

HOUSE BILL NO. 5818

June 13, 2024, Introduced by Reps. Steckloff and Tyrone Carter and referred to the Committee on Regulatory Reform.

A bill to amend 1996 PA 381, entitled "Brownfield redevelopment financing act," by amending section 2 (MCL 125.2652), as amended by 2023 PA 90.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Authority" means a brownfield redevelopment authority
- 3 created under this act.
- 4 (b) "Baseline environmental assessment" means that term as
- 5 defined in part 201 or 213.

1 (c) "Blighted" means property that meets any of the following
2 criteria as determined by the governing body:

3 (i) Has been declared a public nuisance in accordance with a
4 local housing, building, plumbing, fire, or other related code or
5 ordinance.

6 (ii) Is an attractive nuisance to children because of physical
7 condition, use, or occupancy.

8 (iii) Is a fire hazard or is otherwise dangerous to the safety
9 of persons or property.

10 (iv) Has had the utilities, plumbing, heating, or sewerage
11 permanently disconnected, destroyed, removed, or rendered
12 ineffective so that the property is unfit for its intended use.

13 (v) Is previously developed or tax reverted property owned by
14 a municipality or by this state. The sale, lease, or transfer of
15 previously developed or tax reverted property by a municipality or
16 this state after the property's inclusion in a brownfield plan does
17 not result in the loss to the property of the status as blighted
18 property for purposes of this act.

19 (vi) Is property owned by or under the control of a land bank
20 fast track authority, whether or not located within a qualified
21 local governmental unit. Property included within a brownfield plan
22 before the date it meets the requirements of this subdivision to be
23 eligible property is considered to become eligible property as of
24 the date the property is determined to have been or becomes
25 qualified as, or is combined with, other eligible property. The
26 sale, lease, or transfer of the property by a land bank fast track
27 authority after the property's inclusion in a brownfield plan does
28 not result in the loss to the property of the status as blighted
29 property for purposes of this act.

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

3 (d) "Board" means the board that supervises and controls an
4 authority under section 5.

5 (e) "Brownfield plan" means a plan that meets the requirements
6 of sections 13 and 13b and is adopted under section 14.

7 (f) "Captured taxable value" means the amount in 1 year by
8 which the current taxable value of an eligible property subject to
9 a brownfield plan, including the taxable value or assessed value,
10 as appropriate, of the property for which specific taxes are paid
11 in lieu of property taxes, exceeds the initial taxable value of
12 that eligible property. The state tax commission shall prescribe
13 the method for calculating captured taxable value.

14 (g) "Chief executive officer" means the mayor of a city, the
15 village manager of a village, the township supervisor of a
16 township, or the county executive of a county or, if the county
17 does not have an elected county executive, the chairperson of the
18 county board of commissioners.

19 (h) "Combined brownfield plan" means a brownfield plan that
20 also includes the information necessary to submit the plan to the
21 department, Michigan state housing development authority, or
22 Michigan strategic fund under section 15(20).

23 (i) "Construction period tax capture revenues" means funds
24 equal to the amount of income tax levied and imposed in a calendar
25 year on wages paid to individuals physically present and working
26 within the eligible property for the construction, renovation, or
27 other improvement of eligible property that is an eligible activity
28 within a transformational brownfield plan. As used in this
29 subdivision, "wages" means that term as defined in section 3401 of

1 the internal revenue code of 1986, 26 USC 3401. To calculate the
2 amount of construction period tax capture revenues for a calendar
3 year under a transformational brownfield plan, the state treasurer
4 shall do all of the following:

5 (i) Require the owner or developer of the eligible property to
6 report the total taxable wages paid to individuals for the
7 construction, renovation, or other improvement of eligible property
8 that is an eligible activity within the transformational brownfield
9 plan. The wages reported under this subparagraph must exclude any
10 wages paid to employees of the owner or developer.

11 (ii) Multiply the amount under subparagraph (i) by the effective
12 rate as determined by the state treasurer at which the income tax
13 is levied on an individual in this state. The state treasurer shall
14 estimate the effective rate by taking into account the effect of
15 any exemptions, additions, subtractions, and credits allowable
16 under part 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1
17 to 206.532. The state treasurer may require the owner or developer
18 to submit any information necessary for the calculation under this
19 subparagraph.

20 (iii) The wage information and other information required under
21 this subdivision must be provided to the department of treasury by
22 the owner or developer in a manner prescribed by the state
23 treasurer. The state treasurer may require the owner or developer
24 to provide a review or reconciliation of the wages by an
25 independent auditing firm.

26 (j) "Corrective action" means that term as defined in part 111
27 or part 213.

28 (k) "Department" means the department of environment, Great
29 Lakes, and energy.

