



## MICHIGAN STRATEGIC FUND

### MEMORANDUM

**DATE:** April 1, 2024

**TO:** The Honorable Sarah Anthony, Chair  
Senate Appropriations Committee

The Honorable Jon Bumstead  
Minority Vice Chair  
Senate Appropriations Committee

The Honorable John Cherry, Chair  
Senate Appropriations Subcommittee on  
General Government

The Honorable Thomas Albert  
Minority Vice Chair  
Senate Appropriations Subcommittee on  
General Government

The Honorable Jim Haadsma, Chair  
Joint Committee on Administrative Rules

The Honorable Angela Witwer, Chair  
House Appropriations Committee

The Honorable Sarah Lightner  
Minority Vice Chair  
House Appropriations Committee

The Honorable Felicia Brabec, Chair  
House Appropriations Subcommittee on  
General Government

The Honorable Ann Bollin  
Minority Vice Chair  
House Appropriations Subcommittee on  
General Government

The Honorable Paul Wojno, Alternate Chair  
Joint Committee on Administrative Rules

**FROM:** Quentin L. Messer, Jr., President  
Michigan Strategic Fund

**SUBJECT:** CY 2023 Michigan Strategic Fund Specific Policy Change Report

Section 220 of Public Act 119 of 2023, the FY 2024 Omnibus Budget, requires a report on each specific policy change made to implement a public act affecting the department that took effect during the prior calendar year. Pursuant to this requirement, the CY 2023 policy changes impacting the Michigan Strategic Fund are attached.

Please contact our Office of Legislative Affairs at [medcgovrelations@michigan.org](mailto:medcgovrelations@michigan.org) if you have any questions. In addition, please do not hesitate to contact me at [messerq@michigan.org](mailto:messerq@michigan.org).

Attachment

cc: Members, Senate and House Appropriations Committees  
Members, Senate and House Appropriations Subcommittees on General Government  
Members, Senate Appropriations Subcommittee on Labor and Economic Opportunity/MEDC  
Members, House Appropriations Subcommittee on Labor and Economic Opportunity  
Members, Joint Committee on Administrative Rules  
Kathryn Summers, Director, Senate Fiscal Agency  
Mary Ann Cleary, Director, House Fiscal Agency

**Michigan Strategic Fund  
Specific Policy Change Report  
Calendar Year 2023**

Bill Number	Public Act Number	Effective Date	Subject	Policy Change
SB 129	90	7/19/2023	<b>Brownfield Tax Increment Financing:</b> The Act amends the Brownfield Redevelopment Financing Act to allow tax revenues captured from a brownfield property to be used for certain housing activities with the approval of the Michigan State Housing Development Authority (MSHDA)	No policy changes.
SB 130	91	7/19/2023	<b>Brownfield Tax Increment Financing:</b> The Act amends the General Property Tax Act to update a reference to sections of the Brownfield Redevelopment Financing Act to reflect changes that would be made by Senate Bill 129.	No policy changes.

SB 131	92	7/19/2023	<b>Brownfield Tax Increment Financing:</b> The Act amends the Use Tax Act to update a reference to a section of the Brownfield Redevelopment Financing Act to reflect changes that would be made by Senate Bill 129.	No policy changes.
SB 132	93	7/19/2023	<b>Brownfield Tax Increment Financing:</b> The Act amends the General Sales Tax Act to update a reference to a section of the Brownfield Redevelopment Financing Act to reflect changes that would be made by Senate Bill 129.	No policy changes.
SB 289	89	7/19/2023	<b>Brownfield Redevelopment Authority:</b> The Act amends the Brownfield Redevelopment Financing Act to allow a local brownfield redevelopment authority (BRA) to capture revenue from sales and use taxes to pay for eligible	In July 2023, the MSF Board amended the Transformational Brownfield Program guidelines to align with the legislative changes, as follow: <ul style="list-style-type: none"> <li>• The addition of Sales and Use Tax Capture as a revenue stream that may be requested for eligible activity reimbursement.</li> <li>• Inclusion of the new, tiered system that specifies the percentage of total TBPs to be approved in communities based on population ranges.</li> <li>• Inclusion of Sales and Use Tax Capture as a factor in determining the threshold for the third-party underwriting</li> </ul>

