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House Bill 4698 (Substitute S-1 as reported)

Sponsor: Representative Jason Allen

House Committee: Commerce

Senate Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to revise the responsibilities of the Michigan Economic Growth Authority (MEGA) in regard to work plans for eligible activities that involve the capture of school operating tax revenue. The bill would:

- Expand the criteria that MEGA must consider in its review of a work plan.
- Require MEGA to respond to a request for approval within 90, rather than 60, days.
- Authorize MEGA to deny a request.
- Limit the number of work plans proposing to capture school operating taxes that MEGA could approve, and provide that no such plan could be approved after December 31, 2002.
- Allow a brownfield authority, under certain circumstances, to use school operating taxes for eligible activities conducted before approval of a work plan.

Before January 1, 2003, MEGA could approve five work plans that would capture less than \$500,000 in taxes levied for school operating purposes, but could not approve more than three work plans that would capture \$500,000 or more but less than \$3 million, over the duration of the work plan. The Authority could not approve any work plan that proposed to capture \$3 million or more in school operating taxes over the duration of the work plan. After December 31, 2002, MEGA could not approve any work plan that would capture school operating taxes.

For two work plans that would capture less than \$500,000 in school operating taxes and for one work plan that would capture \$500,000 or more but less than \$3 million, a brownfield authority could use taxes levied for school operating purposes captured from eligible property for eligible activities conducted after September 30, 2000, and before approval of a work plan if the work plan were approved before September 30, 2001.

MCL 125.2665

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bill would amend provisions of the Brownfield Redevelopment Financing Act that were adopted by Public Act 145 of 2000, which has been in effect for about one year. Due to the short duration these latest changes have been in effect, there is not much information available on the fiscal impact they are having, or are likely to have in the future, on State and local governments. Given this lack of actual experience, it is difficult to estimate the fiscal impact of the changes proposed in this bill; however, due to provisions in this bill that would restrict both the number of work plans that could be approved by MEGA, and the amount of school taxes that could be captured by these projects, it appears that this bill would reduce the potential fiscal impact on State and local governments compared with current law.

Date Completed: 6-12-01

Fiscal Analyst: J. Wortley

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