

HOUSE BILL NO. 5656

December 15, 2021, Introduced by Reps. Rogers, Hertel, Brann, Sowerby, Weiss, Steckloff, Sabo, Brixie, Hope, Anthony, Cavanagh, Brabec, Neeley, Witwer, Scott, Cherry, Peterson, Cynthia Johnson, Brenda Carter, Pohutsky, Manoogian, LaGrand, Sneller, Cambensy, Breen, Bolden, Lasinski and Griffin and referred to the Committee on Commerce and Tourism.

A bill to amend 1984 PA 270, entitled "Michigan strategic fund act," by amending sections 90a and 90b (MCL 125.2090a and 125.2090b), section 90a as amended by 2017 PA 239 and section 90b as amended by 2018 PA 423.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 90a. As used in this chapter:
- 2 (a) "Community revitalization grant" or "grant" means a grant
- 3 that is approved under section 90b and that is subject to
- 4 requirements in section 90c.

1 (b) "Community revitalization incentive" means a community
2 revitalization grant, a community revitalization loan, or other
3 economic assistance.

4 (c) "Community revitalization loan" or "loan" means a loan
5 that is approved under section 90b and that is subject to the
6 requirements in section 90d.

7 (d) "Eligible investment" means 1 or more of the following,
8 subject to a written agreement under this section, including
9 investment that occurred prior to the approval of the application,
10 to the extent that the project has not been completely reimbursed
11 to or been paid for on behalf of the person requesting a community
12 revitalization incentive under this chapter:

13 (i) Any demolition, construction, alteration, rehabilitation,
14 or improvement of buildings.

15 (ii) Site improvements.

16 (iii) The addition of machinery, equipment, or fixtures to the
17 approved project.

18 (iv) Architectural, engineering, surveying, and similar
19 professional fees but not certain soft costs of the eligible
20 investment as determined by the board, including, but not limited
21 to, developer fees, appraisals, performance bonds, closing costs,
22 bank fees, loan fees, risk contingencies, financing costs,
23 permanent or construction period interest, legal expenses, leasing
24 or sales commissions, marketing costs, professional fees, shared
25 savings, taxes, title insurance, bank inspection fees, insurance,
26 and project management fees.

27 (e) "Eligible property" means property that meets 1 or more of
28 the following conditions:

29 (i) Is determined to be a facility. As used in this

1 subparagraph, "facility" means that term as defined in section 2 of
2 the brownfield redevelopment financing act, 1996 PA 381, MCL
3 125.2652.

4 (ii) Is a historic resource. As used in this subparagraph,
5 "historic resource" means a publicly or privately owned historic
6 building, structure, site, object, feature, or open space either
7 manmade or natural, individually listed or located within and
8 contributing to a historic district designated by the national
9 register of historic places, the state register of historic sites,
10 or a local unit acting under the local historic districts act, 1970
11 PA 169, MCL 399.201 to 399.215.

12 (iii) Is blighted property. As used in this subparagraph,
13 "blighted property" means property that meets any of the following
14 criteria:

15 (A) Has been declared a public nuisance in accordance with a
16 local housing, building, plumbing, fire, or other related code or
17 ordinance.

18 (B) Is an attractive nuisance to children because of physical
19 condition, use, or occupancy.

20 (C) Is a fire hazard or is otherwise dangerous to the safety
21 of persons or property.

22 (D) Has had the utilities, plumbing, heating, or sewerage
23 permanently disconnected, destroyed, removed, or rendered
24 ineffective so that the property is unfit for its intended use.

25 (E) Is tax reverted property owned by a qualified local
26 governmental unit, by a county, or by this state.

27 (F) Is property owned or under the control of a land bank fast
28 track authority under the land bank fast track act, 2003 PA 258,
29 MCL 124.751 to 124.774.

1 (G) Has substantial subsurface demolition debris buried on
2 site so that the property is unfit for its intended use.

3 (iv) Is functionally obsolete property. As used in this
4 subparagraph, "functionally obsolete" means that the property is
5 unable to be used to adequately perform the function for which it
6 was intended due to a substantial loss in value resulting from
7 factors such as overcapacity, changes in technology, deficiencies
8 or superadequacies in design, or other similar factors that affect
9 the property itself or the property's relationship with other
10 surrounding property as determined by a Michigan advanced assessing
11 officer or a Michigan master assessing officer.

12 (v) Is a parcel that is adjacent or contiguous to property
13 described in subparagraphs (i) through (iv) if the development of the
14 adjacent or contiguous parcel is estimated to increase the taxable
15 value of the property described in subparagraphs (i) through (iv).

