

*Michigan
Economic
Development
Code
Project*

A Special Report

by the

Michigan

Law

Revision

Commission

GARY G. GULLIVER, Executive Secretary

*Michigan State University Detroit College of Law
Law College Building
East Lansing, MI 48824*

Term Members:

*RICHARD D. MCLELLAN,
Chairperson*

*ANTHONY DEREZINSKI,
Vice-Chairperson*

GEORGE WARD

THE HONORABLE WILLIAM C. WHITBECK

Legislative Members:

SENATOR RAY BASHAM

SENATOR BRUCE PATTERSON

REPRESENTATIVE EDWARD GAFFNEY

REPRESENTATIVE MARK MEADOWS

Ex Officio Member:

JOHN STRAND

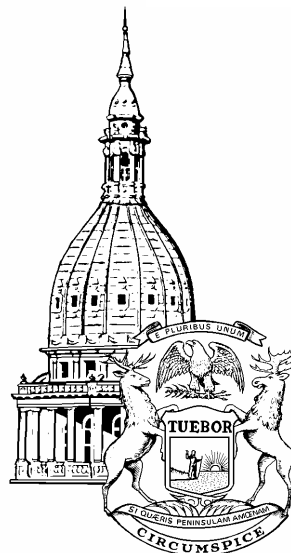
Legislative Council Administrator

Boji Tower – 4th Floor

124 West Allegan

P.O. Box 30036

Lansing, Michigan 48909-7536



Michigan
Law Revision Commission

2007

MICHIGAN LAW REVISION COMMISSION

Term Members:

RICHARD D. McLELLAN, *Chairperson*
ANTHONY DEREZINSKI, *Vice-Chairperson*
GEORGE WARD
THE HONORABLE WILLIAM C. WHITBECK

Legislative Members:

SENATOR RAY BASHAM
SENATOR BRUCE PATTERSON

REPRESENTATIVE EDWARD GAFFNEY
REPRESENTATIVE MARK MEADOWS

Ex Officio Member:

JOHN STRAND
Legislative Council Administrator
Boji Tower – 4th Floor
124 W. Allegan
P.O. Box 30036
Lansing, Michigan 48909-7536

Executive Secretary:

GARY G. GULLIVER
Michigan State University Detroit College of Law
Law College Building
East Lansing, Michigan 48824

This report is a reprint of a portion of the 40th Annual Report of the Michigan Law Revision Commission and is prepared as a special service to the business, academic, governmental, and legal communities on a topic of important public concern.

Richard D. McLellan, Chairperson
Michigan Law Revision Commission

MICHIGAN ECONOMIC DEVELOPMENT CODE PROJECT

A Report to the Michigan Law Revision Commission

Submitted by Professor Gina Torielli and Jeffrey Cuthbertson, Thomas M. Cooley Law School,
and approved by the Michigan Law Revision Commission

PREFACE

Over the course of Michigan's history, many statutes have been enacted granting governmental entities the power to take actions intended to spur economic development. Pursuant to a legislative request for a review and survey of the currently effective laws having such a purpose, the Michigan Law Revision Commission commissioned Professor Gina Torielli and Jeffrey Cuthbertson, both of the Thomas M. Cooley Law School, to prepare a report containing such a review and survey. After the Commission's review and comment on the authors' draft report, the following final report was approved by the Commission for inclusion in its 2006-2007 Annual Report. Under the auspices of the Commission, Professor Torielli is now preparing draft legislation to codify, consolidate, and classify the laws identified in the review and survey.

The report first creates a working definition of the term "economic development" and then presents a historical perspective on the economic development laws enacted by the Michigan Legislature. Next, the report delineates the basis for the inclusion or possible exclusion of the text of specified classes of statutes from the proposed codification. Lastly, the report briefly discusses the framework of the drafted legislation being prepared pursuant to the report, followed by several appendices containing a list of the classes of statutes noted above, a detailed framework for the draft legislation, a list of the State of Michigan entities responsible for economic development activities, and a list of the principal Executive Reorganization Orders impacting the economic development statutes.

Table of Contents

| | |
|---|----|
| Introduction and Report of the Michigan Law Revision Commission..... | 1 |
| I. Economic Development Defined..... | 1 |
| II. Historical Perspective on Michigan Economic Development Laws..... | 1 |
| III. Statutes Identified and Categories Excluded..... | 4 |
| IV. Draft Economic Development Code Framework..... | 7 |
| V. Draft Economic Development Code and Bill Proposal..... | 7 |
| Appendix A: Statutes Identified for Inclusion in a New Economic Development Code..... | 9 |
| Appendix B: Economic Development Statute Sections Impacted by the Single Business Tax (SBT) Repeal..... | 13 |
| Appendix C: Economic Development Statute Sections Referencing Programs Possibly Impacted by State Proposal 06-2 (Prohibiting Certain Racial and Gender References)..... | 14 |
| Appendix D: Economic Development Statute Sections Referencing Eminent Domain Powers Possibly Impacted by State Proposal 06-4..... | 15 |
| Appendix E: Michigan Economic Development Code (MEDC) Framework..... | 16 |
| Appendix F: Currently Existing State Entities With Responsibility for Economic Development | 20 |
| Appendix G: Principal Executive Reorganization Orders Impacting the Original Legislative Organization of Economic Development Functions..... | 21 |

Introduction and Report of the Michigan Law Revision Commission

At the request of Representative Bill Huizenga, the Michigan Law Revision Commission undertook a review and survey of current laws in the State of Michigan having the purpose of encouraging economic development within the State into one act to be entitled the “Michigan Economic Development Code.” The Commission’s objectives include harmonizing and consolidating this body of laws. This would permit easier access to, and understanding of, available legislatively created economic development tools. The results of this study and a status report on a draft of a proposed new Code framework follow.

