

House Bill 4698
Sponsor: Rep. Jason Allen
Committee: Commerce

Complete to 5-4-01

A SUMMARY OF HOUSE BILL 4698 AS INTRODUCED 5-2-01

Public Act 145 of 2000 amended the Brownfield Redevelopment Financing Act to allow a brownfield authority to capture school operating taxes for an expanded set of purposes. (Prior to this, these taxes could only be captured for certain environmental response activities.) These new purposes include a wide range of infrastructure improvements that directly benefit eligible property, the demolition of structures, lead and asbestos abatement, and site preparation. For an authority to use school operating taxes for such purposes, however, a work plan must be approved by the Michigan Economic Growth Authority (MEGA) and there must be an agreement between the municipality and the owner of the property. House Bill 4698 would make a number of amendments to the process by which MEGA evaluates these work plans.

- Currently, MEGA must provide a written response to a request for a work plan approval within 60 days. The bill would change this to 90 days.

- The act says MEGA must provide one of three written responses: an unconditional approval; a conditional approval; or a letter stating with specificity that the plan needs additions or changes before it can be evaluated. The bill would eliminate the third response and specifically allow MEGA the option of denying the work plan. If a work plan was denied, it could be resubmitted.

- The act currently provides only three criteria for the MEGA to consider in reviewing a work plan: whether the individual activities in the work plan are sufficient to complete the eligible activity; whether each individual activity is required to complete activity; and whether the cost for each activity is reasonable. The bill would add a list of other criteria. These would be essentially the same criteria used by MEGA and the state treasurer in deciding whether to approve a brownfield tax credit: the overall benefit to the public; the extent of reuse of vacant buildings and redevelopment of blighted property; the creation of jobs; whether the property was in an area of high unemployment; the level and extent of contamination to be alleviated; the level of private sector contribution; the cost gap between the site and a similar greenfield site; in cases in which a developer or occupant was moving from another location in the state, whether the move would create a brownfield; the financial soundness of the project participants and the economic soundness of the project; other state and local incentives available for the project; and any other criteria MEGA considered appropriate.

- Under the bill, MEGA could not approval more than 25 work plans per year under the section being amended.

- The bill also contains a provision that would permit a brownfield authority, for eligible activities conducted after December 31, 2000 and before the approval of a work plan, to use

- taxes levied for school operating purposes for those activities, if the work plan was approved before July 1, 2001.

[The infrastructure improvements that are eligible include a street, road, sidewalk, parking facility, pedestrian mall, alley, bridge, sewer, sewage treatment plant, property to reduce, eliminate, or reduce soil or groundwater contamination, drainage system, waterway, waterline, water storage facility, rail line, utility line or pipeline, or other similar related structure or improvement, together with necessary easements.]

MCL 125.2665

House Bill 4698 (5-4-01)

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.