

**MEDC Legislative Tracking 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.
- **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. The H-2 version would allow a certification issued after 10/1/19 and before 10/1/25 to claim a credit within five years of issuance and caps the credits at \$15 million per year, with not less than \$2 million to be utilized for a residential resource. It retains the 25% tax credit, but eliminates the refundable option.
  - [Status:](#) Passed Senate 12/13/17 (36-2-0); Referred to House Tax Policy Committee. House Tax Policy Committee hearings on 5/16/18 and 5/23/18; House Tax Policy Committee reported the bill out on 6/6/18.
- **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; Conversations between interested parties are being had to come up with a new solution that does not use from the Convention Facility Development Fund. Current negotiations include increasing the 21<sup>st</sup> Century Jobs Fund for one year to allow for the project to come to fruition.
- **Business Improvement Zones (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 and awaiting action in the House Commerce and Trade committee; HB 4871 (H-2) passed House 3/22/18; reported from Senate Economic Development & International Investment Committee 4/26/18; Senate passed HB 4871 (H-2) on 6/12/18; Signed by the Governor on 8/15/18; Now PA 262 of 2018.
- **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; Awaits action on the Senate Floor.
- **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 4/24/18. Senate passed the bill on 6/12/18; SB 711 was referred to the House Commerce and Trade Committee on 6/12/18.
- **Utility Personal Property Tax Exemption (SB 1031)**: Sen. Proos bill that would exempt qualified utility personal property from being taxed. More specifically, it would exempt electric transmission and distribution systems, substation equipment, gas distribution systems, water transmission and distribution systems, gas store equipment, and transmission lines of gas and oil companies, among others.
  - [Status](#): Introduced and referred to the Senate Finance Committee on 5/29/18; Reported from the Senate Finance Committee on 6/6/18; Awaits action on the Senate Floor.
- **Large Special Events Fund (SBs 1065-1068)**: Package of bills that create a new “Large Special Events Fund” that provides grants to help in bidding large conferences of national associations and major sporting events. The fund would require an initial \$2 million appropriation and would then create a mechanism to self-replenish the fund through incremental revenues gains and tax capture.
  - [Status](#): Introduced and referred to the Senate Economic Development and International Investment Committee on 6/12/18; Committee Hearing held on 9/6/18.
- **21st Century Jobs Fund Sunset Extension (SB 1108)**: Sen. Stamas bill that would extend the current sunset out from 2019 to 2023. Without extending the sunset, the MEDC will lose \$75 million in annual funding. *(Top Priority for MEDC)*
  - [Status](#): The Governor fully supports the extension; Referred to Senate Appropriations committee on 9/5/18; Working with Sen. Hildenbrand and staff to move the bill during Sept./Oct. session days.
- **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 5/2/18; HB 5680 reported from Tax Policy Committee with an H-1 substitute on 5/2/18; Both bills passed the House on 6/12/18; Referred to the Senate Finance Committee on 9/5/18.
- **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; Both bills were reported from the House Local Government Committee on 5/2/18; Both passed the House on 5/16/18; Referred to the Senate Economic Development and International Investment Committee on 5/17/18; Committee hearing on the bills on 9/6/18.](#)
- **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 2/28/18; passed Senate 6/6/18 with an S-1 substitute; House concurred on 6/12/18; Presented to the Governor on 6/20/18; Signed by the Governor on 8/15/18; Now PA 250 of 2018.](#)
- **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.](#)
- **Michigan Broadband Investment Act (HB 5670):** Rep. Whiteford bill creates the Michigan Broadband Investment Act to establish the Demand for Broadband Board and the Broadband Development Fund for the purpose of expanding broadband service to underserved and unserved areas of Michigan.
  - [Status: Referred to House Communications and Technology Committee.](#)
- **Brownfield TIF Exemption (HB 5900):** Rep. Whiteford bill that would exempt property taxes levied by an intermediate school district operating, special education and vocational education millages from being captured by a brownfields TIFA. *(MEDC opposes)*
  - [Status: The bill was introduced and referred to the House Tax Policy Committee on 5/1/18.](#)
- **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 HSC 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; Passed the House on 5/17/18; Referred to the Senate Energy and Technology Committee; Committee hearing on 9/5/18.](#)
- **Incentive Monitoring Proposal (HB 6052):** 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: H-1 reported from House Financial Liability Reform Committee 6/6/18; Moved to third reading on the House Floor on 6/12/18.](#)
- **Rural Development Program (HB 6064):** Rep. Wentworth bill adds a chapter to MSF Act to create the Rural Development Fund Program and provide for its operations. The program would involve the

application and approval of rural development funds that would be financed through a 50-50 split of private contributions and repayable grants from the newly created Rural Development Jobs Creation Fund within the state treasury. *(MEDC has significant concerns; working with Sponsor and Stakeholders to fix)*

- [Status:](#) Reported from House Michigan Competitiveness Committee 6/6/18; Awaiting action on the House Floor.
- **Neighborhood Enterprise Zone modifications (HB 6294):** Rep. LaFave bill that amends the Neighborhood Enterprise Zone Act by simplifying the definition for a Homestead facility and increase the property values for rehabilitated facilities. The bill also requires Treasury to adjust the dollar amounts and ties it to CPI.
  - [Status:](#) Referred to the House Commerce and Trade Committee on 9/5/18.
- **Downtown Development Authority Expansions (HB 6303):** Rep. Neeley bill that would allow a DDA board to create, approve, operate, and fund marketing initiatives, infrastructure improvements, and technology updates, among others, to advance locally produced agricultural products.
  - [Status:](#) Referred to the House Local Government Committee on 9/5/18.
- **Research and Development incentives (HB 6328):** Rep. Kahle bill that would amend the MSF Act to require certain Community Development dollars to be used for R&D facilities. *(MEDC currently opposes the bill [can already incent R&D companies and the legislation is in the wrong section of the MSF Act]; However, we are working with the Sponsor and CleanFuels MI on some alternative solutions)*
  - [Status:](#) Referred to the House Transportation Committee on 9/5/18; Bill is unlikely to see any movement this term. Rep. Kahle's staff wants to work with MEDC to flush out the idea and has expressed a preference in not moving the legislation until next term.
- **Community Revitalization Program's Small Community Changes (Not yet introduced):** MEDC is discussing an amendment to the CRP program to allow the MSF to approve 50% gap financing on an unlimited amount of small community projects (rural and less densely populated communities) up to our funding limits. Currently, the MSF can only finance the 50% gap for 3 projects so long as they are historic preservation projects.
  - [Status:](#) Working with Rep. Wentworth to introduce legislation; Rep. Wentworth is supportive of the idea and wants to make it a priority.
- **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. *(MEDC has significant concerns; working with staff)*
  - [Status:](#) MEDC has recommended several modifications to the draft versions. Unlikely to see any legislation before the winter.