I. Economic Development Defined

In order to determine which laws to include within an integrated economic development code, the Commission first developed a working definition of “economic development.”

A collection of various definitions that show the full scope of meaning of the term “economic development” is available at the website www.SiteLocationAssistance.com; however, there is no official definition of the term. According to the United States Economic Development Administration, “economic development” fundamentally involves enhancement of the factors of productive capacity - land, labor, capital, and technology - of a national, state or local economy. The International Economic Development Council and some academics separate “economic development” into two aspects: (1) a set of objectives, most commonly the creation of jobs and wealth and the improvement of quality of life; and (2) a process that influences the growth and restructuring of an economy to enhance the economic well-being of a community. Laws promoting economic development clearly fall under this latter aspect. “Economic development” as the term is used in Michigan law consists of the “efforts to increase employment opportunities by getting new businesses to relocate in a community or existing businesses to expand” - which is how the Texas Workforce Commission (Career Development Resources unit) defines the term.

II. Historical Perspective on Michigan Economic Development Laws

Laws presently in force in the Michigan Compiled Laws cover more than 65 years of efforts by the Legislature to use the powers of government to spur economic development. The current statutory landscape reveals dozens of laws spread widely across the books enacted in a seemingly stratified manner as the Legislature acted within economic cycles. Discussion of these periods is organized as follows:

The World War II Era

The oldest relevant statute in effect is Act 250 of the Public Acts of 1941, the Urban Redevelopment Corporations Law, a pre-World War II, depression-era law designed to

provide for the creation of urban redevelopment corporations for the purpose of clearing, replanning, rehabilitating, modernizing, beautifying, and reconstructing substandard and insanitary areas....

In the immediate post-war area, the Legislature acted to promote a specific industry with the enactment of Act 106 of the Public Acts of 1945, the Michigan Tourism Policy Act designed to

enhance the economic viability of the state through development, improvement, and promotion of the travel, tourism, and convention industry of the state....

The 1950s was a time of massive economic expansion in Michigan due to the post-war boom. There was little in the way of statutes enacted in the 1950s to address economic development issues and no new acts enacted in the 1950s to address the issues remain in effect.

The 1960s Expansion

The 1960s was an era which ushered in the adoption of Michigan's Constitution of 1963 and the strengthening of state governments. This included the beginning of more robust state-authorized economic development strategies.

In 1963, the Legislature created a new Department of Economic Expansion which replaced a pre-existing Department of Economic Development and a Commission of Economic Development. These were the first of many examples of a continual change in the names of state economic development agencies to reflect the interests or create an identification with a new generation in power in the Legislature or the Governor's Office. The 1963 economic development agency was, within two years, consolidated into the new Department of Commerce when it was created in 1965 as part of the implementation of the new Constitution.

Also during this period, the state authorized principal shopping and business improvement districts with assessments on businesses. It also initiated the use of industrial development revenue bonds and authorized county-level economic development commissions.

The geographic scope of the Legislature's approach grew in this period as well. In 1963, the Michigan Legislature focused for the first time on international matters and authorized the creation of foreign trade zones in Michigan pursuant to a 1934 federal law. In 1968, the Legislature established the first state agencies focused on export development and foreign trade for agricultural projects. A 1968 law authorized the Department of Commerce to "serve as the focal point of the state for international activity."

The 1970s Reorganization

The 1970s was also period of active economic development legislation. The enactment of the Economic Development Corporations Act in 1974 created a tool widely used for local economic activity. The Act included a wide-ranging findings clause covering the prevention of unemployment, assistance of industrial and commercial enterprises, promotion of forest and agricultural economic activity, reducing urban sprawl, reducing the costs of production, and development of renewable energy (MCL 125.1602). The value of this act is

demonstrated by the fact that it has been amended multiple times to keep it up to date, most recently with amendments enacted in 2004.

Another statute with long-standing impact is the act popularly known as the “Downtown Development Authority Act” enacted in 1975. This law, too, has been subject to multiple amendments, most recently in 2007. The Downtown Development Authority Act also introduced large-scale tax increment financing projects to local governments. Many of the tax increment finance plans enacted pursuant to this statute in the 1970s and 1980s remain in force today and have massive revenue implications for taxing jurisdictions who did not opt out or otherwise limit their participation in what have become seemingly perpetual plan renewals.

The Commercial Redevelopment Act was created in 1978 to grant certain tax exemptions, but in 1984 the Legislature prohibited exemptions after 1985 while leaving the law on the books. The 1970s also saw the enactment of laws to give state financial support to Michigan’s short-haul commercial railroads and to modernize Michigan’s port authority law.

