

## **BROWNFIELD AMENDMENTS**

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**Senate Bill 482 (Substitute H-1)**

**Sponsor: Sen. Jason E. Allen**

**House Committee: Commerce**

**Senate Committee: Economic Development, Small Business, and Regulatory Reform**

**Complete to 6-29-05**

## **A SUMMARY OF SENATE BILL 482 AS REPORTED FROM HOUSE COMMITTEE**

The bill would amend the Brownfield Redevelopment Financing Act in two ways.

1) The bill would allow a brownfield authority to include interest in a reimbursement for an advance made by a municipality, a land bank fast track authority, or other entity for costs of eligible activities. [Section 7(3) of the act allows a municipality to transfer funds to an authority or to another person on behalf of the authority in anticipation of repayment by the authority.]

2) The bill would include in the definition of eligible activities certain activities at a landfill facility area of 140 or more contiguous acres located in a city and where the landfill area contains a landfill, a material recycling center, and an asphalt plant that are no longer in operation.

The activities would include infrastructure improvements directly benefiting the property; the demolition of structures that does not count as a response activity under the Natural Resources and Environmental Protection Act; lead or asbestos abatement; and site preparation that is not response activity under NREPA. Captured school taxes could not be used for these activities.

If a brownfield authority board implements or modifies a plan that contains the landfill area component, the governing body would have to mail notice to each taxing jurisdiction levying ad valorem property taxes in the municipality. The governing body of a taxing jurisdiction could, by resolution, exempt its taxes from capture; it would have to act no later than 60 days after receiving notice.

## **FISCAL IMPACT:**

Both the state and its local units of government will lose an indeterminate amount of revenue under this proposal. This bill increases the amount of property tax revenue to be captured to cover additional interest cost which now may be paid to a municipality or the Land Bank Fast Tract Authority that had made an advance to a brownfield authority. To the extent the property taxes include school taxes, the state will need to replace any lost School Aid Fund revenue to maintain guaranteed per-pupil funding. The amount is

indeterminate because of the difficulty in estimating the number of eligible properties, and the resulting interest charges.

The provision allowing certain landfills to qualify under a brownfield program would result in the capture of local property taxes. However, affected units could prevent their taxes from being captured, and school operating taxes could not be captured for eligible activities at the landfill area.

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