational institutions (schools, colleges, universities), and utilities.

An organization, in cooperation with the commerce department, could do all of the following:

- act as the agency for state and local economic development activities in a specific regional area, and receive and expend annual state funds that would be granted for economic development purposes;

- conduct research on the area's economic base, identify key business and industry sectors in that area's economy, and engage in other activities contributing to economic development strategies for the area;

- design and implement a formal economic development program, having specific objectives and completion dates, that was focused on the region's economic-base needs and opportunities;

- assist businesses in site selection, financial packaging, and understanding of state and local business laws;

- advertise and promote the area, cooperating as participants in the

state's national and international marketing efforts;

- maintain an up-to-date economic profile and data base of community economic development information; indicating available industrial parks, lands, and buildings within an area, and regularly report this information to the department;

- conduct an area-wide business retention program, in conjunction with the department, focused on economic-based industries;

- establish various programs to serve small business needs, such as business planning assistance, informational and training seminars, community information, and marketing assistance for both new and established businesses;

- establish government programs designed to increase sales and employment by local product and service suppliers; and

- coordinate economic development programs with related programs provided by other agencies serving the area.

Department Responsibilities. The department would be required to do all of the following:

- require periodic reports from each organization that received state funds under the bill, and, at least once annually, review and evaluate the performance of each one based on a required annual work plan detailing various business activities of an organization, as well as on any other pertinent information supplied by an organization;

- establish adequate financial accountability and audit guidelines for each organization;

- require each organization to accept full legal responsibility for any civil liability against an organization resulting from its own actions;

- require each organization to submit an annual program budget and work plan and to obtain departmental approval for any changes in either of these; and

- require each organization to operate according to applicable state and federal laws concerning equal employment opportunity and civil rights.

In addition to these duties, the department would make annual grants to organizations from appropriated state funds. If an organization substantially failed to comply with the terms of a grant, or failed to make "reasonable progress" toward the completion of its programs, the department would have to suspend grant payments or prohibit the backsliding organization from incurring additional obligations, or both, until the organization took corrective action that satisfied the department. If an organization did not comply with the department's requirements, the department could reduce or terminate its grant for that year and condition any future annual grants upon the organization's compliance with reasonable departmental requirements.

The department would have to enter into written agreements with each organization which would have to prescribe the duties of both parties concerning project performance, accountability, eligible use of state funds, budgeting and audits, and other matters determined by the department in implementing the bill.