1 (l) "Department specific activities" means baseline
2 environmental assessments, due care activities, response
3 activities, and other environmentally related actions that are
4 eligible activities and are identified as a part of a brownfield
5 plan that are in addition to the minimum due care activities
6 required by part 201, including, but not limited to:

7 (i) Response activities that are more protective of the public
8 health, safety, and welfare and the environment than required by
9 section 20107a, 20114, or 21304c of the natural resources and
10 environmental protection act, 1994 PA 451, MCL 324.20107a,
11 324.20114, and 324.21304c.

12 (ii) Removal and closure of underground storage tanks pursuant
13 to part 211 or 213.

14 (iii) Disposal of solid waste, as defined in part 115 of the
15 natural resources and environmental protection act, 1994 PA 451,
16 MCL 324.11501 to 324.11587, from the eligible property, if the
17 solid waste was not generated or accumulated by the authority or
18 the developer.

19 (iv) Dust control related to construction activities.

20 (v) Removal and disposal of lake or river sediments exceeding
21 part 201 criteria from, at, or related to an economic development
22 project if the upland property is either a facility or would become
23 a facility as a result of the deposition of dredged spoils.

24 (vi) Industrial cleaning.

25 (vii) Sheet piling and shoring necessary for the removal of
26 materials exceeding part 201 criteria at projects requiring a
27 permit pursuant to part 301, 303, or 325 of the natural resources
28 and environmental protection act, 1994 PA 451, MCL 324.30101 to
29 324.30113, 324.30301 to 324.30328, and 324.32501 to 324.32515a.

1 (viii) Lead, mold, or asbestos abatement when lead, mold, or
2 asbestos pose an imminent and significant threat to human health.

3 (ix) Environmental insurance.

4 (m) "Due care activities" means those response activities
5 identified as part of a brownfield plan that are necessary to allow
6 the owner or operator of an eligible property in the plan to comply
7 with the requirements of section 20107a or 21304c of the natural
8 resources and environmental protection act, 1994 PA 451, MCL
9 324.20107a and 324.21304c.

10 (n) "Economic opportunity zone" means 1 or more parcels of
11 property that meet all of the following:

12 (i) That together are 40 or more acres in size.

13 (ii) That contain or contained a manufacturing operation or an
14 enclosed mall that consists or consisted of 300,000 or more square
15 feet.

16 (iii) That are located in a municipality that is contiguous to a
17 qualified local governmental unit.

18 (o) "Eligible activities" or "eligible activity" means 1 or
19 more of the following:

20 (i) For all eligible properties, eligible activities include
21 all of the following:

22 (A) Department specific activities.

23 (B) Relocation of public buildings or operations for economic
24 development purposes.

25 (C) Reasonable costs of environmental insurance.

26 (D) Reasonable costs incurred to develop and prepare
27 brownfield plans, combined brownfield plans, or work plans for the
28 eligible property, including legal and consulting fees that are not
29 in the ordinary course of acquiring and developing real estate.

1 (E) Reasonable costs of brownfield plan and work plan
2 implementation, including, but not limited to, tracking and
3 reporting of data and plan compliance, including costs to
4 implement, monitor, and maintain compliance with the income and
5 price monitoring responsibilities associated with housing
6 development activities, and the reasonable costs incurred to
7 estimate and determine actual costs incurred, whether those costs
8 are incurred by a municipality, authority, or private developer.

9 (F) Demolition of structures or site improvements that are not
10 a response activity, including removal of manufactured debris
11 composed of discarded, unused, or unusable manufactured by-products
12 left on the site by a previous owner. The removal of the
13 manufactured by-products left on the site described in this sub-
14 subparagraph is not eligible for interest reimbursement under sub-
15 subparagraph (H).

16 (G) Lead, asbestos, or mold abatement.

17 (H) Except as otherwise provided in sub-subparagraph (F), the
18 repayment of principal of and interest on any obligation issued by
19 an authority to pay the costs of eligible activities attributable
20 to an eligible property.

21 (ii) For housing property located in a community that has
22 identified a specific housing need and has absorption data or job
23 growth data included in the brownfield plan, eligible activities
24 include all of the following:

25 (A) The activities described in subparagraph (i).

26 (B) Housing development activities.

27 (C) Infrastructure improvements that are necessary for housing
28 property and support housing development activities.

29 (D) Site preparation that is not a response activity and that

1 supports housing development activities.

2 (iii) For eligible properties located in a qualified local
3 governmental unit, or an economic opportunity zone, or that are a
4 former mill, eligible activities include all of the following:

5 (A) The activities described in subparagraph (i).

6 (B) Infrastructure improvements that directly benefit eligible
7 property.

8 (C) Site preparation that is not a response activity.

9 (iv) For eligible properties that are owned by or under the
10 control of a land bank fast track authority, or a municipality or
11 authority, eligible activities include all of the following:

12 (A) The eligible activities described in subparagraphs (i),
13 (ii), and (iii).

14 (B) Assistance to a land bank fast track authority in clearing
15 or quieting title to, or selling or otherwise conveying, property
16 owned by or under the control of a land bank fast track authority
17 or the acquisition of property by the land bank fast track
18 authority if the acquisition of the property is for economic
19 development purposes.

