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BILL ANALYSIS

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Senate Bill 1414 (as introduced 9-12-06)
Sponsor: Senator Jud Gilbert, II
Committee: Commerce

Date Completed: 9-19-06

CONTENT

The bill would amend the Michigan Renaissance Zone Act to require the State Administrative Board, when considering an additional renaissance zone for an agricultural processing, renewable energy, or forest products processing facility, to consider the creation of indirect jobs associated with the construction or expansion of the facility, and give preference to a business that committed to using firms located in the State. Additionally, the bill would require a facility to include the number of State residents it employed in its annual report to the Michigan Strategic Fund.

Under the Act, the State Administrative Board, upon recommendation of the board of the Michigan Strategic Fund, and upon the recommendation of the Agriculture Commission, may designate a maximum of 30 additional renaissance zones for agricultural processing facilities within the State in one or more cities, villages, and/or townships that consent to the creation of a renaissance zone for an agricultural processing facility within their boundaries. The State Administrative Board also may designate up to 10 additional renaissance zones for renewable energy facilities and 10 for forest products processing facilities within the State upon the recommendation of the Michigan Strategic Fund board, if the cities, villages, and/or townships consent.

The State Administrative Board must consider all of the following when designating a renaissance zone for an agricultural processing, renewable energy, or forest products processing facility:

- The economic impact on local suppliers who supply raw materials, goods, and services to the facility.
- The creation of jobs relative to the employment base of the community rather than the static number of jobs created.
- The viability of the project.
- The economic impact on the community in which the facility is located.

For a renewable energy or forest products processing facility, the Board also must consider whether the facility can be located in an existing, nonagricultural processing, renaissance zone. For an agricultural processing or renewable energy facility, the Board must consider, all other things being equal, giving preference to a business entity already located in the State.

The bill would require the Board also to consider the creation of indirect jobs associated with the construction or expansion of an agricultural processing, renewable energy, or forest

products processing facility. Additionally, the Board would have to consider, all other things being equal, giving preference to a business that committed to use firms located in the State to construct or expand the facility.

The Act requires that an agricultural processing, renewable energy, or forest products processing facility report annually to the Michigan Strategic Fund on all of the following:

- The amount of capital investment made at the facility.
- The number of individuals employed at the facility at the beginning and end of the reporting period as well as the number of individuals transferred to the facility from another one owned by the facility.
- The percentage of raw materials purchased in the State.

Under the bill, the report also would have to include the number of Michigan residents who were employed in the construction or expansion of the agricultural processing facility, the renewable energy facility, or the forest products processing facility.

MCL 125.2688 et al

BACKGROUND

The Michigan Renaissance Zone Act was enacted in 1996, authorizing the State Administrative Board to designate a limited number of renaissance zones to stimulate development in economically depressed areas. Renaissance zones are geographic areas that are virtually tax-free for any business or resident located in or moving into one of the zones. Businesses and residents in renaissance zones receive abatements from income, business, and property taxes.

Public Act 259 of 2000 authorized the Board to designate up to 10 additional renaissance zones for agricultural processing facilities. The number of authorized zones was increased from 10 to 20 in 2002, and Public Act 284 of 2006 increased the number to 30. Public Acts 270 and 305 of 2006 further amended the Renaissance Zone Act to provide for up to 10 additional renewable energy facilities zones and up to 10 additional forest products processing facilities zones, respectively.

Legislative Analyst: J.P Finet

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.