

**May 16, 2018  
Legislative Update**

- **Border County Jobs (SB 40):** Sen. Zorn bill amends the MSF Act to expand the definition of QNJ 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 Michigan residents. H-4 sub also removed the requirement that a non-resident 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 again and Rep. Leutheuser is working with caucus members to whip more votes yes.
- **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 1/17/18
- **Michigan Tourism and Sports Fund (SB 523/HB 5134):** Sen. Casperson bill amends the State Convention Facility Development Act to allow for the distribution of excess funds from the Convention Facility Development Fund, split three ways among the Michigan Tourism and Sports Fund, counties, and as provided under Sec. 10(2)(F) of the Act (metropolitan authority to be used for retirement of outstanding debts); beginning in FY18 and each year thereafter.
  - [Status:](#) SB 523 (S-2) on third reading in Senate 3/1/18; HB 5134 (H-2) reported from House Michigan Competitiveness Committee on 12/13/17
- **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:](#) Passed House 3/22/18; referred to Senate Economic Development & International Investment Committee and has a Committee hearing on 5/17/18.
- **Business Improvement Zones (SB 621/HB 4871):** Sen. Schmidt and Rep. Chang bills modify the 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:](#) SB 621 passed Senate 12/13/17; HB 4871 (H-2) passed House 3/22/18; reported from Senate Economic Development & International Investment Committee 4/26/18
- **Principal Shopping District and Business Improvement Zone Modifications (HBs 5325/5720):** Reps. Afendoulis and VerHeulen bills expand the taxing power by allowing PSDs and BIDs 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:](#) House Local Government Committee hearing 3/21/18 (testimony only)

- **Downtown Development Authorities (HB 5525):** Rep. Howrylak bill repeals a provision related to the taking, transfer and use of private property. Under 1922 PA 149, a municipality may take and transfer private property to an authority for use in an approved development if it is considered necessary for public purposes and for the benefit of the public; the bill repeals the section that references PA 149.
  - [Status:](#) Referred to House Local Government Committee
- **Commercial Rehabilitation Certificate Revocation (HBs 5435-5436):** Rep. Leutheuser bills amend the Commercial Rehabilitation and Obsolete Property Rehabilitation acts to allow a certificate holder to revoke its certificate and/or have a certificate reinstated. Current practice allows the local unit of government to revoke a certificate if the project has not occurred within the given timeframe, but does not allow a certificate holder to revoke its own certificate.
  - [Status:](#) Passed House with an H-2 substitute 2/28/18; Reported from Senate Commerce Committee 4/25/18
- **Michigan Craft Beverage 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; HBs 4667-4668 passed House 2/28/18  
SB 440 (H-1) reported from House Regulatory Reform Committee 4/25/18; HB 4667 reported from Senate Regulatory Reform Committee 4/25/18
  - The bills “invite” 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.
- **MEGA and MBT Transparency legislation (Not yet introduced):** Rep. Tedder is working on a four-bill package that would prohibit the Authority 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:](#) MEDC has recommended several modifications to the draft versions. Unlikely to see any legislation before the Spring/Summer.
- **Solar Panel Tax Status (HBs 5143 and 5680):** Rep. Barrett’s bills would revise the tax treatment of alternative energy systems, classify the equipment as personal property, and exempt the property from taxation. HB 5143 provides the exemption to commercial or industrial applications, and HB 5680 provides the exemption for the residential application.
  - [Status:](#) HB 5143 reported from the Tax Policy Committee with an H-4 substitute on May 2, 2018; HB 5680 reported from Tax Policy Committee with an H-1 substitute on May 2, 2018; Both bills await action on the House floor.

- **Historic Preservation Tax Credit (SB 469):** Sen. Schmidt bill would provide a developer with the ability to work with the state or local unit on a historical property to receive a tax credit that could be worth up to 25% of the amount spent to restore a structure that meets various criteria for being historic. The bill also would allow for up to 90% of the credits to be refundable if the value is for \$250,000 or less.
  - [Status:](#) Passed Senate 12/13/17 (36-2-0); Referred to House Tax Policy Committee.
- **Port Authority Public-Private Partnerships (SB 711):** Sen. Stamas bill would authorize governmental transportation authorities the ability to use public-private partnerships to promote and develop port facilities.
  - [Status:](#) S-1 reported from Senate Economic Development & International Investment Committee 4/19/18
- **21st Century Jobs Fund Sunset Extension (Not yet introduced):** 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:](#) Both the House and Senate Appropriations chairs, as well as staff know about the importance of extending the sunset. The Speaker's office has put in the bill request and Sen. Stamas has also put in a bill request on the Senate side; waiting for drafts/introductions of the bills. We are working with the State Budget Office to include the sunset extension on the budget implementation bill list.
- **Long-term Industrial Energy Rate modifications (HB 5902):** Rep. Lauwers bill to allow the PSC to establish long-term electricity rates for industrial customers, as long as certain conditions are met and certain contractual parameters are followed. The bill would allow Hemlock Semiconductor to receive energy at a rate that aligns with its existing cost when considering the MEGA Polycrystalline Silicon credit.
  - [Status:](#) The bill was reported from the House Energy Committee on May 15, 2018; The Energy Committee adopted an H-1 substitute for the bill; HB 5902 is on the House Floor, second reading, on May 17, 2018.
- **Incentive Monitoring Proposal (Not yet introduced):** Rep. Albert is working on a proposal that would require the MEDC and Treasury, through DTMB, to 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:](#) The package is expected to be introduced soon. The final draft has just been circulated with the group and everyone looks like they will be signing off.