20 (C) Assistance to a municipality or authority in clearing or
21 quieting title to, or selling or otherwise conveying, property
22 owned by or under the control of a municipality or authority or the
23 acquisition of property by a qualified local governmental unit or
24 authority if the acquisition of the property is for economic
25 development purposes.

26 (v) For eligible activities on eligible property that is
27 included in a transformational brownfield plan, any demolition,
28 construction, restoration, alteration, renovation, or improvement
29 of buildings or site improvements on eligible property, including

1 infrastructure improvements that directly benefit eligible
2 property.

3 (vi) For eligible activities on eligible property that is a
4 qualified facility that is not located in a qualified local
5 governmental unit and that is a facility, functionally obsolete, or
6 blighted, the following additional activities:

7 (A) The activities described in subparagraph (i).

8 (B) Infrastructure improvements that directly benefit eligible
9 property.

10 (C) Site preparation that is not a response activity.

11 (p) "Eligible property" means either of the following:

12 (i) Except as otherwise provided in sub-subparagraph (G),
13 property for which eligible activities are identified under a
14 brownfield plan that was used or is currently used for commercial,
15 industrial, public, or residential purposes, including personal
16 property located on the property, or former dumps, landfills, and
17 other areas filled with nonnative material, to the extent included
18 in the brownfield plan, and that meets 1 or more of the following
19 conditions listed in sub-subparagraphs (A) to (F):

20 (A) Is in a qualified local governmental unit and is a
21 facility or a site or property as those terms are defined in part
22 213, historic resource, functionally obsolete, or blighted and
23 includes parcels that are adjacent or contiguous to that property
24 if the development of the adjacent and contiguous parcels is
25 estimated to increase the captured taxable value of that property.

26 (B) Is not in a qualified local governmental unit and is a
27 facility, historic resource, functionally obsolete, blighted, or a
28 site or property as those terms are defined in part 213, and
29 includes parcels that are adjacent or contiguous to that property

1 if the development of the adjacent and contiguous parcels is
2 estimated to increase the captured taxable value of that property.

3 (C) Is tax reverted property owned by or under the control of
4 a land bank fast track authority.

5 (D) Is a transit-oriented development or transit-oriented
6 property.

7 (E) Is located in a qualified local governmental unit and
8 contains a targeted redevelopment area.

9 (F) Is undeveloped property that was eligible property in a
10 previously approved brownfield plan abolished under section 14(8).

11 (G) Eligible property does not include qualified agricultural
12 property exempt under section 7ee of the general property tax act,
13 1893 PA 206, MCL 211.7ee, from the tax levied by a local school
14 district for school operating purposes to the extent provided under
15 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211.

16 (ii) Housing property for which eligible activities are
17 identified under a brownfield plan, including personal property
18 located on the property, to the extent included in the brownfield
19 plan.

20 (q) "Environmental insurance" means liability insurance for
21 environmental contamination and cleanup that is not otherwise
22 required by state or federal law.

23 (r) "Facility" means that term as defined in part 201.

24 (s) "Fiscal year" means the fiscal year of the authority.

25 (t) "Former mill" means a former mill that has not been used
26 for industrial purposes for the immediately preceding 2 years, that
27 is not located in a qualified local governmental unit, that is a
28 facility or is a site or a property as those terms are defined in
29 part 213, functionally obsolete, or blighted, and that is located

1 within 15 miles of a river that is a federal superfund site listed
2 under the comprehensive environmental response, compensation and
3 liability act of 1980, 42 USC 9601 to 9675, and that is located in
4 a municipality with a population of less than 10,000.

5 (u) "Functionally obsolete" means that the property is unable
6 to be used to adequately perform the function for which it was
7 intended due to a substantial loss in value resulting from factors
8 such as overcapacity, changes in technology, deficiencies or
9 superadequacies in design, or other similar factors that affect the
10 property itself or the property's relationship with other
11 surrounding property.

12 (v) "Governing body" means the elected body having legislative
13 powers of a municipality creating an authority under this act.

14 (w) "Historic resource" means that term as defined in section
15 90a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2090a.

16 (x) "Housing development activities" means 1 or more of the
17 following:

18 (i) Reimbursement provided to owners of rental housing units
19 for qualified rehabilitation.

20 (ii) Costs for infrastructure available for public use and
21 safety improvements necessary for a housing project.

22 (iii) Costs of demolition and renovation of existing buildings
23 and site preparation, to the extent necessary to accommodate an
24 income qualified purchaser household or income qualified renting
25 household.

26 (iv) Temporary household relocation costs for an income
27 qualified household for a period not to exceed 1 year.

28 (v) Acquisition cost for blighted or obsolete rental units, to
29 the extent the acquisition would promote rehabilitation or adaptive

1 reuse of the blighted or obsolete rental unit to accommodate an
2 income qualified purchaser household or income qualified renting
3 household.

