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BILL ANALYSIS

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Senate Bill 358 (as enacted) **PUBLIC ACT 161 of 2009**
Sponsor: Senator Roger Kahn, M.D.
Senate Committee: Economic Development and Regulatory Reform
House Committee: Commerce

Date Completed: 4-11-11

CONTENT

The bill amended the Local Development Financing Act to allow the Michigan Economic Development Corporation (MEDC) to designate two additional certified technology parks (also known as SmartZones) between June 1, 2009, and April 1, 2010. The MEDC could not accept applications for the additional certified technology parks until after June 1, 2009.

The Act allows a local government to create an authority to finance public improvements in a given area, or district, by capturing increases in property tax revenue due to increased value. A 2000 amendment allowed the MEDC to enter into agreements designating up to 10 authority districts as SmartZones. An amendment enacted in 2002 authorized the MEDC to designate five additional Smartzones, and a 2008 amendment authorized another three.

For the additional SmartZones designated under the 2002 and 2008 amendments, the State must reimburse intermediate and local school districts each year for all lost tax revenue that was captured by an authority. The State also must reimburse the School Aid Fund.

The bill extended these reimbursement requirements to the additional two certified technology parks that it authorized the MEDC to designate between June 1, 2009, and April 1, 2010.

The bill took effect on December 14, 2009.

(Public Act 162 of 2009, which also took effect on that date, amended the Local Development Financing Act to allow the designation of all or part of an authority district as a certified alternative energy park. Public Act 162 amended the same section as Public Act 161 but did not include the authorization for the MEDC to designate additional SmartZones, so the provisions enacted by Public Act 161 were repealed by Public Act 162.)

MCL 125.2162a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

If the bill's provisions had not been immediately repealed by Public Act 162 of 2009, the bill would have reduced State and local unit revenue and increased State expenditures by an unknown amount depending upon the number of additional properties affected, as well as their specific characteristics. State expenditures would have been increased because the State would have had to reimburse intermediate school districts, local school districts, and the School Aid Fund for revenue captured under the bill's provisions. Due to Public Act 162 of 2009, the bill had no fiscal impact.

Fiscal Analyst: David Zin

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