



Senate Fiscal Agency  
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**BILL ANALYSIS**

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Senate Bill 1240 (Substitute S-1 as passed by the Senate)

Sponsor: Senator Tom George

Committee: Commerce and Labor

Date Completed: 6-4-04

**RATIONALE**

The downtown development authority (DDA) Act was enacted in 1985 to promote economic growth in downtown areas across Michigan. The Act permits a city, village, or township, by ordinance, to create an authority and establish a downtown district, in order to "capture" the incremental growth in tax revenue on property within the district, for use in financing a variety of public improvements in that area. The Act also authorizes the board of a DDA to engage in certain activities, including planning and proposing the construction, renovation, repair, rehabilitation, or preservation of a "public facility" (e.g., a street, pedestrian mall, park, parking facility, recreational facility, waterway, bridge, or building), and implementing a plan of development in the district. Some people believe that promoting a DDA and the businesses in its downtown district through marketing initiatives, and contracting for the provision of broadband or wireless technology within the downtown district, also could foster economic growth in local communities.

**CONTENT**

The bill would amend the downtown development authority Act to add both of the following to the list of authorized DDA board activities:

- Creating, operating, and funding marketing initiatives that benefited the downtown district.
- Contracting for broadband service and wireless technology service in the downtown district.

MCL 125.1651 & 125.1657

**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**

The DDA Act was implemented almost 20 years ago to promote economic development in the downtown areas of Michigan's cities, villages, and townships. While DDAs have had a degree of success in funding various projects and activities in downtowns, they currently are not authorized to promote their downtown districts through marketing efforts. By permitting DDA boards to create, operate, and fund marketing initiatives to benefit downtown districts, the bill would further the Act's purpose of empowering authorities to promote economic growth in Michigan communities. Under the bill, DDAs could promote events, such as downtown festivals or special sales, as well attributes of their downtown districts, such as parks, plazas, or convenient parking.

**Supporting Argument**

There have been considerable advancements in communication technology since the enactment of the DDA Act. In recent years, the availability of broadband service or wireless communication technology has been widely touted both for the value of the technology to business operators and for its attractiveness and convenience to consumers. Allowing a DDA board to contract for the provision of broadband service and wireless technology could enhance the success of a downtown district, by encouraging businesses that rely on

those services to locate downtown, and attracting individuals to stores and shops, such as cyber-cafes, that would make this technology available to their customers.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have an unknown, and likely minimal, fiscal impact on affected local units of government and little to no fiscal impact on State government. It is unknown how many DDAs would pursue marketing initiatives or contracts for broadband or wireless technology service as allowed under the bill or how successful such initiatives or contracts would be in benefiting downtown districts. To the extent that such initiatives or contracts were successful, the increase in allowed expenses would be partially or completely offset by higher tax revenue.

This analysis is preliminary and will be revised as new information becomes available.

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.