Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 428 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

CONTENT

The bill would amend the Local Development Financing Act to:

-- Allow the designation of all or part of an authority district as a certified alternative energy park.
-- Allow a municipality that created a local development financing authority to apply to the Michigan Economic Development Corporation (MEDC) for this designation.
-- Specify conditions that would have to be satisfied for the designation.
-- Specify requirements for an agreement between an authority, its municipality, and the MEDC establishing the conditions governing a certified alternative energy park.
-- Prohibit the MEDC from designating more than 10 certified alternative energy parks, or entering into an agreement for an alternative energy park after December 31, 2011.
-- Allow the sale or rental of property at below-market rates, if it would assist in increasing employment or private investment in a certified alternative energy park.
-- Allow a municipality in which a certified alternative energy park was located to make a tax pledge to support an authority's tax increment financing bonds.
-- Include costs related to certified alternative energy parks in the Act's definition of "public facility".
-- Allow a municipality to establish not more than one certified technology park and not more than one certified alternative energy park under the Act.
-- Include all townships, rather than just urban townships, in the Act's definition of "municipality" for purposes of creating and operating a certified alternative energy park.

The bill is tie-barred to Senate Bills 358 and 493 and House Bill 4674. Senate Bill 358 would amend the Local Development Financing Act to allow the MEDC to designate two additional certified technology parks (SmartZones) between June 1, 2009, and December 31, 2009. Senate Bill 493 and House Bill 4674 would amend the Michigan Business Tax Act to revise provisions granting tax credits to anchor companies.

MCL 125.2152 et al. Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State and local unit revenue and increase State expenditures by an unknown amount depending upon the number of additional properties affected, as well as their specific characteristics. State expenditures would be increased in order to maintain per-pupil funding guarantees for locally captured operating mills.

The Treasury Department estimates that during FY 2008-09, local units will receive $310.0 million less revenue due to various existing tax capture provisions (and affected properties) similar to those in the bill. Affected local units include cities and counties, as well as other entities with the ability to levy property taxes, such as library and transportation authorities.

Date Completed: 6-17-09 Fiscal Analyst: David Zin