

SUBSTITUTE FOR
HOUSE BILL NO. 5785

A bill to amend 1996 PA 376, entitled
"Michigan renaissance zone act,"
by amending sections 15 and 16 (MCL 125.2695 and 125.2696) and by
adding sections 8g and 8h.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 8G. BEGINNING JULY 1, 2008, WHEN DESIGNATING A
2 RENAISSANCE ZONE UNDER SECTION 8A(2), 8C, 8D, 8E, OR 8F, IF ALL
3 OTHER CONSIDERATIONS ARE EQUAL, THE BOARD OR THE MICHIGAN STRATEGIC
4 FUND, AS APPLICABLE, SHALL GIVE PREFERENCE TO AN APPLICANT FOR
5 RENAISSANCE ZONE STATUS IF THE APPLICANT AGREES, IN WRITING, TO DO
6 ALL OF THE FOLLOWING:

7 (A) HIRE ONLY RESIDENTS OF THIS STATE TO OPERATE A FACILITY IN
8 THE RENAISSANCE ZONE, UNLESS THE BOARD OR THE MICHIGAN STRATEGIC
9 FUND, AS APPLICABLE, DETERMINES THAT THE FACILITY CANNOT BE

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1 OPERATED BY USING ONLY RESIDENTS OF THIS STATE FOR 1 OR MORE OF THE
2 FOLLOWING:

3 (i) TO THE EXTENT NECESSARY TO COMPLY WITH FEDERAL LAW OR
4 REGULATION CONCERNING THE USE OF FEDERAL FUNDS.

5 (ii) TO THE EXTENT THAT KEY MANAGEMENT PERSONNEL OR INDIVIDUALS
6 WITH SPECIAL SKILLS, WHO ARE NOT RESIDENTS OF THIS STATE, ARE
7 NEEDED.

8 (B) CONTRACT WITH BUSINESSES THAT AGREE TO HIRE ONLY RESIDENTS
9 OF THIS STATE TO CONSTRUCT A FACILITY IN THE RENAISSANCE ZONE,
10 UNLESS THE BOARD OR THE MICHIGAN STRATEGIC FUND, AS APPLICABLE,
11 DETERMINES THAT THE FACILITY CANNOT BE CONSTRUCTED BY USING ONLY
12 RESIDENTS OF THIS STATE FOR 1 OR MORE OF THE FOLLOWING:

13 (i) TO THE EXTENT NECESSARY TO COMPLY WITH FEDERAL LAW OR
14 REGULATION CONCERNING THE USE OF FEDERAL FUNDS.

15 (ii) TO THE EXTENT THAT KEY MANAGEMENT PERSONNEL OR INDIVIDUALS
16 WITH SPECIAL SKILLS, WHO ARE NOT RESIDENTS OF THIS STATE, ARE
17 NEEDED.

18 SEC. 8H. (1) BEGINNING JULY 1, 2008, IF THE BOARD OR THE
19 MICHIGAN STRATEGIC FUND, AS APPLICABLE, DESIGNATES A RENAISSANCE
20 ZONE UNDER SECTION 8A(2), 8C, 8D, 8E, OR 8F, A TAXPAYER THAT IS A
21 BUSINESS IS NOT ABLE TO CLAIM THE EXEMPTION, DEDUCTION, OR CREDIT
22 UNDER THIS ACT UNLESS THAT TAXPAYER ENTERS INTO A CONTRACT WITH THE
23 BOARD OR THE MICHIGAN STRATEGIC FUND, AS APPLICABLE, THAT PROVIDES
24 THAT, FOR ANY WORK IN THE RENAISSANCE ZONE, THE TAXPAYER WILL NOT
25 KNOWINGLY HIRE OR CONTRACT WITH ANY BUSINESS ENTITY THAT KNOWINGLY
26 HIRES AN INDIVIDUAL WHO IS NOT AUTHORIZED UNDER FEDERAL LAW TO WORK
27 IN THE UNITED STATES [.

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(2) THE CONTRACT WITH THE TAXPAYER DESCRIBED IN THIS SECTION AND SECTION 8G SHALL ALSO CONTAIN A REMEDY PROVISION THAT PROVIDES FOR ALL OF, BUT NOT LIMITED TO, THE FOLLOWING:

(A) A REQUIREMENT THAT THE TAXPAYER IS NOT ELIGIBLE TO CLAIM ANY FUTURE EXEMPTIONS, DEDUCTIONS, OR CREDITS UNDER THIS ACT IF THE TAXPAYER IS DETERMINED TO BE IN VIOLATION OF THE PROVISIONS OF THIS SECTION OR SECTION 8G, IF APPLICABLE, AS DETERMINED BY THE BOARD OR THE MICHIGAN STRATEGIC FUND, AS APPLICABLE.

(B) A REQUIREMENT THAT THE TAXPAYER MAY BE REQUIRED TO REPAY SOME OR ALL OF THE EXEMPTIONS, DEDUCTIONS, OR CREDITS RECEIVED UNDER THIS ACT IF THE TAXPAYER IS DETERMINED TO BE IN VIOLATION OF THE PROVISIONS OF THIS SECTION OR SECTION 8G, IF APPLICABLE, AS DETERMINED BY THE BOARD OR THE MICHIGAN STRATEGIC FUND, AS APPLICABLE.

Sec. 15. The department of Michigan ~~jobs commission~~ LABOR AND ECONOMIC GROWTH shall annually report to the BOARD OF THE MICHIGAN STRATEGIC FUND AND TO THE legislature on the economic effects of this act in each renaissance zone. The report shall include, but is not limited to, all of the following for each renaissance zone:

(a) Number of new jobs created.

(b) Percentage change in aggregate taxable value and state equalized value.

(c) Average wage of new jobs created.

1 (d) Percentage change of adjusted gross income of residents.

2 (E) THE NUMBER OF MICHIGAN RESIDENTS EMPLOYED IN NEW JOBS IN
3 THE IMMEDIATELY PRECEDING YEAR.

4 (F) THE TOTAL NUMBER OF NEW JOBS CREATED IN THE IMMEDIATELY
5 PRECEDING YEAR.

6 (G) THE SPECIFIC REASONS FOR EACH DETERMINATION OF EXEMPTION
7 FROM THE PROVISIONS OF SECTION 8G(A) OR (B) MADE BY THE BOARD OR
8 THE MICHIGAN STRATEGIC FUND AND THE NUMBER OF JOBS RELATED TO EACH
9 DETERMINATION.

10 Sec. 16. A state research university shall annually report to
11 the legislature on the economic effects of this act in each
12 renaissance zone. The report shall include, but is not limited to,
13 all of the following for each renaissance zone:

14 (a) Number of new jobs created.

15 (b) Percentage change in aggregate taxable value and state
16 equalized value.

17 (c) Average wage of new jobs created.

18 (d) Percentage change of adjusted gross income of residents.

19 (E) THE NUMBER OF MICHIGAN RESIDENTS EMPLOYED IN NEW JOBS IN
20 THE IMMEDIATELY PRECEDING YEAR.

21 (F) THE TOTAL NUMBER OF NEW JOB CREATED IN THE IMMEDIATELY
22 PRECEDING YEAR.

23 (G) THE SPECIFIC REASONS FOR EACH DETERMINATION OF EXEMPTION
24 FROM THE PROVISIONS OF SECTION 8G(A) OR (B) MADE BY THE BOARD OR
25 THE MICHIGAN STRATEGIC FUND AND THE NUMBER OF JOBS RELATED TO EACH
26 DETERMINATION.