4 (vi) Reimbursement provided to a developer to fill a financing
5 gap associated with the development of housing units priced for
6 income qualified households and to assist with costs related to
7 infrastructure improvements and site preparation that are not a
8 response activity and that are necessary for new housing
9 development for income qualified households on eligible property.

10 (y) "Housing property" means 1 or more of the following:

11 (i) A property on which 1 or more units of residential housing
12 are proposed to be constructed, rehabilitated, or otherwise
13 designed to be used as a dwelling.

14 (ii) One or more units of residential housing proposed to be
15 constructed or rehabilitated and located in a mixed-use project.

16 (z) "Income qualified household" means a person, a family, or
17 unrelated persons living together, whose annual household income is
18 not more than 120% of the area median income. As used in this
19 subdivision:

20 (i) "Area median income" means the median income for the area
21 as determined under section 8 of the United States housing act of
22 1937, 42 USC 1437f, adjusted for family size.

23 (ii) "Household income" means all income received by all
24 individuals who are not less than 24 years of age when the
25 household income is determined and who reside in a household while
26 members of the household.

27 (aa) "Income qualified purchaser household" means a purchaser
28 who is, or who is a member of, an income qualified household.

29 (bb) "Income qualified renting household" means a renter who

1 is, or who is a member of, an income qualified household.

2 (cc) "Income tax" means the tax levied and imposed under part
3 1 of the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532.

4 (dd) "Income tax capture revenues" means, with respect to each
5 eligible property subject to a transformational brownfield plan,
6 funds equal to the amount for each tax year by which the aggregate
7 income tax from individuals residing within the eligible property
8 subject to a transformational brownfield plan exceeds the initial
9 income tax value. Subject to subparagraph (iii), the state treasurer
10 shall calculate annually the income tax capture revenues associated
11 with each transformational brownfield plan. In calculating income
12 tax capture revenues, the state treasurer shall subtract from the
13 aggregate amount of income tax credits under sections 255, 265,
14 266, and chapter 9 of the income tax act of 1967, 1967 PA 281, MCL
15 206.255, 206.265, 206.266, and 206.501 to 206.532. The state
16 treasurer shall require the owner or developer of the eligible
17 property to provide to the department of treasury all of the
18 following information at the end of each calendar year, including
19 the year in which the resolution adding that eligible property in
20 the transformational brownfield plan is adopted:

21 (i) A list of addresses for all residential units, rental or
22 owner-occupied, within the eligible property.

23 (ii) Any other information that may be necessary to calculate
24 the income tax capture revenues. The information required under
25 this subdivision must be provided in a manner prescribed by the
26 state treasurer.

27 (iii) Notwithstanding anything to the contrary in this
28 subdivision, instead of the reporting and calculation methods
29 otherwise provided for, the owner or developer of a

1 transformational brownfield project site may elect to utilize a
2 safe harbor method of calculating income tax capture revenues.
3 Under this safe harbor method, the Michigan strategic fund shall
4 establish a safe harbor amount of annual income tax capture
5 revenues for each eligible property when the Michigan strategic
6 fund approves the transformational brownfield plan, and those
7 amounts shall serve as the basis for the transmittal of income tax
8 capture revenues to the owner or developer of the transformational
9 project site under section 8a(4). The Michigan strategic fund shall
10 establish the safe harbor amount for an eligible property by
11 imputing a standard annual taxable income for households residing
12 within the eligible property or portion of the eligible property.
13 The safe harbor is effective only to the extent that the
14 residential units within the eligible property or portion of the
15 eligible property are actively leased or, in the case of units made
16 available for sale, sold in an arms-length transaction. Imputations
17 as to standard household taxable income may vary based on location
18 and other relevant factors. The Michigan strategic fund may adjust
19 the safe harbor amount for an eligible property, or portion of the
20 eligible property, after the time of transformational brownfield
21 plan approval as required to reflect changes in the
22 transformational brownfield plan for the transformational project
23 site that may occur after approval of the transformational
24 brownfield plan, if those changes do not result in an aggregate
25 increase in the level of income tax capture revenues from the
26 amount initially established. The owner or developer of the
27 transformational project site may elect to utilize the safe harbor
28 method of accounting at any time before the first reimbursement of
29 income tax capture revenues under the transformational brownfield

1 plan. An election to utilize the safe harbor method of accounting,
2 once made, cannot be rescinded.

3 (ee) "Industrial cleaning" means cleaning or removal of
4 contaminants from within a structure necessary to achieve the
5 intended use of the property.

