

Legislative Analysis



INCLUDE "URBAN FOOD INITIATIVES" IN COMMUNITY REVITALIZATION PROGRAM

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House Bill 4207 as introduced
Sponsor: Rep. Andy Schor
Committee: Commerce and Trade
Complete to 3-10-17

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4207 would amend the Michigan Strategic Fund Act (MCL 125.2090a, b) to expand the definition of "eligible property" for community revitalization incentives to include property used for an **urban food initiative**, and require that at least 5% of community revitalization incentives be awarded to urban food initiatives. A more detailed description of the bill follows. An urban food initiative, generally, is a retail food outlet in a downtown area that sells unprocessed meat, fresh produce, and dairy products (full definition below).

DETAILED SUMMARY:

The Michigan Community Revitalization Program is administered by the Michigan Strategic Fund (MSF) in partnership with the Michigan Economic Development Corporation (MEDC). Eligible properties on which eligible investments are made qualify to apply for incentives that include grants, loans, or other economic assistance.

Currently, "eligible property" includes any of the following:

- Contaminated property.
- Blighted property.
- Functionally obsolete property.
- Property that is a historic resource.
- Property adjacent or contiguous to one of the above, if the development of the adjacent or contiguous parcel is estimated to increase the taxable value of the property described above.
- Any other property as determined by the MSF board if the development of the property will promote community revitalization.

HB 4207 would add property that "is used for an **urban food initiative**" to the above list, and would define "urban food initiative" as:

". . . property that will be used primarily as a retail supermarket, grocery store, produce market, or delicatessen that is located in a downtown area as determined by the board that offers unprocessed USDA-inspected mean and poultry products or meat products that carry the USDA organic seal, fresh fruits and vegetables, and dairy products for sale to the public."

The application for an urban food initiative project would stipulate that all applications are to be received by June 1 for that fiscal year. Beginning in FY 2017-2018, and each fiscal year thereafter, at least 5% of all community revitalization incentives would be required to be awarded to urban food initiatives. In the event that not enough projects were approved to meet that requirement, the MSF board would be able to use the funds for other eligible projects.

With the exception of the June 1 application deadline, proposals for urban food initiatives projects would still be subject to the existing application criteria, monetary and project limits, agreement standards, and disbursement mechanisms described for all revitalization grant applicants found in MCL 125.2090b, c, and d.

BACKGROUND:

Section 90 of the Michigan Strategic Fund Act provides community revitalization incentives for activities that "promote community revitalization [and] will accelerate private investment in areas of historical disinvestment, contribute to Michigan's reinvention as a vital, job-generating state, foster redevelopment of functionally obsolete properties, reduce blight, support the rehabilitation of historic resources, and protect the natural resources of this state and is a public purpose and of paramount concern in the interest of the health, safety, and general welfare of the citizens of this state."

FISCAL IMPACT:

House Bill 4207 would have no fiscal impact on state or local government. The provisions of the bill would authorize "urban food initiative" as an additional defined use of the funds appropriated for the Community Revitalization Program. Assuming there was sufficient demand, the bill would require at least 5% of the amount dedicated to the Community Revitalization Program to be used on urban food initiatives.

The amount available for the Community Revitalization Program is appropriated annually by the legislature in the Business Attraction and Community Revitalization line item in the Michigan Strategic Fund (MSF) budget. The MSF Board ultimately determines the distribution of the funds between the Michigan Business Development Program and the Community Revitalization Program. In FY 2015, the most recent year available, approximately \$49.4 million was awarded under the Community Revitalization Program. At this level of funding, approximately \$2.5 million would have been required for urban food initiatives.

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