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BILL ANALYSIS

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Senate Bill 407 (as introduced 4-18-07)

Sponsor: Senator Buzz Thomas

Committee: Economic Development and Regulatory Reform

Date Completed: 6-13-07

CONTENT

The bill would amend the Corridor Improvement Authority Act to do the following:

- Require a development area to meet a current requirement regarding the amount of ground floor commercial real property or to be located in Detroit, or both.**
- Allow, rather than require, a development area to include high-density residential use.**
- Require a development area to contain at least three, rather than five, contiguous acres if it did not contain at least 10 contiguous parcels.**

The Act allows a city, village, or township to establish a corridor improvement authority in order to redevelop its commercial corridors and promote economic growth; sets forth criteria for a development plan; provides for the financing of the authority's activities, and allows it to levy special assessments, borrow money, and issue revenue bonds; and allows the municipality to issue general obligation or tax increment bonds to finance the development plan or a tax increment financing plan.

If a municipality's governing body intends to establish a corridor improvement authority, it must adopt an ordinance creating the authority and designating the boundaries of the development area within which the authority will exercise its powers. The development area must comply with certain criteria, including that more than one-half of the existing ground floor square footage in the development area is classified as commercial real property under the General Property Tax Act. Under the bill, a development area would have to meet that requirement and/or be located in a city with a population of 700,000 or more. (Detroit is the only city of that size in Michigan.)

Another criterion requires the development area to contain at least 10 contiguous parcels or at least five contiguous acres. Under the bill, the development area would have to contain at least 10 contiguous parcels or at least three contiguous acres.

Also, the Act requires that a development area be zoned to allow for mixed use that includes high-density residential use. Under the bill, mixed-use *could* include high-density residential use.

MCL 125.2875

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no effect on State revenue or expenditures. The bill would reduce the growth in local unit revenue by an unknown amount, depending upon the specific characteristics of the property in the development areas allowed under the bill.

Fiscal Analyst: David Zin

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