16 (vi) Through September 30, ~~2022~~, **2026**, is used for a
17 neighborhood and commercial corridor food initiative.

18 (vii) Any other property as determined by the fund board if the
19 development of the property will promote community revitalization
20 consistent with the findings and declarations in section 90.

21 (f) "Federal secretary of the interior's standards for
22 rehabilitation and guidelines for rehabilitating historic
23 buildings, 36 CFR 67" means the nationally recognized federal
24 standards that guide work undertaken on historic resources.

25 (g) "Neighborhood and commercial corridor food initiative"
26 means property that will be used primarily as a retail supermarket,
27 grocery store, produce market, or delicatessen that is located in a
28 downtown area or in a development area as defined in section ~~2~~ of
29 ~~the corridor improvement authority act, 2005 PA 280, MCL 125.2872,~~

1 **602 of the recodified tax increment financing act, 2018 PA 57, MCL**
2 **125.4602**, as determined by the board, that offers unprocessed USDA-
3 inspected meat and poultry products or meat products that carry the
4 USDA organic seal, fresh fruits and vegetables, and dairy products
5 for sale to the public.

6 (h) "Other economic assistance" means any other form of
7 assistance allowed under this act that is not a community
8 revitalization loan or community revitalization grant.

9 Sec. 90b. (1) The fund shall create and operate the Michigan
10 community revitalization program to provide community
11 revitalization incentives for eligible investments on eligible
12 property in this state. The fund shall develop and use a detailed
13 application, approval, and compliance process adopted by a
14 resolution of the board and published and available on the fund's
15 website. Program standards, guidelines, templates, or any other
16 forms used by the fund to implement the Michigan community
17 revitalization program shall be approved by the board.

18 (2) A person or 2 or more persons may apply to the fund for
19 approval of community revitalization incentives associated with a
20 project under this section. Community revitalization incentives
21 shall not be approved for any property that is not eligible
22 property.

23 (3) Funds appropriated for programs under this chapter must be
24 placed in the 21st century jobs trust fund created in the Michigan
25 trust fund act, 2000 PA 489, MCL 12.251 to 12.262.

26 (4) Subject to section 88c, the fund shall review all
27 applications for community revitalization incentives. As part of
28 the application, the applicant shall include documentation
29 establishing that the project is located on eligible property and a

1 project description that includes a project pro-forma. The fund
2 shall consider the following criteria to the extent reasonably
3 applicable as reasonably determined by the fund board or its
4 designee to the type of project proposed when approving a community
5 revitalization incentive:

6 (a) The importance of the project to the community in which it
7 is located.

8 (b) If the project will act as a catalyst for additional
9 revitalization of the community in which it is located.

10 (c) The amount of local community and financial support for
11 the project.

12 (d) The applicant's financial need for a community
13 revitalization incentive.

14 (e) The extent of reuse of vacant buildings, reuse of historic
15 resources, and redevelopment of blighted property.

16 (f) Creation of jobs.

17 (g) The level of private sector and other contributions,
18 including, but not limited to, federal funds and federal tax
19 credits.

20 (h) Whether the project is financially and economically sound.

21 (i) Whether the project increases the density of the area.

22 (j) Whether the project promotes mixed-use development and
23 walkable communities.

24 (k) Whether the project converts abandoned public buildings to
25 private use.

26 (l) Whether the project promotes sustainable development.

27 (m) Whether the project involves the rehabilitation of a
28 historic resource.

29 (n) Whether the project addresses areawide redevelopment.

1 (o) Whether the project addresses underserved markets of
2 commerce.

3 (p) The level and extent of environmental contamination.

4 (q) If the rehabilitation of the historic resource will meet
5 the federal secretary of the interior's standards for
6 rehabilitation and guidelines for rehabilitating historic
7 buildings, 36 CFR 67, when applied after engaging in discussions
8 with the state historic preservation office.

9 (r) Whether the project will compete with or affect existing
10 Michigan businesses within the same industry.

11 (s) Any other additional criteria approved by the board that
12 are specific to each individual project and are consistent with the
13 findings and intent of this chapter.

14 (5) An application shall be approved or denied not more than
15 90 days after receipt of the application that is considered
16 administratively complete by the board or its designee. If the
17 application is neither approved nor denied within 90 days after
18 being considered administratively complete, it must be considered
19 by the fund board, or its president if delegated, for action at, or
20 by, the next regularly scheduled board meeting. If an application
21 is approved, the fund shall determine the amount of community
22 revitalization incentives for the project based on the fund's
23 review of the application and the criteria specified in subsection
24 (4).

