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BILL ANALYSIS



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Senate Bill 218 (as enacted)
Sponsor: Senator Goeff Hansen
Senate Committee: Outdoor Recreation and Tourism
House Committee: Natural Resources

PUBLIC ACT 25 of 2013

Date Completed: 7-29-15

CONTENT

The bill amended the Water Resource Improvement Tax Increment Finance Authority (TIFA) Act to do the following:

- **Include dredging and other activities that enhance a waterway's navigability among the water resource improvements that may be financed under the Act.**
- **Include the shoreline of a Great Lakes harbor, as well as connected land and tributaries, in the definition of "water resource improvement district".**
- **Authorize a TIFA board to implement water resource improvements in harbors of the Great Lakes and their tributaries.**

The bill also repealed Section 24 of the Act, which prohibited a municipality from creating a water resource improvement TIFA or expanding the boundaries of a development plan after December 31, 2011.

The bill took effect on August 9, 2013.

The Act allows the governing body of a municipality (a city, village, or township) to establish a water resource improvement TIFA within the boundaries of a designated water resource improvement district. The authority may finance the costs of water resource improvements in various ways, including tax increment financing (which "captures" tax revenue from the incremental increase in the value of property in a development area); the issuance of revenue bonds and notes; and special assessments. If an authority decides to finance a project through the use of revenue bonds or tax increment financing, it must prepare a development plan, or a tax increment financing plan that includes a development plan. If the governing body of the municipality determines after a public hearing that the plan constitutes a public purpose, the governing body must approve or reject the plan or approve it with modification.

"Water resource improvement" means enhancement of water quality and water dependent natural resources, including the following:

- Sewer systems that service existing structures that have failing on-site disposal systems.
- Storm water systems that service existing infrastructure.
- The elimination of the causes and the proliferation of aquatic nuisance species.

The bill included in the definition dredging, removal of spoils, or other improvements or maintenance activities that enhance navigability of a waterway. The bill also eliminated a

provision that excluded from the definition chemical treatment of water for aquatic nuisance control.

"Water resource improvement district" means one or both of the following:

- An inland body of water and land that is up to one mile from the shoreline of an inland lake that contains at least one public access point.
- An inland body of water and parcels of land that are contiguous to the shoreline of an inland lake that does not contain a public access point.

Under the bill, the term also includes the shoreline of a harbor on a Great Lake and one or more of the following:

- Land up to one mile from the harbor's shoreline.
- A tributary to that harbor up to five miles upstream from the harbor's shoreline.
- Land up to one mile from each bank of the tributary.

The bill authorizes a TIFA board to plan and implement water resource improvements in harbors of the Great Lakes and their tributaries, including dredging, removal of spoils, and other improvements or maintenance activities that enhance navigability of a waterway. The bill also allows a TIFA board to apply for the necessary State and Federal permits required for a public facility or a water resource improvement under the Act.

MCL 125.1773 & 125.1780

Legislative Analyst: Julie Cassidy
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FISCAL IMPACT

The bill's impact on local units of government is indeterminate. The bill not only allows the creation and/or expansion of existing plan areas, but also expands the purposes for which an authority may be organized or the activities allowed under a plan. The amount of revenue captured by an authority will depend on the specific characteristics of the authority and any applicable plans, as well as the specific characteristics of the properties within the development area. Generally, the bill will divert to an authority revenue that a local unit otherwise would receive. In some cases, the diversion might affect multiple local units at once, such as both a city and a library.

Fiscal Analyst: Elizabeth Pratt

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