6 (ff) "Infrastructure improvements" means a street, road,
7 sidewalk, parking facility, pedestrian mall, alley, bridge, sewer,
8 sewage treatment plant, property designed to reduce, eliminate, or
9 prevent the spread of identified soil or groundwater contamination,
10 drainage system, waterway, waterline, water storage facility, rail
11 line, utility line or pipeline, transit-oriented development,
12 transit-oriented property, or other similar or related structure or
13 improvement, together with necessary easements for the structure or
14 improvement, owned or used by a public agency or functionally
15 connected to similar or supporting property owned or used by a
16 public agency, or designed and dedicated to use by, for the benefit
17 of, or for the protection of the health, welfare, or safety of the
18 public generally, whether or not used by a single business entity,
19 if any road, street, or bridge is continuously open to public
20 access and other property is located in public easements or rights-
21 of-way and sized to accommodate reasonably foreseeable development
22 of eligible property in adjoining areas. Infrastructure
23 improvements also include 1 or more of the following whether
24 publicly or privately owned or operated or located on public or
25 private property:

26 (i) Underground parking.

27 (ii) Multilevel parking structures.

28 (iii) Urban stormwater management systems.

29 (gg) "Initial income tax value" means, with respect to each

1 eligible property subject to a transformational brownfield plan,
2 the aggregate amount of income tax less credits under sections 255,
3 265, 266, and chapter 9 of the income tax act of 1967, 1967 PA 281,
4 MCL 206.255, 206.265, 206.266, and 206.501 to 206.532, from
5 individuals residing within the eligible property for the tax year
6 in which the resolution adding that eligible property in the
7 transformational brownfield plan is adopted.

8 (hh) "Initial sales and use tax value" means, with respect to
9 each eligible property subject to a transformational brownfield
10 plan, the aggregate amount of sales tax and use tax collected from
11 persons located within the eligible property for the tax year in
12 which the resolution adding that eligible property in the
13 transformational brownfield plan is adopted. For persons with
14 multiple business locations, the applicable amount of sales tax and
15 use tax for purposes of this act is only the sales tax and use tax
16 collections attributable to the business location within the
17 eligible property.

18 (ii) "Initial taxable value" means the taxable value of an
19 eligible property identified in and subject to a brownfield plan at
20 the time the resolution adding that eligible property in the
21 brownfield plan is adopted, as shown either by the most recent
22 assessment roll for which equalization has been completed at the
23 time the resolution is adopted or, if provided by the brownfield
24 plan, by the next assessment roll for which equalization will be
25 completed following the date the resolution adding that eligible
26 property in the brownfield plan is adopted. Property exempt from
27 taxation at the time the initial taxable value is determined is
28 included with the initial taxable value of zero. Property for which
29 a specific tax is paid in lieu of property tax is not considered

1 exempt from taxation. The state tax commission shall prescribe the
2 method for calculating the initial taxable value of property for
3 which a specific tax was paid in lieu of property tax. The initial
4 assessed value may be modified by lowering the initial assessed
5 value once during the term of the brownfield plan through an
6 amendment as provided in section 14 after the tax increment
7 financing plan fails to generate captured taxes for 3 consecutive
8 years due to declines in assessed value.

9 (jj) "Initial withholding tax value" means, with respect to
10 each eligible property subject to a transformational brownfield
11 plan, the amount of income tax withheld under chapter 17 of the
12 income tax act of 1967, 1967 PA 281, MCL 206.701 to 206.715, from
13 individuals employed within the eligible property for the calendar
14 year in which the resolution adding the eligible property to the
15 plan is adopted. The initial withholding tax value does not include
16 construction period tax capture revenues.

17 (kk) "Land bank fast track authority" means an authority
18 created under the land bank fast track act, 2003 PA 258, MCL
19 124.751 to 124.774.

20 (ll) "Local taxes" means all taxes levied other than taxes
21 levied for school operating purposes.

22 (mm) "Michigan state housing development authority" means the
23 Michigan state housing development authority created in section 21
24 of the state housing development authority act of 1966, 1966 PA
25 346, MCL 125.1421.

26 (nn) "Michigan strategic fund" means the Michigan strategic
27 fund created under the Michigan strategic fund act, 1984 PA 270,
28 MCL 125.2001 to 125.2094.

29 (oo) "Mixed-use" means a real estate project with planned

1 integration of some combination of retail, office, residential, or
2 hotel uses.

3 (pp) "Municipality" means all of the following:

4 (i) A city.

5 (ii) A village.

6 (iii) A township in those areas of the township that are outside
7 of a village.

8 (iv) A township in those areas of the township that are in a
9 village on the concurrence by resolution of the village in which
10 the zone would be located.

11 (v) A county.

12 (qq) "Owned by or under the control of" means that a land bank
13 fast track authority, a municipality, or a qualified local
14 governmental unit has 1 or more of the following:

15 (i) An ownership interest in the property.

16 (ii) A tax lien on the property.

17 (iii) A tax deed to the property.

18 (iv) A contract with this state or a political subdivision of
19 this state to enforce a lien on the property.

20 (v) A right to collect delinquent taxes, penalties, or
21 interest on the property.

22 (vi) The ability to exercise its authority over the property.

