



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 970 (Substitute S-1 as reported)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

CONTENT

The bill would amend the downtown development authority (DDA) Act to do the following:

- Allow the board of a DDA to create, operate, and fund retail business incubators.
- Require a DDA board to give preference to tenants who would provide goods or services that were unavailable or underserved in the downtown area, if it were the express determination of the board to create, operate, or fund a retail business incubator.
- Require the board and each tenant who leased space in a retail business incubator to enter into a contract that contained terms specified in the bill.
- Include a building used as a retail business incubator in the definition of "public facility".

The Act allows municipalities (cities, villages, and townships) to form DDAs in order to fund improvements to their business districts, and provides for the powers and duties of DDA boards. An authority may finance its activities by various methods, including tax increment financing (which "captures" tax revenue on the incremental increase in property values in the district).

MCL 125.1651 & 125.1657

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no impact on State revenue or expenditure. The bill would redirect any increase in property tax revenue (captured taxes) from local units to an authority, if the DDA engaged in tax increment financing. The amount of any such redirection is unknown and would depend upon the specific characteristics of any additional activities undertaken as a result of the bill.

Expanding the definition of "public facility" would increase taxes captured by authorities only to the extent that the changes represented additional expenditures an authority would make. To the extent that an authority chose to make expenditures on public facilities rather than on some other eligible expense, the change would have no fiscal impact.

The bill does not define "retail business incubator" and the term is not defined elsewhere in the DDA Act. An existing statutory definition of "business incubator" would not appear to be immediately applicable, because the definition requires the business to be located in a certified technology park—an area where retail businesses are unlikely to be located.

Date Completed: 3-10-08

Fiscal Analyst: David Zin