The 1980s and Depression

As an outgrowth of Michigan’s deep depression in the early 1980s, the 1980s was a period of active legislation creating a number of new legislative economic development programs, including:

- Tax Increment Financing Authority;
- Two separate laws allowing for assessments on transient hotel rental for convention and tourism marketing;
- Creation of an urban land assembly fund;
- Creation of a state research fund in 1982, a precursor to much more active state investment in research;
- Creation of business and industrial training funds;
- Assisting in technology park development;
- Creating a Business Incubation Act;
- Enterprise Zone Act;
- Local Development Financing Act;
- Michigan Export Development Act;
- Resort District Rehabilitation Act;
- Michigan BIDCO Act;
- Transportation Economic Development Fund; and,
- Regional Tourism Market Act.

But the major political vehicle for economic development was Governor James Blanchard’s “Michigan Strategic Fund Act” which authorized, but did not fund, a wide range of direct assistance programs designed to bring about economic change. Since its enactment in 1984, this Act and the Strategic Fund have been used by three governors as the primary vehicle for a state economic development agency. Governor John Engler used the Strategic Fund to receive Indian gaming revenues for economic development purposes and later to transfer a wide range of other economic development programs to the Fund and then transfer

administration of the programs outside state government through creation of the Michigan Economic Development Corporation (MEDC).

Governor Jennifer Granholm retained both the Strategic Fund and the MEDC and used those vehicles to direct the allocation of \$400 million in revenue received from the securitization of tobacco settlement revenues.

The 1990s Growth Continued

The 1990s saw further activity by the Legislature and the Governor to create economic development tools, including the:

- Michigan Farm Export Act;
- Stadia and Convention Facility Development Act;
- Land Reclamation and Improvement Authority Act;
- Forest Finance Authority Act;
- Michigan Economic Growth Authority Act;
- Empowerment Zone Development Corporation Act;
- Brownfield Redevelopment Act; and,
- Michigan Renaissance Zone Act.

The 21st Century

The beginning of the 21st Century has shown no letup in Michigan's search for new economic development tools with the creation or adoption of:

- Agricultural products value-added programs;
- Michigan Film Office and direct assistance for film production in Michigan;
- Michigan Next Energy Authority and Renewable Fuels Commission, promoting alternative energy industry;
- Michigan Broadband Development Authority, designed to provide assistance in broadband deployment;
- Michigan Early Stage Venture Investment Act, providing tax benefits for venture capital investments;
- Land Bank Fast Track Act and Tax Reverted Clean Title Act designed to get tax reverted property into productive use on an expedited basis; and,
- Commercial Rehabilitation Act.

III. Statutes Identified and Categories Excluded

As is evident from the definitions above, there are many factors of productive capacity that could be enhanced in order to induce business location and growth. These include: workforce attraction and development; land assembly and preparation; tax incentives and overall tax structure; subsidies for expenses of doing business; opportunities for pooling resources for industry promotion, sales or acquisitions; immunity from liability for business activity; strong educational and research institutions; and communities attractive to prospective key employees.

Arguably, all tax, environmental, health, housing, land use and education laws impact economic development efforts in some way. Although clearly important to the business climate of the State, the Commission has left aside, for the sake of manageability of the project, laws in the areas of: agriculture (except for laws creating incentives for development of agricultural product processing businesses); primary, secondary, and higher education; aeronautics; and public and privately provided health care. The Commission felt that these areas are discrete and better addressed as a whole, rather than attempting to tease out the economic development aspect of the areas into a separate Code.

To maintain a workable scope for this project, the Commission has included statutes whose purposes evidence a primary intent to attract business location or expansion in Michigan. Generally, these laws involve the use of economic development tools such as taxes or tax exemption; loans, grants, or guarantee funds; lower-cost bond financing; product development and export assistance; and assistance with planning and easing business regulation burdens.

In addition to economic development laws directed toward business in general, laws exist that are directed toward expansion of business in a specific industry or of businesses owned by specific categories of persons. Current industry-specific laws involve tourism, forestry, film, agricultural value-added products, and renewable energy. These laws are included in the Commission's survey and will be included in the draft Code. There are also laws directed at specific categories of persons; the possible inclusion of which in the draft Code is discussed further below.

Using its working definition of economic development, the Commission identified almost 60 separate statutes with economic development purposes. The fact that the identified laws sometimes overlap and are widely scattered across the Michigan Compiled Laws is itself evidence of the need for the project Representative Huizenga requested. Moreover, several gubernatorial executive reorganization orders made changes in State government with respect to economic development activities, but have also had the effect of obfuscating state agency powers and responsibilities. Appendices A and G, respectively, to this report list the 58 statutes and the five principle executive reorganization orders the Commission identified, along with a description of their purposes and year of enactment or promulgation. Additionally, the Commission has recognized a number of statutes which underlie the functioning of economic development statutes, but are not included within the scope of the effort. Examples include the Home Rule City Act, Act 279 of the Public Acts of 1909 and the Urban Cooperation Act, Act 7 of the Public Acts of 1967 (ex session).

During the pendency of the Commission's work, several developments impacted the Commission's ability to expeditiously draft a complete Code. First, in the summer of 2006, the Legislature adopted and the Governor signed legislation to eliminate the State Single Business Tax (the "SBT"), effective December 31, 2007. The SBT is Michigan's primary tax on business operations; consequently, many tax incentives directed at economic development involve SBT exemptions and credits. At the time this report was drafted, replacement tax legislation had not been finalized. Therefore, Appendix B to this report notes the existence and location in statute of these SBT exemptions, but the draft Code will not include this

language involving business operations tax incentives. Work in this area is better left until the Legislature completes its work on any business tax replacement.

