

## MEDC Legislative Report

### Legislation we are working on:

- **21st Century Jobs Fund Sunset Extension:** This legislation would extend the current sunset out from 2019 to 2023. MEDC put in the request through the State Budget Office as a potential budget implementation bill. Without extending the sunset, the MEDC will lose \$75 million in annual funding.
  - [Status:](#) I've already been working with the House and Senate appropriations team on the educational front. The bill has not been introduced yet.
- **Community Revitalization Program's Small Community Changes:** MEDC is discussing an amendment to the CRP program to allow us to do an unlimited amount of small community projects (rural and less densely populated communities) up to our funding limits. Currently, MEDC is limited to 3 projects that we can invest 50% into, this would remove that 3 project cap.
  - [Status:](#) Still discussing the proposal internally and what this program looks like, but are hoping to see it completed before the end of the term. This change would not cost any additional state funding, and would free up our federal Community Development Block Grant funding to be used on more infrastructure-like projects.
- **Incentive Monitoring proposal:** Rep. Albert is working on a proposal that would require the MEDC and Treasury, through DTMB, send out an RFP for third party incentive monitoring. The legislation would focus on the effectiveness of the incentive programs and not on individual incentives to a specific company.
  - [Status:](#) We are supportive of the legislation if we can see many of our reports repealed. Currently, PEW Charitable Trust (brought the idea to Rep. Albert) and Rep. Albert seem comfortable with repealing some of our duplicative reports. This bill should be introduced in the coming weeks.

### Support:

- **Convention & Tourism Marketing (Room Tax) (SBs 703-707):** Sen. Schmidt package amends various convention and tourism marketing acts that allow CVBs to levy a tax on rented rooms for tourism promotion in the region. A legislative findings section in each of the bills validates the importance of tourism to the state and the need for state oversight and resources to implement coordinated and effective marketing programs. The bills also add collaboration and oversight requirements.
  - [Status:](#) Reported from Senate Commerce Committee 1/10/18
- **Border County Jobs (SB 40):** Sen. Zorn bill amends the MSF Act to expand the definition of qualified new job for MBDP projects to include a job performed by non-residents who work at the project site in Michigan. The non-resident employee may count as a QNJ so long as at least 50% of all employees are residents of Michigan. The H-4 substitute also removed the requirement that a non-residents may count as QNJ if the company locates in a border county. Instead, the non-resident provision applies to companies throughout the State.
  - [Status:](#) Passed Senate 2/17/17; House was expected to vote on H-4 on 12/13/17, but it was pulled due to loss of Democratic support; according to House Leadership, it may be reconsidered early this year.
- **Brownfield Demolition Definition Modification (HB 5283):** Rep. Frederick bill modifies the definition of "demolition" within the Brownfield Redevelopment Financing Act to include manufactured debris, including cement culverts, left on the surface of the site as an eligible activity.
  - [Status:](#) Referred to House Tax Policy Committee on 11/29/17; heard testimony on 1/31/18.

### Neutral:

- **Renaissance Zones (SB 623):** Sen. Horn bill addresses an issue related to the Saginaw Central Business District Subzone; an 8 year extension that was approved in 2014 to extend the zone through 2029 does not extend its designation as a qualified renaissance zone under the plain terms of the Income Tax Act. Thus, the Subzone will no longer be a qualified renaissance zone effective 2022. The bill amends the Income Tax Act to grant an exception for an extension or renewal granted under Sec. 4(8) of the Michigan Renaissance Zone Act, which would extend the designation for this Subzone to 2029.
  - [Status:](#) Passed Senate 12/6/17; Referred to House Tax Policy Committee
- **MEGA and MBT Transparency legislation (Not yet introduced):** Rep. Tedder is working on a four-bill package that would prohibit the Authority s from entering into any new written agreement with a business for a certificated credit, unless that

modification or amendment reduces the net amount of the credit or to extend the credit. Additionally, the bills would require a business to claim an issued credit in the same year that the credit was awarded. Finally, the bills would require the MEDC to post on a website each certificated credit with the amount and business – excluding any specific taxpayer information.

- [Status:](#) We are working on adjustments and modifications, MEDC would like to support the legislation if we have our changes incorporated. Major changes include: dropping the bill that requires a company to claim a credit in the year it was issued and changing the requirement that we publish the credits online and instead provide the credits to the legislators. If we provide the credits to the legislators they would be bound by the Revenue Act to not distribute publicly.
- **TIF Consolidation (SB 393/HB 5070):** Sen. Horn and Rep. Frederick bills consolidate corridor improvement authorities, downtown development authorities, local development finance authorities, neighborhood improvement authorities, nonprofit street railways, tax increment finance authorities and water resource improvement authorities into a single statute known as the "recodified tax increment financing act."
  - [Status:](#) SB 393 (S-1) passed Senate 12/13/17; bill keeps Treasury as the reporting agency for now; House Local Government Committee hearing held on both bills 1/17/18; likely voting to report on 1/31/18.
- **Historic Preservation Tax Credit (SB 469):** Sen. Schmidt bill that would provide a developer with a state or local official approved tax credit that could be worth up to 25 percent of the amount spent to restore a structure that meets various criteria for being historic. The bill would also allow for up to 90 percent of the credits to be refundable if the value is for \$250,000 or less.
  - [Status:](#) Reported from the Senate Finance Committee on 11/30/17; Passed the Senate Floor on 12/13/17 36-2-0; Referred to the House Tax Policy Committee. Our CD team sees this as a useful tool, but the administration opposes bringing back any tax credits. As such, we have not taken a position on the legislation, but continue to follow it.
- **Business Improvement Zones (SB 621/HB 4871):** Sen. Schmidt bill modifies duration of special assessment levy allowed under a principal shopping district or business improvement zone; modification would give local units the ability to create the zone for 7 to 10 years; currently the zone must be 10 years in duration.
  - [Status:](#) Passed Senate 12/13/17; Referred to House Commerce & Trade Committee
- **Michigan Wine Council (SBs 439-440/HBs 4667-4668):** Sens. Hansen and Proos / Reps. Iden and Kesto bills rename the Grape & Wine Industry Council as the Michigan Craft Beverage Council, revises membership, modifies duties and allows money received by Liquor Control Commission from certain sources to be credited to the Michigan Craft Beverage Council.
  - [Status:](#) SBs 439-440 passed Senate 1/17/18; referred to House Regulatory Reform Committee; HBs 4667-4668 reported from House Regulatory Reform Committee 6/14/17
  - SB 439, as passed by the Senate, "invites" MEDC CEO or designee to attend a least one meeting annually to inform the council about partnership and marketing activities related to industry rather than having a seat on the council; makes acceptance of grants and other funding general rather than specific to tourism marketing grants (Travel Michigan).

#### **No position, yet:**

- **Principal Shopping District Modifications (HB 5325):** Rep. Afendoulis bill expands the taxing power by allowing principal shopping districts and business improvement districts to impose property taxes styled as "special assessments" on home and residential property owners. Under current law residential property is excluded from the "assessments" these entities are authorized to impose.
  - [Status:](#) Re-referred to House Local Government Committee 1/17/18. Neutral, but this is a tough bill for us to speak on publicly, the Legislature would likely hammer us for supporting a bill that allows businesses to levy special assessments on residents.
- **Port Authority Public-Private Partnerships (SB 711):** Sen. Stamas bill that authorizes governmental transportation authorities the ability to use public-private partnerships to promote and develop port facilities.
  - [Status:](#) Referred to the Senate Economic Development and International Investment Committee on 12/5/17.