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**BILL ANALYSIS**

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Senate Bill 218 (as introduced 2-26-13)  
Sponsor: Senator Goeff Hansen  
Committee: Outdoor Recreation and Tourism

Date Completed: 3-5-13

**CONTENT**

**The bill would amend 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".**
- **Delete the exclusion of chemical treatment for aquatic nuisance control, from water resource improvements eligible for financing.**

**The bill also would repeal a section prohibiting the creation of a water resource improvement TIFA or the expansion of a TIFA's development plan after December 31, 2011.**

The Act allows the governing body of a municipality (i.e., 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.

"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 would include in the definition dredging, removal of spoils, or other improvements or maintenance activities that enhance navigability of a waterway. The bill also would eliminate a provision excluding 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 would include 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 would authorize 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 would repeal Section 24 of the Act, which prohibits a municipality from creating a water resource improvement TIFA or expanding the boundaries of a development plan after December 31, 2011.

(Under the Act, if an authority board decides to finance a project in a designated development area through use of revenue bonds or tax increment financing, it must prepare a development plan that includes, among other information, the designation of the boundaries of the development area in relation to highways, streets, streams, lakes, other bodies of water, or otherwise. After the municipality's governing body holds a public hearing on the plan, if it is determined that the plan constitutes a public purpose, the governing body must by ordinance approve or reject the plan, or approve it with modification.)

MCL 125.1773 et al.

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would have an indeterminate impact on local units of government. The bill not only would allow the creation and/or expansion of existing plan areas, but also would expand the purposes for which an authority may be organized or the activities allowed under a plan. The amount of revenue captured by an authority would 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 would divert to an authority revenue that a local unit otherwise would receive. In some cases, the diversion could affect multiple local units at once, such as both a city and a library.

Fiscal Analyst: David Zin

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