25 (6) Except as otherwise provided in this subsection, the
26 amount of community revitalization incentives that the board may
27 approve for a single project shall not exceed 25% of a project's
28 eligible investment up to \$10,000,000.00. However, in a city,
29 village, or township with a population of 15,000 or less based on

1 the most recent federal decennial census, the amount of community
2 revitalization incentives that the board may approve for a single
3 project shall not exceed 50% of a project's eligible investment up
4 to \$10,000,000.00. A community revitalization loan shall not exceed
5 \$10,000,000.00, and a community revitalization grant shall not
6 exceed \$1,500,000.00. However, a combination of loans, grants, and
7 other economic assistance under this chapter shall not exceed
8 \$10,000,000.00 per project. The board may not approve
9 \$10,000,000.00 per project in community revitalization incentives
10 to more than 3 projects per fiscal year. The board shall approve
11 not less than 5 projects of \$1,000,000.00 or less per project per
12 fiscal year. If, after reviewing all applications in a fiscal year,
13 the fund determines that less than 5 projects warranted an award of
14 \$1,000,000.00 or less, this subsection does not apply.
15 Notwithstanding any other limitation in this subsection, each year,
16 of the community revitalization projects approved by the board, the
17 board may approve up to 3 single projects that shall not exceed 50%
18 of a project's eligible investment up to \$10,000,000.00 for
19 community revitalization loans and grants for the specific purpose
20 of historic preservation. Beginning for the 2017-2018 fiscal year
21 and through the ~~2021-2022~~**2025-2026** fiscal year, except as
22 otherwise provided in subsection (9), not less than 5% of community
23 revitalization incentives shall be awarded to neighborhood and
24 commercial corridor food initiatives.

25 (7) When the board approves an application and determines the
26 amount of community revitalization incentives, the board shall
27 enter into a written agreement with the applicant. The written
28 agreement must provide in a clear and concise manner all of the
29 conditions imposed, including specific time frames, on the

1 applicant to receive the community revitalization incentive under
2 this chapter. The written agreement must provide for the secured
3 status of any loan, repayment, and penalties if the applicant fails
4 to comply with the provisions of the written agreement as
5 determined by the board. The applicant shall agree to provide the
6 data described in the written agreement that is necessary for the
7 fund to report to the legislature under this chapter.

8 (8) Not more than 4% of the annual appropriation as provided
9 by law from the 21st century jobs trust fund established in the
10 Michigan trust fund act, 2000 PA 489, MCL 12.251 to 12.262, may be
11 used for the purposes of administering the programs and activities
12 authorized under this chapter. However, the fund and the fund board
13 shall not use more than 3% of the annual appropriation for
14 administering the programs and activities authorized under this
15 chapter unless the fund board by a 2/3 vote authorizes the
16 additional 1% for administration. The MEDC may charge actual and
17 reasonable fees for costs associated with the community
18 revitalization incentive authorized under this chapter. These fees
19 are in addition to an amount of the appropriation used for
20 administering the programs and activities authorized under this
21 chapter.

22 (9) The application process for community revitalization
23 incentives for neighborhood and commercial corridor food
24 initiatives must provide that applications for neighborhood and
25 commercial corridor food initiatives must be received on or before
26 June 1 for that fiscal year. If there are insufficient approved
27 applications in a fiscal year for community revitalization
28 incentives for neighborhood and commercial corridor food
29 initiatives, then the remaining allocated funds may be used for

1 community revitalization incentives that are not for neighborhood
2 and commercial corridor food initiatives as determined by the
3 board. In addition, a new neighborhood and commercial corridor food
4 initiative, as determined by the board, is not eligible for a
5 community revitalization incentive if it is located within 1 mile
6 of an existing retail supermarket, grocery store, or produce
7 market, as determined by the board, that offers unprocessed USDA-
8 inspected meat and poultry products or meat products that carry the
9 USDA organic seal, fresh fruits and vegetables, and dairy products
10 for sale to the public.

11 (10) The legislature finds and declares that funding
12 authorized under this section is intended to encourage
13 diversification of the economy, to encourage capital investment in
14 this state, to promote the creation of qualified new jobs in this
15 state, and to promote the investment in brownfield and historic
16 preservation projects that reclaim previously used property that is
17 less likely to be revitalized without the investment.