Second, in the November 2006 elections, voters adopted ballot initiative State Proposal 06-2, a Constitutional amendment to prohibit public institutions both from discriminating against and from giving preferential treatment to groups or individuals based on their race, gender, color, ethnicity or national origin for public employment, education or contracting purposes. As was mentioned earlier, Michigan has laws whose purpose is to assist development of businesses owned by specific classes of persons, specifically women and “minorities” (defined in one statute as persons who are “black, Hispanic, oriental, eskimo or American Indian”).

In the Commission’s review of these laws, it appears there are some (but relatively few) economic development provisions with language that may involve contracting problematic under State Proposal 06-2. Appendix C to this report notes the existence and location of such laws. The Commission recommends the Legislature review these provisions and determine whether the provisions should and need be redrafted to preserve existing programs within the spirit of Proposal 06-2. In the process of drafting the new Code, the Commission will continue its study in this area, taking into account actions by the Legislature and the courts with respect to Proposal 06-2.

Finally, in the November 2006 elections, voters adopted ballot initiative State Proposal 06-4, a Constitutional amendment to restrict use of eminent domain powers. The Legislature adopted and the Governor signed Acts 367 and 368 of the Public Acts of 2006 amending MCL 213.23, which further defined eminent domain powers in anticipation of the enactment of the Constitutional amendment. Nine statutes on the Commission’s list, as well as approximately 350 statutory provision spread across the Michigan Compiled Laws, involve the power of the state and local governments to take property using the power of eminent domain or condemnation. Indeed, the use of eminent domain for land assembly and the elimination of blight as a method of improving the economic climate in Michigan have been the subject of numerous statutes on the Commission’s survey of economic development laws. Appendix D to this report notes the existence and location of laws involving the use of eminent domain in the context of economic development.

The Commission reviewed economic development statutes that included a grant of condemnation authority (see Appendix D) to determine if any conflict existed with the Constitutional Amendment. A clarification of the language in such statutes is warranted in order to conform to recent case law and the approved State Proposal 06-4, which restricts condemnation powers to property taken for a “public use.” Such clarification would take the form of an insertion in the Land Reclamation and Improvement Authority Act, and an amendment of the other statutes, to clarify that the grant of condemnation power contained in the act is restricted to instances of “public use,” recognizing that achieving the “public benefit” standard currently in those statutes may not satisfy the “public use” requirement of the State Constitution. If condemnation authority is referenced, but not granted, in the statute, a modification is not warranted. The Commission notes, however, that the original purpose for granting the condemnation power under many of the acts may be frustrated by the

narrowing of what is a constitutional condemnation. In the process of drafting the new Code, the Commission will continue its study in this area and will refine, as needed, language involving the use of eminent domain in light of State Proposal 06-4, and Acts 367 and 368 of the Public Acts of 2006.

The Commission also notes that legislation often assigns economic development functions and powers to a specific state entity. Subsequent legislation or executive order may shift these functions or powers to another entity. For purposes of the draft Code, the Commission tracked legislative changes in the location of powers, but will not conform state statutory law as it existed at the end of 2006 to functions shifted through executive order. Appendix F includes a list of State-level entities and agencies that existed at the end of 2006 having economic development responsibilities under the statutes the Commission had identified for inclusion in the draft Code.

IV. Draft Economic Development Code Framework

In drafting a consolidated Economic Development Code framework, the Commission was faced with numerous choices. The Commission addressed these choices using an overall principle that it would not recommend significant changes in policy as reflected in current law. Rather, the Commission attempted to consolidate and harmonize existing law without making substantive changes.

To assist in the Legislature's consideration of a consolidated economic development statute, the draft Code framework contains references to the law that is the source of its proposed content, along with cross-references to other similar provisions in the statutes.

Articles in the proposed Code framework are used to divide state and local activities within functional areas, with additional articles directed at the specific industries for which current law contains special economic development programs. Appendix E is a suggested overall structure for a Michigan Economic Development Code, including a list of chapters to be included in the Code and the source statutes for the materials in each division.

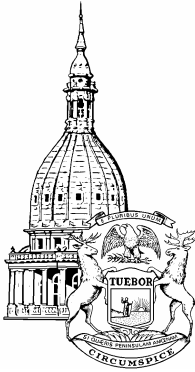
One point of note is the inclusion of a purposes section in Article XII – Financing Michigan Economic Development. While purposes clauses are generally disfavored in modern statutory drafting, one will be added here to support bond finance activity. Following Dillon's rule, during the process of preparing a bond issue, bond counsel must conclude that the bonds being issued comply with a statutorily enumerated or necessarily implied power. As courts construe statutes granting powers to governmental entities narrowly, a clear purposes clause for such statutes assists bond counsel in issuing the necessary opinions to support legislatively sanctioned bond issuance.

V. Draft Economic Development Code and Bill Proposal

Suggested Code language is currently being developed and comprehensive statutory language in the form of a proposed bill will be delivered in 2008. As indicated above, Appendix E contains the primary existing statutes making up the body of each proposed

article. These statutes will be consolidated into the new Code. As the Commission works to draft the new Code, it is guided by several principles. First, the 21st Century Trust Fund strategies adopted in 2005 and 2006 will be preserved as the core of the State's current economic development activities. Second, changes in existing law will be minimized and any suggested change will be transparent. Third, suggested changes will come from a position of increasing transparency, modernity and accountability in the State's economic development activities.