23 (rr) "Part 111", "part 201", "part 211", or "part 213" means
24 that part as described as follows:

25 (i) Part 111 of the natural resources and environmental
26 protection act, 1994 PA 451, MCL 324.11101 to 324.11153.

27 (ii) Part 201 of the natural resources and environmental
28 protection act, 1994 PA 451, MCL 324.20101 to 324.20142.

1 (iii) Part 211 of the natural resources and environmental
2 protection act, 1994 PA 451, MCL 324.21101 to 324.21113.

3 (iv) Part 213 of the natural resources and environmental
4 protection act, 1994 PA 451, MCL 324.21301a to 324.21334.

5 (ss) "Previously developed property" means property that was
6 part of an existing developed residential, commercial, or
7 industrial zone and contained a structure serviced by utilities, or
8 former dumps, landfills, and other areas filled with nonnative
9 material.

10 (tt) "Qualified facility" means a landfill facility area of 15
11 or more contiguous acres that is located in a city and that
12 contains, contained, or is adjacent to a landfill, a material
13 recycling facility, or an asphalt plant that is no longer in
14 operation.

15 (uu) "Qualified local governmental unit" means that term as
16 defined in the obsolete property rehabilitation act, 2000 PA 146,
17 MCL 125.2781 to 125.2797.

18 (vv) "Qualified rehabilitation" means rehabilitation of
19 existing structures that is necessary to make a housing unit
20 suitable for sale to an income qualified purchaser household or
21 rent to an income qualified renting household. Qualified
22 rehabilitation also includes proposed rehabilitation that will
23 bring the structure into conformance with minimum local building
24 code standards for occupancy or improve the livability of the units
25 while meeting minimum local building code standards. As used in
26 this subsection, "existing structures" includes any structure
27 designed to be used as a dwelling.

28 (ww) "Qualified taxpayer" means that term as defined in
29 sections 38d and 38g of former 1975 PA 228, or section 437 of the

1 Michigan business tax act, 2007 PA 36, MCL 208.1437, or a recipient
2 of a community revitalization incentive as described in section 90a
3 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2090a.

4 (xx) "Release" means that term as defined in part 201 or part
5 213.

6 (yy) "Response activity" means either of the following:

7 (i) Response activity as that term is defined in part 201.

8 (ii) Corrective action.

9 (zz) "Sales tax" means the tax levied under the general sales
10 tax act, 1933 PA 167, MCL 205.51 to 205.78.

11 (aaa) "Sales and use tax capture revenues" means, with respect
12 to each eligible property subject to a transformational brownfield
13 plan, the amount for each calendar year by which the sales tax and
14 use tax collected from persons within the eligible property exceeds
15 the initial sales and use tax value. For persons with multiple
16 business locations, the applicable amount of sales tax and use tax
17 for purposes of this act is only the sales tax and use tax
18 collections attributable to the business location within the
19 eligible property. To calculate sales and use tax capture revenues
20 for a calendar year under a transformational brownfield plan, the
21 state treasurer or the Michigan strategic fund shall do all of the
22 following:

23 (i) The state treasurer shall develop methods and processes
24 that are necessary for each applicable person within the eligible
25 property to report the amount of sales and use tax from that
26 location.

27 (ii) The Michigan strategic fund shall include all of the
28 following provisions in the development or reimbursement agreement
29 for any transformational brownfield plan that utilizes sales and

1 use tax capture revenues:

2 (A) That the owner or developer of the eligible property shall
3 require each applicable person occupying the eligible property to
4 comply with the reporting requirements under this section through a
5 contract requirement, lease requirement, or other similar means.

6 (B) That reimbursement of sales and use tax capture revenues
7 is limited to amounts that are reported in accordance with this
8 section, and this state has no obligation with respect to sales and
9 use tax capture revenues that are not reported or paid.

10 (bbb) "Specific taxes" means all of the following:

11 (i) A tax levied under any of the following:

12 (A) 1974 PA 198, MCL 207.551 to 207.572.

13 (B) The commercial redevelopment act, 1978 PA 255, MCL 207.651
14 to 207.668.

15 (C) The enterprise zone act, 1985 PA 224, MCL 125.2101 to
16 125.2123.

17 (D) 1953 PA 189, MCL 211.181 to 211.182.

18 (E) The technology park development act, 1984 PA 385, MCL
19 207.701 to 207.718.

20 (F) The obsolete property rehabilitation act, 2000 PA 146, MCL
21 125.2781 to 125.2797.

22 (G) The neighborhood enterprise zone act, 1992 PA 147, MCL
23 207.771 to 207.786.

24 (H) The commercial rehabilitation act, 2005 PA 210, MCL
25 207.841 to 207.856.

26 (I) The attainable housing facilities act, 2022 PA 236, MCL
27 207.901 to 207.916.

28 (J) The residential housing facilities act, 2022 PA 237, MCL
29 207.951 to 207.966.

1 (ii) That portion of the tax levied under the tax reverted
2 clean title act, 2003 PA 260, MCL 211.1021 to 211.1025a, that is
3 not required to be distributed to a land bank fast track authority.

