

MICHIGAN RENAISSANCE ZONE ACT (EXCERPT)
Act 376 of 1996

125.2688h Next Michigan renaissance zones; designation; certification as qualified eligible next Michigan business; modification of existing next Michigan renaissance zone; benefits of renaissance zone status; revocation of designation; appeal; extension of status; duration; written agreement; commencement of renaissance zone status; limitation on number of businesses certified.

Sec. 8h.

(1) The board of the Michigan strategic fund described in section 4 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2004, upon the application of a next Michigan development corporation, may designate next Michigan renaissance zones for eligible next Michigan businesses within the boundaries of a next Michigan development district. The number of next Michigan renaissance zones to be designated for a next Michigan development district that does not include an eligible urban entity as defined in the next Michigan development act shall equal the cumulative number of initial or subsequent local governmental unit parties to the next Michigan development corporation interlocal agreement, plus 1 additional next Michigan renaissance zone for each county party to the interlocal agreement, but shall not exceed 12 for each next Michigan development district. The number of next Michigan renaissance zones to be designated for a next Michigan development district that includes an eligible urban entity as defined in the next Michigan development act shall not exceed 12 as determined by the president of the Michigan strategic fund. The number shall not be reduced on account of a reduction in the number of local government unit parties to the interlocal agreement from time to time. The next Michigan development corporation shall make recommendations to the board of the Michigan strategic fund as to which areas shall be designated as next Michigan renaissance zones for eligible next Michigan businesses under this act. The aggregate territory of all next Michigan renaissance zones designated for a next Michigan development corporation shall not exceed the lesser of 200 acres times the number of next Michigan renaissance zones designated for a next Michigan development corporation or 1,675 acres. A next Michigan renaissance zone shall have a duration of renaissance zone status for a period of not less than 5 years and not more than 10 years as determined by the board of the Michigan strategic fund. Except as otherwise provided in this act, if the board of the Michigan strategic fund determines that the duration of renaissance zone status for a next Michigan renaissance zone is less than 10 years, then the board of the Michigan strategic fund, with the consent of the next Michigan development corporation and with the consent of the city, village, or township in which the next Michigan renaissance zone is located, may extend the duration of renaissance zone status for the next Michigan renaissance zone for 1 or more periods that when combined do not exceed 10 years.

(2) The next Michigan development corporation shall make recommendations to the board of the Michigan strategic fund to certify an eligible next Michigan business as a qualified eligible next Michigan business entitled to the exemptions, deductions, or credits as provided in section 9. Upon the recommendation of a next Michigan development corporation and subject to subsection (10), the board of the Michigan strategic fund may determine whether an eligible next Michigan business should receive the benefits of a renaissance zone and certify that eligible next Michigan business as a qualified eligible next Michigan business under this act and subject to a written agreement as provided in subsection (8). The board of the Michigan strategic fund shall establish a standard process to evaluate applications for certification as a qualified eligible next Michigan business and shall appoint a committee to review the applications. The standard application process developed by the board of the Michigan strategic fund shall be approved by a resolution of the board of the Michigan strategic fund before an eligible next Michigan business is certified as a qualified eligible next Michigan business. The board of the Michigan strategic fund shall certify or deny the application to certify an eligible next Michigan business as a qualified eligible next Michigan business within 49 days of receipt of the application that is complete in all material respects as determined by the president of the Michigan strategic fund. If the board of the Michigan strategic fund fails to certify or deny the application for certification within 49 days of receipt of the application that is complete in all material respects as determined by the president of the Michigan strategic fund, the application for certification is considered approved. If the board of the Michigan strategic fund denies the application for certification, the applicant may appeal that denial to the board of the Michigan strategic fund for reconsideration. The president of the Michigan strategic fund shall notify the next Michigan development corporation that the Michigan strategic fund has certified a qualified eligible next Michigan business in a next Michigan development district. The next Michigan development corporation shall develop an application process for eligible next Michigan businesses, which process shall be approved by the board of the Michigan strategic fund. A next Michigan development corporation shall not use the incentives provided in this act primarily to recruit an eligible next Michigan business to relocate from a location in this state to another location in this state. A next Michigan development corporation shall not recommend and the board of the Michigan strategic fund shall not certify an eligible next Michigan business as a qualified eligible next Michigan business unless that eligible next Michigan business opens a new location in this state, locates in this state,

or is an existing business located in this state that will materially expand its business in this state as determined by the board of the Michigan strategic fund. However, the board of the Michigan strategic fund shall not certify an eligible next Michigan business as a qualified eligible next Michigan business if the principal economic effect of the expansion or location of the eligible next Michigan business into a next Michigan development district is the transfer of employment from 1 or more cities, villages, or townships in this state to the next Michigan development district and each order or resolution certifying an eligible next Michigan business as a qualified eligible next Michigan business shall contain an express finding, based upon competent and material evidence in the record, of compliance with the requirements of this subsection. Any transfer of employment from 1 or more cities, villages, and townships in this state to a next Michigan development district resulting from the expansion or location of an eligible next Michigan business into a next Michigan development district in which the aggregate number of transferred full-time employees is less than 15% of the total number of full-time employees proposed to be located in the next Michigan development district by the eligible next Michigan business shall be conclusively presumed to not be a principal economic effect of the expansion or location. In the event that a transfer of employment will occur resulting from the expansion or location of an eligible next Michigan business into a next Michigan development district, the board of the Michigan strategic fund shall provide written notice of the order or resolution certifying the eligible next Michigan business as a qualifying next Michigan business to the chief executive officer of each county, city, village, and township from which the transfer of employment will occur within 10 days of the order or resolution certifying the qualified eligible next Michigan business. The chief executive officer of each county, city, village, and township notified under this subsection shall have 30 days to file an appeal of the certification with the board of the Michigan strategic fund. The board of the Michigan strategic fund shall decide the appeal within 45 days of the receipt of the appeal. The board of the Michigan strategic fund shall not certify an eligible next Michigan business as a qualified eligible next Michigan business if the business applicant has been convicted of a felony and the board of the Michigan strategic fund has determined that the conviction will have a material impact on the business applicant's ability to fulfill its obligations under this act. As used in this subsection, the business applicant includes the business entity, affiliates, subsidiaries, officers, directors, managerial employees, and any person who, directly or indirectly, holds a pecuniary interest in that business entity of 20% or more.