We look forward to providing further updates on this progress as appropriate.



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

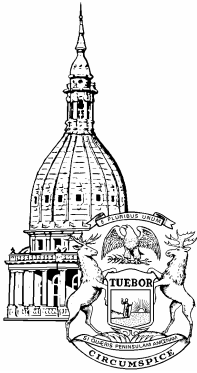
APPENDIX A: Statutes Identified For Inclusion in a New Economic Development Code

| # | MCL | PA | Year | Act Name | Location In Proposed MEDC |
|----|---------------------|-----|------|---|---|
| 1 | 324.50501-324.50522 | 451 | 1994 | Natural Resources and Environmental Protection Act - Forest Finance Authority Act | Agricultural Economy |
| 2 | 285.301-285.304 | 322 | 2000 | Julian-Stille Value-Added Act | Agricultural Economy |
| 3 | 207.823 | 593 | 2002 | Michigan Next Energy Authority Act | Energy Source Development |
| 4 | 290.581-290.586 | 272 | 2006 | Renewable Fuels Commission Act (Sunsets 1/1/2010) | Energy Source Development |
| 5 | 205.54cc | 657 | 2007 | Use Tax Exemption | Film Industry Activity |
| 6 | 399.721-399.722 | 63 | 2001 | History, Arts, and Libraries Act (Excerpt) | Film Industry Activity |
| 7 | 125.1251-125.1267 | 62 | 1963 | Industrial Development Revenue Bond Act of 1963 | Financing Michigan Economic Development |
| 8 | 125.1801-125.1830 | 450 | 1980 | The Tax Increment Finance Authority Act | Financing Michigan Economic Development |
| 9 | 125.1951-125.1956 | 175 | 1982 | State Research Fund | Financing Michigan Economic Development |
| 10 | 125.2151-125.2174 | 281 | 1986 | The Local Development Financing Act | Financing Michigan Economic Development |
| 11 | 125.2231-125.2263 | 296 | 2003 | Michigan Early Stage Venture Investment Act of 2003 | Financing Michigan Economic Development |
| 12 | 474.51-474.70 | 295 | 1976 | State Transportation Preservation Act of 1976 | Infrastructure Development |

| | | | | | |
|----|-------------------|-----|------|---|---------------------------------|
| 13 | 207.701-207.718 | 385 | 1984 | Technology Park Development Act | Infrastructure Development |
| 14 | 247.901-247.914 | 231 | 1987 | Transportation Economic Development Fund | Infrastructure Development |
| 15 | 484.3201-484.3225 | 49 | 2002 | Michigan Broadband Development Authority Act | Infrastructure Development |
| 16 | 447.1-447.3 | 154 | 1963 | Foreign Trade Zones | International Trade Development |
| 17 | 447.101-447.103 | 24 | 1968 | Division of International Commerce | International Trade Development |
| 18 | 447.121-447.123 | 23 | 1968 | Foreign Trade Branch of Department of Agriculture | International Trade Development |
| 19 | 120.101-120.130 | 639 | 1978 | Hertel-Law-T. Stopczynski Port Authority Act | International Trade Development |
| 20 | 447.151-447.168 | 157 | 1986 | Michigan Export Development Act | International Trade Development |
| 21 | 447.201-447.207 | 359 | 1990 | Michigan Farm Export Act | International Trade Development |
| 22 | 125.1851-125.1861 | 171 | 1981 | Michigan Urban Land Assembly Act | Land Assembly |
| 23 | 211.1021-211.1026 | 260 | 2003 | Tax Reverted Clean Title Act | Land Assembly |
| 24 | 125.2781-125.2797 | 146 | 200 | Obsolete Property Rehabilitation Act | Land Rehabilitation |
| 25 | 125.2451-125.2488 | 173 | 1992 | Land Reclamation and Improvement Authority Act | Land Rehabilitation |
| 26 | 125.2651-125.2672 | 381 | 1996 | Brownfield Redevelopment Financing Act | Land Rehabilitation |
| 27 | 124.751-124.774 | 258 | 2003 | Land Bank Fast Track Act | Land Use Assembly |
| 28 | 125.981-125.990m | 120 | 1961 | Principal Shopping Districts and Business Improvement Districts | Local Commercial Development |
| 29 | 125.1651-125.1681 | 197 | 1975 | Downtown Development Authority | Local Commercial Development |
| 30 | 207.651-207.668 | 255 | 1978 | Commercial Redevelopment Act | Local Commercial Development |
| 31 | 125.2201-125.2219 | 59 | 1986 | Resort District Rehabilitation Act | Local Commercial Development |

