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BILL ANALYSIS

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Senate Bill 774 (as enrolled)

**PUBLIC ACT 365 of 2004**

Sponsor: Senator Virg Bernero

Senate Committee: Economic Development, Small Business and Regulatory Reform

House Committee: Commerce

Date Completed: 2-22-05

**RATIONALE**

Under the Local Development Financing Act, a local government may create a local development financing authority to finance public improvements in a given area, by capturing increases in property tax revenue due to increased value. Public Act 248 of 2000 amended the Act to allow the Michigan Economic Development Corporation (MEDC), until December 31, 2002, to enter into agreements designating certified technology parks (also known as SmartZones) in municipalities that had created an authority, if they applied to the MEDC and satisfied certain criteria. Several SmartZones were created around the State. The communities interested in creating SmartZones included the Cities of East Lansing and Lansing, which had proposed to apply jointly to the MEDC for a SmartZone designation. Evidently, however, although both cities adopted a resolution of interest in 2002, it was not possible to complete negotiations before the deadline. It was suggested that the deadline should be extended to permit the creation of this SmartZone.

**CONTENT**

The bill amended the Local Development Financing Act to allow the Michigan Economic Development Corporation, until December 31, 2005, to enter into an agreement with a municipality that had adopted a resolution of interest to create a certified technology park before December 31, 2002.

The bill took effect on October 7, 2004.

MCL 125.2162a

**BACKGROUND**

The MEDC website ([www.medc.michigan.gov](http://www.medc.michigan.gov)) describes SmartZones as follows:

"Michigan SmartZones are collaborations between universities, industry, research organizations, government, and other community institutions intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses, those primarily focused on commercializing ideas, patents, and other opportunities surrounding corporate, university or private research institute R&D efforts.

"SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers can locate in close proximity to all of the community assets that will assist in their endeavors."

**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**

Michigan must compete with other states for high-technology companies and their jobs. To do so effectively, the State provided for the creation of certified technology parks, or SmartZones, where local communities and nearby educational and research institutions may collaborate to attract high-tech firms. Nearly a dozen SmartZones were created throughout the State, in communities ranging from Wayne County to Houghton. A proposal to create a zone jointly by East Lansing and Lansing, however, failed to materialize

because the deadline in the Act passed before the process could be completed.

By extending the deadline, the bill gives the cities additional time to finalize negotiations within the community and enter into an agreement with the MEDC to create a SmartZone. Once the SmartZone is established, the area will have an additional economic development tool to attract high-technology industries, which will help the community to diversify its economic base, encourage new capital investment, and add high-paying jobs.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill will reduce potential increases in State and local revenue by a negligible amount. State revenue will be affected because certified technology parks may capture a portion of the State education tax on the increased value of the property.

Fiscal Analyst: David Zin

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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.