



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 1453 (Substitute S-1 as reported)
Sponsor: Senator Alan L. Cropsey
Committee: Commerce and Labor

CONTENT

The bill would amend the Michigan Renaissance Zone Act to authorize the board of the Michigan Strategic Fund to designate up to six, rather than five, renaissance zones; allow the board to designate one renaissance zone as a "redevelopment renaissance zone"; and exclude residents and businesses in a redevelopment renaissance zone from some of the tax exemptions available in a renaissance zone. A redevelopment renaissance zone would have to promote the development of existing industrial facilities.

"Redevelopment renaissance zone" would mean a renaissance zone that contains an industrial site of 200 or more acres, and is located in a city with a population of more than 7,500 and less than 8,500 and in a county with a population of more than 60,000 and less than 70,000 (i.e., the City of Greenville in Montcalm County).

Under the Act, businesses and residents within a renaissance zone are eligible for certain tax exemptions and credits, including exemptions from the single business tax, the State income tax, a city income tax, and property taxes. Under the bill, a resident of or a business located and conducting business activity in a redevelopment renaissance zone would not be eligible for the city income tax exemption or the property tax exemption.

MCL 125.2688a & 125.2689

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill likely would reduce State General Fund revenue by an unknown amount. It is unknown if the Michigan Strategic Fund board would choose to create a redevelopment renaissance zone, or if a qualified local community would seek such a designation. If a zone were designated, the degree of revenue loss would depend on the types of economic activity occurring within the zone, as well as the degree to which the activity would occur if the bill were not adopted.

Based on the 2000 Federal decennial census, the only city that would qualify for a redevelopment renaissance zone designation is Greenville, in Montcalm County. The bill would not require the indicated population requirements be those established by the 2000 Federal census, so it is possible that additional communities could qualify in the future, if they also created an industrial site comprising 200 or more acres. However, the bill would allow the designation of only one redevelopment renaissance zone, so if Greenville received the designation, other communities could not even if they met the criteria.

The bill likely would increase local unit revenue, although only under the assumption that there would be greater economic activity within the zone as a result of the bill. The bill also could increase certain State tax revenue under a similar assumption. The net effect of the exemptions and these secondary effects is unknown.

Date Completed: 11-5-04

Fiscal Analyst: David Zin