| | | | | | |
|----|---------------------|-----|------|--|---|
| 32 | 324.79501-324.79508 | 451 | 1994 | Natural Resources and Environmental Protection Act (Excerpt) | Local Commercial Development |
| 33 | 125.2871-125.2898 | 280 | 2005 | Corridor Improvement Authority Act | Local Commercial Development |
| 34 | 207.841-207.856 | 210 | 2005 | Commercial Rehabilitation Act | Local Commercial Development |
| 35 | 125.1601-125.1636 | 338 | 1974 | Economic Development Corporations Act | Local Economic Revitalization Authorities |
| 36 | 207.551-207.572 | 198 | 1974 | Plant Rehabilitation and Industrial Development Districts | Local Industrial Redevelopment |
| 37 | 125.1571-125.1586 | 198 | 1984 | Michigan Business Incubation Act | Michigan Jobs Development |
| 38 | 125.1201-125.1208 | 116 | 1963 | Economic Expansion | Planning Michigan Economic Development |
| 39 | 125.1231-125.1237 | 46 | 1966 | County or Regional Economic Development Commission | Planning Michigan Economic Development |
| 40 | 487.1101-487.2001 | 89 | 1986 | Michigan BIDCO Act | Planning Michigan Economic Development |
| 41 | 125.2561-125.2591 | 75 | 1995 | Empowerment Zone Development Corporation Act | Planning Michigan Economic Development |
| 42 | 141.881-141.889 | 383 | 1980 | Convention and Tourism Marketing Act | Promotion as Convention Destination |
| 43 | 141.871-141.880 | 395 | 1980 | Community Convention or Tourism Marketing Act | Promotion as Convention Destination |
| 44 | 207.621-207.640 | 106 | 1985 | State Convention Facility Development Act | Promotion as Convention Destination |
| 45 | 207.751-207.759 | 180 | 1991 | Stadia or Convention Facility Development | Promotion as Convention Destination |
| 46 | 141.1401-141.1414 | 203 | 1999 | The Convention Facility Authority Act | Promotion as Convention Destination |
| 47 | 2.101-2.108 | 106 | 1945 | Michigan Tourism Policy Act | Promotion of Tourism |
| 48 | 141.891-141.900 | 244 | 1989 | Regional Tourism Marketing Act | Promotion of Tourism |
| 49 | 125.2001-125.2094 | 270 | 1984 | Michigan Strategic Fund Act | State Strategic Fund |

| | | | | | |
|----|-------------------|-----|------|---|-----------------------|
| 50 | 125.1971-125.1972 | 317 | 2006 | Michigan Strategic Fund Centers | State Strategic Fund |
| 51 | 207.801-207.810 | 24 | 1995 | Michigan Economic Growth Authority Act | State Venture Capital |
| 52 | 12.257 | 489 | 2000 | 21 st Century Jobs Trust Fund Act | State Venture Capital |
| 53 | 125.1221-125.1225 | 165 | 1975 | Division of Minority Business Enterprise | Tbd |
| 54 | 125.901-125.922 | 250 | 1941 | Urban Redevelopment Corporations Law | Urban Redevelopment |
| 55 | 125.801-125.814 | 56 | 1980 | Neighborhood Assistance and Participation Act | Urban Redevelopment |
| 56 | 125.2101-125.2123 | 224 | 1985 | Enterprise Zone Act | Urban Redevelopment |
| 57 | 125.2681-125.2696 | 376 | 1996 | Michigan Renaissance Zone Act | Urban Redevelopment |
| 58 | 421.221-421.229 | 48 | 1982 | Michigan Business and Industrial Training Act | Workforce Development |



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

APPENDIX B: Economic Development Statute Sections Impacted by the Single Business Tax (SBT) Repeal

| Section | Name Of Currently Existing Act |
|---------------|---|
| MCL 125.803 | Neighborhood Assistance and Participation Act (Excerpt) |
| MCL 125.2007 | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2063 | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2068 | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2069a | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2247 | Michigan Early Stage Venture Investment Act of 2003 (Excerpt) |
| MCL 125.2249 | Michigan Early Stage Venture Investment Act of 2003 (Excerpt) |
| MCL 125.2253 | Michigan Early Stage Venture Investment Act of 2003 (Excerpt) |
| MCL 125.2652 | Brownfield Redevelopment Financing Act (Excerpt) |
| MCL 125.2689 | Michigan Renaissance Zone Act (Excerpt) |
| MCL 125.2690 | Michigan Renaissance Zone Act (Excerpt) |
| MCL 125.2790 | Obsolete Property Rehabilitation Act (Excerpt) |
| MCL 207.561 | Plant Rehabilitation and Industrial Development Districts (Excerpt) |
| MCL 207.712 | Technology Park Development Act (Excerpt) |
| MCL 207.751 | Stadia or Convention Facility Development (Excerpt) |
| MCL 207.806 | Michigan Economic Growth Authority Act (Excerpt) |
| MCL 207.809 | Michigan Economic Growth Authority Act (Excerpt) |
| MCL 207.825 | Michigan Next Energy Authority Act (Excerpt) |
| MCL 445.2011 | Executive Reorganization Order (E.R.O.) No. 2003-1 (Excerpt) |



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

APPENDIX C: Economic Development Statute Sections Referencing Programs Possibly Impacted by State Proposal 06-2 (Prohibiting Certain Racial and Gender Preferences)

| Section | Name Of Currently Existing Act |
|--------------------------------|---|
| MCL 125.1221- MCL 125.1225 | Division of Minority Business Enterprise |
| MCL 125.807 | Neighborhood Assistance and Participation Act (Excerpt) |
| MCL 125.2007 | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2025 | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2034 | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2061- MCL 125.2069a | Michigan Strategic Fund Act (Excerpt) |
| MCL 125.2249 | Michigan Early Stage Venture Investment Act of 2003 (Excerpt) |



