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## BILL ANALYSIS

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Senate Bill 1453 (as introduced 10-6-04)  
Sponsor: Senator Alan L. Cropsey  
Committee: Commerce and Labor

Date Completed: 11-3-04

**CONTENT**

**The bill would amend the Michigan Renaissance Zone Act to do all of the following:**

- Increase by one the number of renaissance zones that the board of the Michigan Strategic Fund (MSF) may designate.**
- Allow the MSF board to designate one renaissance zone as a "redevelopment renaissance zone".**
- Exclude residents and businesses in a redevelopment renaissance zone from some of the tax exemptions available in a renaissance zone.**

"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).

The Act allows the State Administrative Board to designate certain renaissance zones, and allows the MSF board to designate up to five additional renaissance zones. The MSF board may designate one of the five additional renaissance zones as an alternative energy zone, to promote and increase research, development and manufacturing of alternative energy technology. The board also may designate one of the five zones as a pharmaceutical renaissance zone, to promote and increase the research, development, and manufacturing of pharmaceutical products by an eligible pharmaceutical company. Under the bill, the MSF board could designate up to six, rather than five, additional renaissance zones and could designate one of those six as a redevelopment renaissance zone. A redevelopment renaissance zone would have to promote the development of existing industrial facilities.

Under the Act, within an area designated as a renaissance zone, businesses and residents 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 board of the Michigan Strategic Fund would choose to exercise the option to

create a redevelopment renaissance zone, as the bill would allow, or if a qualified local community would seek such a designation. Assuming a zone was 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 would be the City of 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 under the bill in the future, assuming 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 receive the designation even if they met the population and acreage requirements.

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.

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

Fiscal Analyst: David Zin