			<p>activities through the state’s transformational brownfield program. The bill would also increase the caps on annual and total allowable reimbursements and amend the population targets under the program.</p>	<p>analysis.</p> <ul style="list-style-type: none"> <li>• Inclusion of the requirement of any TBP requesting Sales and Use Tax Capture to undergo third-party verification of the proposed Sales and Use Tax assumptions.</li> <li>• Specification that a formal request for a TBP approval may not occur until the project’s financial analysis has been completed.</li> <li>• Inclusion of the condition that the start date of the three post-construction revenue streams may occur later than 5 years from MSF approval for a TBP that includes a related program of investment.</li> <li>• Recognition of the increase in the statutory program cap from \$1 billion to \$1.8 billion.</li> <li>• Recognition of the increase in the statutory program cap for post-construction tax capture from \$800 million to \$1.6 billion.</li> <li>• Recognition of the increased maximum annual rollover amounts available for commitment and disbursement of post construction revenues to \$80 million instead of \$40 million. In addition, the carry-over is not to exceed \$30 million over the \$80 million cap and cannot exceed the \$1.6 billion cap.</li> <li>• Removal of the projected sales and use tax exemptions from the \$200 million construction period tax capture revenue cap. In July 2023, additional changes were approved based on staff recommendation: <ul style="list-style-type: none"> <li>• Clarification of the administrative fee structure.</li> <li>• Replacement of eligible property descriptions with a reference to the section of the Act that defines eligible property.</li> <li>• Addition of the following considerations for layering of other MSF incentives with a TBP request: <ul style="list-style-type: none"> <li>• Additional MSF incentive requests must consist of no more than one incentive request per incentive program per TBP</li> </ul> </li> </ul> </li> </ul>
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				<p>request.</p> <ul style="list-style-type: none"> <li>• Additional incentive support must be presented at the same MSF Board meeting that the TBP request will be considered.</li> <li>• Clarification of what level of new development activity is required for an eligible property to be included in a TBP request.</li> <li>• Specification that the MSF may require a third-party underwriting analysis for any project if deemed necessary and appropriate.</li> <li>• Removal of the reservation of 15% of funding for communities with a population of 100,000 or less.</li> </ul> <p>In December 2023, the following administrative changes were approved by the MSF Board:</p> <ul style="list-style-type: none"> <li>• Removal of the condition that limits the number of Invitations to Apply based on how many projects in each population band have been approved by the MSF Board or currently under Invitation to Apply.</li> <li>• Clarification around the fees associated with the program.</li> <li>• Additional language describing TBP eligible property.</li> <li>• Corrections to the process steps.</li> </ul>
HB 4219	24	4/26/2023	<p><b>Michigan Strategic Fund Board:</b> The Acts amend the Michigan Strategic Fund Act to allow the minority leaders from both chambers of the state legislature to each appoint one member to the Michigan Strategic Fund (MSF) Board of Directors.</p>	<p>On June 8, 2023, Governor Whitmer appointed two new members of the Michigan Strategic Fund that were submitted by the Senate minority leader and House minority leader. In July 2023, to account for the increase in board membership, the MSF Board approved a revision to the charters to provide that each subcommittee “shall be comprised of at least three members but less than a quorum of the full MSF Board.” This language allows for board members appointed under MCL 125.2005(4) to be appointed to the subcommittees while also creating flexibility to adjust to any future changes in MSF Board membership without need of additional charter revisions.</p>

HB 4829	120	9/13/2023	<b>"The Mid" Brownfield Credit Expansion:</b> The Act amends the Michigan Business Tax Act, which deals with brownfield tax credits, to extend the time within which a development project in Detroit can be completed and still be eligible, without penalty, for preapproved brownfield tax credits.	No policy changes.
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