4 (ccc) "State brownfield redevelopment fund" means the state
5 brownfield redevelopment fund created in section 8a.

6 (ddd) "Targeted redevelopment area" means not fewer than 40
7 and not more than 500 contiguous parcels of real property located
8 in a qualified local governmental unit and designated as a targeted
9 redevelopment area by resolution of the governing body and approved
10 by the Michigan strategic fund. A qualified local governmental unit
11 is limited to designating no more than 2 targeted redevelopment
12 areas for the purposes of this section in a calendar year. The
13 Michigan strategic fund may approve no more than 5 targeted
14 redevelopment areas for the purposes of this section in a calendar
15 year.

16 (eee) "Tax increment revenues" means the amount of ad valorem
17 property taxes and specific taxes attributable to the application
18 of the levy of all taxing jurisdictions on the captured taxable
19 value of each parcel of eligible property subject to a brownfield
20 plan and personal property located on that property, regardless of
21 whether those taxes began to be levied after the brownfield plan
22 was adopted. Tax increment revenues also include the amount of any
23 payment in lieu of taxes under section 15a(3) of the state housing
24 development authority act of 1966, 1966 PA 346, MCL 125.1415a, paid
25 on an eligible property subject to a brownfield plan, less the
26 amount of property taxes levied on the eligible property subject to
27 the brownfield plan for the year the eligible property became
28 subject to the brownfield plan. Tax increment revenues do not
29 include any of the following:

1 (i) Ad valorem property taxes specifically levied for the
 2 payment of principal of and interest on either obligations approved
 3 by the electors or obligations pledging the unlimited taxing power
 4 of the local governmental unit, and specific taxes attributable to
 5 those ad valorem property taxes.

6 (ii) For tax increment revenues attributable to eligible
 7 property, the amount of ad valorem property taxes or specific taxes
 8 captured by a downtown development authority under part 2 of the
 9 recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to
 10 125.4230, tax increment finance authority under part 3 of the
 11 recodified tax increment financing act, 2018 PA 57, MCL 125.4301 to
 12 125.4329, corridor improvement authority under part 6 of the
 13 recodified tax increment financing act, 2018 PA 57, MCL 125.4602 to
 14 125.4629, or local development finance authority under part 4 of
 15 the recodified tax increment financing act, 2018 PA 57, MCL
 16 125.4401 to 125.4420, if those taxes were captured by these other
 17 authorities on the date that eligible property became subject to a
 18 brownfield plan under this act, unless these other authorities
 19 agree to forgo or transfer their taxes in support of the brownfield
 20 plan.

21 (iii) Ad valorem property taxes levied under 1 or more of the
 22 following or specific taxes attributable to those ad valorem
 23 property taxes:

24 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
 25 to 123.1183.

26 (B) The art institute authorities act, 2010 PA 296, MCL
 27 123.1201 to 123.1229.

28 **(C) The history museum authorities act.**

29 (ff) "Taxable value" means the value determined under section

1 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

2 (ggg) "Taxes levied for school operating purposes" means all
3 of the following:

4 (i) The taxes levied by a local school district for operating
5 purposes.

6 (ii) The taxes levied under the state education tax act, 1993
7 PA 331, MCL 211.901 to 211.906.

8 (iii) That portion of specific taxes attributable to taxes
9 described under subparagraphs (i) and (ii).

10 (hhh) "Transformational brownfield plan" means a brownfield
11 plan that meets the requirements of section 13c and is adopted
12 under section 14a and, as designated by resolution of the governing
13 body and approved by the Michigan strategic fund, will have a
14 transformational impact on local economic development and community
15 revitalization based on the extent of brownfield redevelopment and
16 growth in population, commercial activity, and employment that will
17 result from the plan. To be designated a transformational
18 brownfield plan, a transformational brownfield plan under this
19 subdivision must be for mixed-use development unless waived by the
20 Michigan strategic fund as provided under section 14a(26) and must
21 be expected to result in the following levels of capital
22 investment:

23 (i) In a municipality that is not a county and that has a
24 population of not less than 600,000, \$500,000,000.00.

25 (ii) In a municipality that is not a county and that has a
26 population of not less than 150,000 and not more than 599,999,
27 \$100,000,000.00.

28 (iii) In a municipality that is not a county and that has a
29 population of not less than 100,000 and not more than 149,999,

1 \$75,000,000.00.

2 (iv) In a municipality that is not a county and that has a
3 population of not less than 50,000 and not more than 99,999,
4 \$50,000,000.00.

5 (v) In a municipality that is not a county and that has a
6 population of not less than 25,000 and not more than 49,999,
7 \$25,000,000.00.

8 (vi) In a municipality that is not a county and that has a
9 population of less than 25,000, \$15,000,000.00.