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

APPENDIX D: Economic Development Statute Sections Referencing Eminent Domain Powers Possibly Impacted by State Proposal 06-4

| Section | Name Of Currently Existing Act |
|----------------|--|
| MCL 125.2466 | Land Reclamation and Improvement Authority Act (Excerpt) |
| MCL 125.1608 | Economic Development Corporations Act (Excerpt) |
| MCL 125.1820 | The Tax Increment Finance Authority Act (Excerpt) |
| MCL 125.2587 | Empowerment Zone Development Corporation Act (Excerpt) |
| MCL 125.2627 | Enterprise Community Development Corporation Act (Excerpt) |
| MCL 120.102 | Hertel-Law-T. Stopczynski Port Authority Act (Excerpt) |
| MCL 125.2159 | The Local Development Financing Act (Excerpt) |
| MCL 125.2660 | Brownfield Redevelopment Financing Act (Excerpt) |
| MCL 125.2688b | Michigan Renaissance Zone Act (Excerpt) |



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

APPENDIX E: Michigan Economic Development Code (MEDC) Framework

Michigan Economic Development Code (MEDC)

Article I - General Provisions

Division I - Title

Division II - Legislative Findings

Division III

Short Title.

Repeal of Statute; Effect.

Heading or Title; Effect.

Members of Predecessor Agency; Powers.

Existing Rules; Effect.

Orders; Effect.

Editorial Changes; Effect; Intent.

Division IV - Definitions

Division V - Office of Chief Compliance Officer

Statutes:

1. PA 270 of 1984 - Michigan Strategic Fund Act (Excerpt) - Sec. 88i

Article II - State Michigan Strategic Fund To Promote Economic Competitiveness

Division I - State Strategic Fund

Statutes:

1. PA 270 of 1984 - Michigan Strategic Fund Act
2. PA 317 of 2006 - Michigan Strategic Fund Centers

Article III - Promoting the Michigan Agricultural Economy

Division I - State Promotion of Agricultural Value-Added Products

Statutes:

1. PA 322 of 2000 - Julian-Stille Value-Added Act
2. PA 451 of 1994 - Forest Finance Authority Act - Natural Resources and Environmental Protection Act (Excerpt MCL 324.50501)

Division II - Other State Activities Promoting the Agricultural Economy

[Reserved for future legislation or cross-reference to existing law not part of the Code.]

Article IV - Michigan Land Use Revitalization

Division I - Land Rehabilitation and Blight Reduction

Statutes:

1. PA 146 of 2000 - Obsolete Property Rehabilitation Act
2. PA 381 of 1996 - Brownfield Redevelopment Financing Act
3. PA 173 of 1992 - Land Reclamation and Improvement Authority Act
4. Portions of Statutes Included Elsewhere in the Code Involving Rehabilitation and Blight Reduction

Division II - Land Assembly

Statutes:

1. PA 258 of 2003 - Land Bank Fast Track Act
2. PA 260 of 2003 - Tax Reverted Clean Title Act
3. PA 171 of 1981 - Michigan Urban Land Assembly Act
4. Portions of Statutes Included Elsewhere in the Code Involving Land Assembly

Article V - Michigan International Trade Development

Division I - State Foreign Trade Infrastructure

Statutes:

1. PA 157 of 1986 - Michigan Export Development Act
2. PA 24 of 1968 - Division of International Commerce
3. PA 154 of 1963 - Foreign Trade Zones
4. PA 639 of 1978 - Hertel Stopczyznski Port Authority Act
5. Portions of Statutes Included Elsewhere in the Code Involving International Trade

Division II - State Agricultural Export Development

Statutes:

1. PA 23 of 1968 - Foreign Trade Branch of Department of Agriculture
2. PA 359 of 1990 - Michigan Farm Export Act

Article VI - Energy Source Development

Division I - State Encouragement of Alternative Energy Development

Statutes:

1. PA 593 of 2002 - Michigan Next Energy Authority Act
2. PA 272 of 2006 - Renewable Fuels Commission Act (Sunset 1/1/2010)

Division II - State Encouragement for Development of Products Enhancing Energy Efficiency

[Reserved for future legislation or cross-reference to existing law not part of the Code.]

Article VII - Encouraging Michigan as a Destination for Tourism, Conventions and the Film Industry

Division I - Promotion of Tourism

Part A: State Activities

Statutes:

1. PA 106 of 1945 - Michigan Tourism Policy Act

Part B: Local Activities

Statutes:

1. PA 244 of 1991 - Regional Tourism Marketing Act

Division II - Promotion of Michigan as a Convention Destination

Part A: State Activities

Statutes:

1. PA 106 of 1985 - State Convention Facility Development Act

Part B: Local Activities

Statutes:

1. PA 180 of 1991 - Stadia or Convention Facility Development
2. PA 383 of 1980 - Convention and Tourism Marketing Act
3. PA 203 of 1999 - Community Convention or Tourism Marketing Act

Division III - State Activities Promoting Film Industry Activity in Michigan

Statutes:

1. PA 63 of 2001 - History, Arts and Libraries Act
(Excerpt MCL 399.721-399.722)
2. PA 657 of 2006 - Use Tax Exemption for Motion Picture Industry Activities in Michigan

Article VIII - Local Economic Revitalization Authorities

Division I - Local Economic Development Corporations

Statute:

1. PA 338 of 1974 - Economic Development Corporations Act

Division II - Local Commercial Development Authorities

Statutes:

