



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 47 (Substitute S-1 as reported)

Sponsor: Senator Jason E. Allen

Committee: Natural Resources and Environmental Affairs

CONTENT

The bill would create the "Water Resource Improvement Tax Increment Finance Authority Act" to do the following:

- Authorize a municipality (a city, village, or township) to establish a water resource improvement tax increment finance (TIF) authority by ordinance.
- Specify an authority board's powers, including the implementation of a development plan to improve water resource quality.
- Provide for the financing of authority activities, including borrowing money and issuing bonds.
- Allow an authority to prepare and submit to the municipality's governing body a TIF plan.
- Allow an authority to sell bonds to finance a TIF plan's development program.
- Specify requirements for an authority's budget approval process.
- Authorize the State Tax Commission to enforce and administer the proposed Act.
- Provide that a municipality could not create an authority or expand the boundaries of a development plan after December 31, 2011.

"Water resource improvement" would mean enhancement of water quality and water-dependent natural resources, including the elimination of the causes and proliferation of aquatic nuisance species, sewer systems that replace failing on-site disposal systems, and storm water systems. The term would not include chemical treatment of water for aquatic nuisance control.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Administrative costs of the State Tax Commission would be absorbed by existing staff.

The bill would have no effect on State revenue. The bill would potentially increase local unit revenue and expenditures by an unknown amount, depending on whether the expenditures would be made absent the bill and whether (and how much) the expenditures would increase property values above what would be realized absent the bill. The bill would have no effect on local school district revenue or School Aid Fund expenditures, or on any local unit that opted to exclude all or part of its taxes from capture. It is unknown what local units would choose to establish authorities under the bill.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 3-1-07

Fiscal Analyst: David Zin