



Senate Fiscal Agency
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Senate Bill 129 (Substitute S-3 as reported)
Senate Bills 130 through 132 (as reported without amendment)
Sponsor: Senator Sam Singh (S.B. 129)
Senator Kristen McDonald Rivet (S.B. 130)
Senator Mary Cavanaugh (S.B. 131)
Senator Sue Shink (S.B. 132)
Committee: Housing and Human Services

CONTENT

Senate Bill 129 (S-3) would amend the Brownfield Redevelopment Financing Act to do the following:

- Modify the definition of eligible activities to include housing development activities.
- Allow the State Brownfield Redevelopment Fund to be used to distribute revenue deposited into the Fund from a brownfield redevelopment plan that included housing development activities and that was approved by the Michigan State Housing Development Authority (MSHDA) to the Housing Development Fund.
- Allow MSHDA to approve combined brownfield plans or work plans.
- Allow the tax from the school operating tax to be exempt from capture if there were another approved local contribution to the project that provided a value reasonably equivalently to that percentage of local capture.
- Specify that if a work plan or combined brownfield plan were requesting reimbursement for housing development activities, the work plan or combined brownfield plan would have to be approved by MSHDA unless the housing property for which the development activities were identified under the plan were sold or rented at a market rate and would not be subsidized.
- Increase the amount for reasonable costs of brownfield plan or work plan implementation from \$30,000 to \$50,000.
- Increase the amounts of tax increment revenue attributable to local taxes that an authority could use in each fiscal year.
- Require a brownfield redevelopment authority to report specified information to MSHDA.

Senate Bill 130 would amend the General Property Tax Act to change a citation to a Michigan Compiled Laws (MCL) section that Senate Bill 129 would amend.

Senate Bill 131 would amend the Use Tax Act to change citations to an MCL section that Senate Bill 129 would amend.

Senate Bill 132 would amend the General Sales Tax Act to change citations to an MCL section that Senate Bill 129 would amend.

Senate Bills 130, 131, and 132 are tie barred to Senate Bill 129.

MCL 125.2652 et al. (S.B. 129)
211.7gg (S.B. 130)
205.94dd (S.B.131)
205.54d (S.B. 132)

BRIEF RATIONALE

Generally, brownfields are previously developed sites that have barriers to redevelopment due to contamination or blight. According to testimony before the Senate Committee on Housing and Human Services, the State needs more resources to address housing gaps. Accordingly, it has been suggested that the Brownfield Redevelopment Financing Act be amended to expand the use of tax increment financing for brownfield redevelopment of housing.

Legislative Analyst: Eleni Lionas

FISCAL IMPACT

Senate Bill 129 (S-3) would have an indeterminate negative fiscal impact on State and local tax revenue through a potential increase in eligible brownfield redevelopment projects. Through tax increment financing, the bill would allow for certain tax revenue from brownfield projects to be reverted to the developer to reimburse them for the development activities specified in the bill. Therefore, the bill likely would decrease State and local tax revenue and reduce the overall revenue for the School Aid Fund through a decrease in the State Education Tax.

The bills also would have an indeterminate fiscal impact on EGLE. The bill likely would result in an overall increase in the number of eligible brownfield redevelopment projects. Because EGLE has review and permitting roles throughout the progress of a brownfield redevelopment project, an increase in eligible projects could result in an increase in labor and costs for EGLE. However, the extent of any cost increase is indeterminate, as the extent of the increase in projects is unknown.

The bill also would have a small negative impact on MSHDA within the Department of Labor and Economic Development. As the bill would move program administration from LEO to MSHDA, the net impact on the Department would be zero; however, MSHDA could see some increased administrative costs for new tasks and reporting requirements under the bill.

Senate Bill 130 would have no fiscal impact on State or local government.

Senate Bills 131 and 132 would have no fiscal impact on State or local government. The bills' proposed changes would amend references to sections that would be modified by Senate Bill 129, to which the bills are tie-barred.

Date Completed: 3-23-23

Fiscal Analyst: Bobby Canell
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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.