1. PA 197 of 1975 - Downtown Development Authority Act
2. PA 280 of 2005 - Corridor Improvement Authority Act
3. PA 59 of 1986 - Resort District Rehabilitation Act
4. PA 120 of 1961 - Principal Shopping Districts and Business Development Districts Act
5. PA 451 of 1994 - Waterfront Revitalization - Natural Resources and Environmental Protection Act (Excerpt MCL 324.79501)
6. PA 255 of 1978 - Commercial Redevelopment Act
7. PA 210 of 2005 - Commercial Rehabilitation Act

Division III - Local Industrial Redevelopment Authorities

1. PA 198 of 1974 - Plant Rehabilitation and Industrial Development Districts

Division IV - Urban Redevelopment

1. PA 250 of 1941 - Urban Redevelopment Corporations Law
2. PA 376 of 1996 - Michigan Renaissance Zone Act
3. PA 56 of 1980 - Neighborhood Assistance and Participation Act

Article IX - Michigan Infrastructure Development for Economic Growth

Statutes:

1. PA 385 of 1984 - Technology Park Development Act
2. PA 231 of 1987 - Transportation Economic Development Fund
3. PA 295 of 1976 - State Transportation Preservation Act of 1976 (Excerpt)
4. PA 49 of 2002 - Michigan Broadband Development Authority Act

Article X - Michigan Workforce Development

Statutes:

1. PA 489 of 2000 - 21st Century Jobs Trust Fund Act
2. PA 48 of 1982 - Michigan Business and Industrial Training Act

Article XI - Planning Michigan Economic Development

Statutes:

1. PA 46 of 1966 - County or Regional Development Commission
2. PA 116 of 1963 - Economic Expansion
3. PA 224 of 1985 - Enterprise Zone Act
4. PA 123 of 1995 - Enterprise Community Development Corporation Act
5. PA 75 of 1995 - Empowerment Zone Development Corporation Act
6. PA 89 of 1986 - Michigan BIDCO Act

Article XII - Financing Michigan Economic Development

Division I - Purposes

Division II - State Venture Capital

1. PA 198 of 1984 - Michigan Business Incubation Act
2. PA 24 of 1995 - Michigan Economic Growth Authority Act
3. PA 296 of 2003 - Michigan Early Stage Investment Act of 2003
4. PA 175 of 1982 - State Research Fund
5. PA 489 of 2000 - 21st Century Jobs Trust Fund Act
6. Portions of Statutes Included Elsewhere in the Code Involving Venture Capital

Division III - Conduit Financing

Part A: State- and Municipal-Chartered Corporations

Statutes:

1. Portions of Statutes Included Elsewhere in the Code Involving State-Level Conduit Bond Financing

Part B: Municipal-Chartered Corporations

Statutes:

1. PA 450 of 1980 - The Tax Increment Finance Authority Act
2. PA 281 of 1986 - The Local Development Finance Act
3. PA 62 of 1963 - Industrial Development Revenue Bond Act of 1963
4. Portions of Statutes Included Elsewhere in the Code Involving Local Conduit Bond Financing

Article XIII - Michigan and the Knowledge Economy - Reserved

Article XIV - Michigan Forest Economy - Reserved

Article XV - Michigan Affordable Health Care - Reserved

Article XVI - Repealer Section



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

APPENDIX F: Currently Existing State Entities With Responsibility for Economic Development Activities

Agencies and Authorities Within State Government as of December 2006

- Michigan Department of Agriculture
 - Renewable Fuels Commission
 - Agricultural Export Marketing
 - Michigan Agricultural Tourism Commission
- Michigan Department of Environmental Quality
 - Brownfield Redevelopment Board
- Michigan Department of Labor and Economic Growth
 - State Research Fund
 - Michigan Travel Commission
 - Michigan Broadband Authority
- Michigan Department of Management and Budget
 - Next Energy Authority
- Michigan Department of Natural Resources
 - Forest Finance Authority
- Michigan Department of Transportation
 - Transportation Economic Development Fund
- Michigan Department of History, Arts, and Libraries
 - Michigan Film Office
- Michigan Strategic Fund (MSF)
 - Michigan Export Development Authority (functions merged into MSF)
 - Michigan Economic Growth Authority (functions merged into MSF)
 - Michigan Strategic Fund Centers

Public Bodies Corporate

- Michigan Next Energy Authority - by statute - in Department of Management and Budget
- Michigan Economic Development Corporation
 - Strategic Economic Investment and Commercialization Board
 - 21st Century Job Fund
 - Michigan Life Science Pipeline
 - Travel Michigan

Nonprofits Created Pursuant to Statute

- Michigan Early Stage Venture Investment Corporation



MICHIGAN LAW REVISION COMMISSION

P.O. Box 30036, LANSING, MI 48909-7536

Web Site: <http://council.legislature.mi.gov/mlrcf.html>

APPENDIX G: Principal Executive Reorganization Orders Impacting the Original Legislative Organization of Economic Development Functions

| Section | Executive Order Year and Number |
|----------------|---|
| 447.212 | EXECUTIVE REORGANIZATION ORDER No. 1994 - 3 |
| 445.2001 | EXECUTIVE REORGANIZATION ORDER No. 1996 - 2 |
| 408.40 | EXECUTIVE REORGANIZATION ORDER No. 1999 - 1 |
| 445.2011 | EXECUTIVE REORGANIZATION ORDER No. 2003 - 1 |
| 125.1991 | EXECUTIVE REORGANIZATION ORDER No. 2006 - 1 |