

Legislative Analysis



ALLOW MORE TAX-FREE RENAISSANCE ZONES FOR AGRICULTURAL PROCESSING FACILITIES

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House Bill 5086

Sponsor: Rep. Mike Simpson

Committee: Agriculture

Complete to 6-16-09

A SUMMARY OF HOUSE BILL 5086 AS INTRODUCED 6-11-09

The bill would amend the Michigan Renaissance Zone Act (MCL 125.2688c) to allow up to 40 tax-free renaissance zones for agricultural processing facilities in Michigan. Under current law, up to 30 such zones are permitted.

FISCAL IMPACT:

Renaissance zones offer tax exemptions to the qualified facilities operating within them. Taxes exempted include local real and personal property tax, the State Education Tax, the Michigan Business Tax, utility user taxes, and the personal income tax. Current law requires the state to reimburse many of the property taxes reduced as a result of renaissance zones.

House Bill 5086 would potentially reduce state and local property tax revenue by an indeterminate amount by allowing up to 10 additional renaissance zones for agricultural processing facilities. In addition, State School Aid Fund (SAF) expenditures would increase by an unknown amount to replace lost tax revenue for school operating purposes. The actual amount of reduction in tax revenues and the resulting increase in SAF expenditures would depend upon the characteristics of the new properties that would be included in the new renaissance zones.

BACKGROUND INFORMATION:

According to the Michigan Department of Agriculture's website, 21 processing facilities have been designated as of January 1, 2009. A map showing their names and locations can be found online at:

http://www.michigan.gov/documents/mda/MDA_Agri-Food_Industry_booklet_APRZ_page_275293_7.pdf

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