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BILL ANALYSIS

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Senate Bill 588 (Substitute S-1 as reported)
Sponsor: Senator Buzz Thomas
Committee: Economic Development and Regulatory Reform

CONTENT

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

- Provide for a "qualified development area" in which tax increment revenue subject to capture could include taxes under the State Education Tax Act and taxes levied by local or intermediate school districts, with the approval of the Michigan Economic Growth Authority (MEGA).
- Make an exception for a qualified development area to a provision under which a taxing jurisdiction may exempt its taxes from capture under the Act.
- Allow the board of a corridor improvement authority to make certain improvements to a qualified development area and enter into a financing arrangement with a public or private person for costs associated with improvements.

"Qualified development area" would mean a development area located in a city with a population of 700,000 or more (Detroit) that contains at least 30 contiguous acres; was owned by the State on December 31, 2003, and conveyed to a private owner before June 30, 2004; and is zoned to allow for mixed use that includes commercial use and may include residential use. Construction would have to begin in the qualified development area within two years after the bill's effective date. A qualified development area would have to be adjacent to a Federally designated arterial or collector road, and be served by municipal water and sewer. Residential, commercial, or industrial use would have to have been allowed and/or conducted for the past 30 years, and the municipality would have to agree to expedite permitting and inspection processes and modify its master plan to provide for walkable nonmotorized interconnections.

MCL 125.2873 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce local school taxes as well as State education tax revenue to the School Aid Fund, and increase School Aid Fund expenditures, by an unknown amount. School Aid Fund expenditures would increase in order to maintain per-pupil funding guarantees given the reduction in local school taxes. By expanding the areas subject to the Act, the bill also would reduce the growth in local unit revenue by an unknown amount. The impact of any revenue reductions or increased expenditures would depend upon the specific characteristics of the property in the development area allowed under the bill.

Date Completed: 6-18-07

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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