



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 1135 (as reported without amendment)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

(as enrolled)

Date Completed: 2-24-10

RATIONALE

In order to help Michigan's tool and die companies survive in the face of global competition, Public Act 266 of 2003 amended the Michigan Renaissance Zone Act to allow the designation of up to 20 tool and die renaissance recovery zones. Public Act 276 of 2005 increased the maximum number of these zones to 25, and Public Act 495 of 2008 raised it to 35. Another provision of the Michigan Renaissance Zone Act allows the Michigan Strategic Fund (MSF) board to combine existing recovery zones for tool and die businesses and designate additional zones, as long as the maximum allowable number of zones is not exceeded, but this provision refers to 25 zones. It has been suggested that this language be brought into conformity with the changes made in 2008.

CONTENT

The bill would amend the Michigan Renaissance Zone Act to refer to the maximum 35 tool and die renaissance recovery zones allowed under a 2008 amendment to the Act, rather than the maximum 25 recovery zones previously allowed.

The Act allows the MSF to designate tool and die renaissance recovery zones within Michigan in one or more cities, villages, or townships, if the local unit or a combination of them consents to the creation of a recovery zone. Public Act 495 of 2008 amended the Act to increase from 25 to 35 the maximum number of tool and die renaissance recovery zones that the MSF board may designate.

The Act also allows the MSF board to combine existing recovery zones that consist solely of tool and die businesses that are parties to the same qualified collaborative agreement. Where two or more recovery zones have been combined, the MSF board may continue to designate additional recovery zones as long as not more than the maximum number of zones exist at one time. That provision refers to not more than 25 tool and die recovery zones. The bill would refer to 35, rather than 25, recovery zones.

MCL 125.2688d

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Tool and die renaissance recovery zones have been successful in stabilizing the tool and die industry in Michigan. While the tooling industry struggles to remain competitive in a global market, recovery zones provide opportunities for retention of industrial jobs in Michigan that pay well. Competing with operations in China and other rapidly developing nations continues to be a challenge for Michigan tool and die businesses, and expanding the State's tool and die renaissance recovery zone program, as Public Act 495 of 2008 did, will help them to meet that challenge. The 2008 legislation authorized the MSF board to designate up to 35 tool and die recovery zones, but another provision allowing some zones to be combined and additional zones to be

designated still refers to the previously allowed 25 zones. By making those two provisions consistent, the bill would ensure that the program continues to benefit Michigan small businesses.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Eric Scorsone

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.