(3) Upon request of the next Michigan development corporation, the board of the Michigan strategic fund may modify an existing next Michigan renaissance zone to add additional property under the same terms and conditions as the existing next Michigan renaissance zone if all of the following are met:

(a) The additional real property is located within the boundaries of the next Michigan development district and will be owned or operated by a qualified eligible next Michigan business once it is brought into operation as determined by the board of the Michigan strategic fund.

(b) The next Michigan development corporation and the city, village, or township in which the qualified eligible next Michigan business is located consent to the modification.

(c) The aggregate territory limitations provided in subsection (1) will not be exceeded.

(4) A qualified eligible next Michigan business in a next Michigan renaissance zone shall be granted the benefits of renaissance zone status for a period of up to 15 years.

(5) The board of the Michigan strategic fund may revoke the designation of all or a portion of a next Michigan renaissance zone or the certification of a qualified eligible next Michigan business if the board of the Michigan strategic fund determines 1 or more of the following:

(a) The qualified eligible next Michigan business proposed in the application fails, or a preponderance of businesses proposed in the application fail, to commence operation within 2 years from the date of the certification as a qualified eligible next Michigan business.

(b) The qualified eligible next Michigan business proposed in the application to commence operation within the next Michigan renaissance zone ceases operation, provided that designation shall not be revoked if the qualified eligible next Michigan business has assigned its rights to a successor entity engaged in a qualified eligible next Michigan business.

(c) The qualified eligible next Michigan business proposed in the application to commence operation within the next Michigan renaissance zone fails to commence construction or renovation within 1 year from the date of the certification as a qualified eligible next Michigan business.

(d) The qualified eligible next Michigan business fails to meet jobs and investment criteria set forth in the application and approved as a condition by the president or the board of the Michigan strategic fund.

(e) The local governmental unit in which the qualified eligible next Michigan business is located withdraws from the next Michigan development corporation interlocal agreement, provided that the tax incentives previously granted to the qualified eligible next Michigan business shall remain in full force and effect for the stated term of the tax incentives so long as the qualified eligible next Michigan business satisfies all of the conditions upon which the tax incentives were granted.

(6) If the designation of all or a portion of a next Michigan renaissance zone or the certification of a qualified eligible next Michigan business is revoked, a qualified eligible next Michigan business affected may appeal that revocation to the board of the Michigan strategic fund. The designation may subsequently be restored by the board of the Michigan strategic fund to the same site and in respect of a qualified eligible next Michigan business, but the

duration of the restored designation shall not exceed the term of the original designation.

(7) Upon request of the next Michigan development corporation, the board of the Michigan strategic fund may extend the duration of renaissance zone status for 1 or more portions of a next Michigan renaissance zone if the extension will increase capital investment or job creation, and the next Michigan development corporation and the city, village, or township in which that portion of the next Michigan renaissance zone is located consents to extend the duration of renaissance zone status. The board of the Michigan strategic fund may extend renaissance zone status for 1 or more portions of the next Michigan renaissance zone under this subsection for a period of time not to exceed 5 additional years as determined by the board of the Michigan strategic fund.

(8) Before an eligible next Michigan business is certified as a qualified eligible next Michigan business, the board of the Michigan strategic fund shall enter into a written agreement with the next Michigan development corporation and a qualified eligible next Michigan business in respect of the terms and conditions of granting and retaining renaissance zone status, certification as a qualified eligible next Michigan business, and any other related matters. The written agreement also shall contain a remedy provision that includes, but is not limited to, all of the following:

(a) A requirement that all or a portion of the exemptions, deductions, or credits described in section 9 shall be revoked under the procedures set forth in this act if the qualified eligible next Michigan business is determined to be in violation of the provisions of this act or the written agreement or relocates outside the next Michigan development district for a period of years after renaissance zone status expires as set forth in the written agreement.

(b) A requirement that the qualified eligible next Michigan business may be required to repay all or a portion of the exemptions, deductions, or credits described in section 9 if the qualified eligible next Michigan business is determined to be in violation of the provisions of this act or the written agreement or relocates outside the next Michigan development district for a period of years after renaissance zone status expires as set forth in the written agreement.

(9) Except as otherwise provided in this subsection, the commencement of renaissance zone status under this section shall take effect on January 1 in the year following designation. However, for purposes of the taxes exempted under section 9(2), the commencement of renaissance zone status under this section shall take effect on December 31 in the year immediately preceding the year in which the commencement under this section takes effect.

(10) The board of the Michigan strategic fund shall not certify more than 25 eligible businesses as qualified eligible next Michigan businesses under this act. The board of the Michigan strategic fund shall not certify more than 10 eligible businesses as qualified eligible next Michigan businesses in a next Michigan development district as defined in the next Michigan development act.

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