10 (iii) "Transit-oriented development" means infrastructure
11 improvements that are located within 1/2 mile of a transit station
12 or transit-oriented property that promotes transit ridership or
13 passenger rail use as determined by the board and approved by the
14 municipality in which it is located.

15 (jjj) "Transit-oriented property" means property that houses a
16 transit station in a manner that promotes transit ridership or
17 passenger rail use.

18 (kkk) "Use tax" means the tax levied under the use tax act,
19 1937 PA 94, MCL 205.91 to 205.111, including both the local
20 community stabilization share and the state share as those terms
21 are defined in section 2c of the use tax act, 1937 PA 94, MCL
22 205.92c.

23 (lll) "Withholding tax capture revenues" means, with respect to
24 each eligible property subject to a transformational brownfield
25 plan, the amount for each calendar year by which the income tax
26 withheld under chapter 17 of the income tax act of 1967, 1967 PA
27 281, MCL 206.701 to 206.715, from individuals employed within the
28 eligible property exceeds the initial withholding tax value.
29 Withholding tax capture revenues do not include income tax from

1 individuals domiciled within the eligible property or construction
2 period tax capture revenues. To calculate withholding tax capture
3 revenues for a calendar year under a transformational brownfield
4 plan, the state treasurer or the Michigan strategic fund shall do
5 all of the following:

6 (i) The state treasurer shall require the owner or developer of
7 the eligible property to provide the department of treasury with
8 notice not more than 10 days from the date an employer commences or
9 terminates occupancy within the eligible property. As used in this
10 subdivision, "employer" means that term as defined in section 8 of
11 the income tax act of 1967, 1967 PA 281, MCL 206.8.

12 (ii) The state treasurer shall develop methods and processes
13 that are necessary for each employer occupying the eligible
14 property to report the amount of withholding under chapter 17 of
15 the income tax act of 1967, 1967 PA 281, MCL 206.701 to 206.715,
16 from individuals employed within the eligible property.

17 (iii) The Michigan strategic fund shall include the following
18 provisions in the development or reimbursement agreement for any
19 transformational brownfield plan that utilizes withholding tax
20 capture revenues:

21 (A) That the owner or developer of the eligible property shall
22 require each employer occupying the eligible property to comply
23 with the reporting requirements under this section through a
24 contract requirement, lease requirement, or other similar means.

25 (B) That reimbursement of withholding tax capture revenues is
26 limited to amounts that are reported in accordance with chapter 17
27 of the income tax act of 1967, 1967 PA 281, MCL 206.701 to 206.715,
28 and this state has no obligation with respect to withholding tax
29 capture revenues that are not reported or paid.

1 (iv) Notwithstanding anything to the contrary in this
2 subdivision, instead of the reporting and calculation methods
3 otherwise provided for, the owner or developer of a
4 transformational project site may elect to utilize a safe harbor
5 method of calculating withholding tax capture revenues. Under this
6 safe harbor method, the Michigan strategic fund shall establish a
7 safe harbor amount of annual withholding tax capture revenues for
8 each eligible property when the Michigan strategic fund approves
9 the transformational brownfield plan, and those amounts shall serve
10 as the basis for the transmittal of withholding tax capture
11 revenues to the owner or developer of the transformational project
12 site under section 8a(4). The Michigan strategic fund shall
13 establish the safe harbor amount for an eligible property by
14 imputing a standard level of employee occupancy that corresponds to
15 the size and use of the eligible property or portion of the
16 eligible property and a safe harbor average annual taxable wage for
17 the individuals employed within the eligible property or portion of
18 the eligible property. The safe harbor is effective only to the
19 extent the eligible property or portion of the eligible property is
20 actively occupied, as evidenced by the existence of a binding lease
21 agreement or similar instrument. Imputations as to occupancy and
22 wages may vary between projects based on location, the type and use
23 of the eligible property, and other relevant factors. The Michigan
24 strategic fund may adjust the safe harbor amount for an eligible
25 property, or portion of the eligible property, after the time of
26 plan approval as required to reflect changes in the
27 transformational brownfield plan for the transformational project
28 site that may occur after approval of the transformational
29 brownfield plan, if those changes do not result in an aggregate

1 increase in the level of withholding tax capture revenues from the
2 amount initially established. The owner or developer of the
3 transformational project site may elect to utilize the safe harbor
4 method of accounting at any time before the first reimbursement of
5 withholding tax capture revenues under the plan. An election to
6 utilize the safe harbor method of accounting, once made, cannot be
7 rescinded.

8 (mmm) "Work plan" means a plan that describes each individual
9 activity to be conducted to complete eligible activities and the
10 associated costs of each individual activity.

11 (nnn) "Zone" means, for an authority established before June
12 6, 2000, a brownfield redevelopment zone designated under this act.

13 Enacting section 1. This amendatory act does not take effect
14 unless all of the following bills of the 102nd Legislature are
15 enacted into law:

16 (a) House Bill No. 4177.

17 (b) Senate Bill No. __ or House Bill No. 5317 (request no.
18 06311'24).