

FOREST PRODUCT RENAISSANCE ZONES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 919

Sponsor: Sen. Patricia Birkholz

House Committee: Conservation, Forestry, and Outdoor Recreation

Senate Committee: Agriculture, Forestry, and Tourism

Complete to 6-14-06

A SUMMARY OF SENATE BILL 919 (S-4) AS PASSED BY THE SENATE 5-23-06

Senate Bill 919 (S-4) would amend the Michigan Renaissance Zone Act to allow the designation of 10 additional renaissance zones for forest products processing facilities. The bill is tie-barred to House Bill 5456, so that Senate Bill 919 could not go into effect unless House Bill 5456 were also enacted into law.

Generally speaking, individuals and businesses located within renaissance zones are exempt from income, business, and property taxes.

[House Bill 5456 would define the term "forest products processing facility" as one or more facilities or operations that transform, package, sort, recycle, or grade forest or paper products into goods that are used for intermediate or final use or consumption, or for the creation of biomass or alternative fuels through the use of forest products or forest residue, and surrounding property. "Forest products processing facility" would not include an existing facility or operation located in this state that relocated to a forest products processing facility renaissance zone, and would not include a facility or operation that engaged primarily in retail sales.]

The bill would allow the State Administrative Board, upon the recommendation of the board of the Michigan Strategic Fund, to designate up to 10 additional renaissance zones for forest products processing facilities within the state in one or more cities, villages, or townships with the consent of the city, village, or township in which a renaissance zone would be located. The Administrative Board could designate up to five renaissance zones for forest products processing facilities each year until the maximum number was met. Each renaissance zone designated for a forest products processing facility would have to be one continuous, distinct geographic area.

In designating a renaissance zone, the board would have to consider the economic impact on local suppliers of raw materials, goods, and services to the forest processing facility; the creation of jobs relative to the community's employment base, rather than the static number of jobs created; the project's viability; the economic impact on the community; and whether the forest products processing facility could be located in an existing Renaissance Zone.

The board could revoke the designation of all or a portion of a renaissance zone for a forest products processing facility if it failed to begin operation, ceased operation, or failed to commence construction or renovation within one year of the designation of the renaissance zone.

The State Administrative Board would have to require a written development agreement between the Michigan Strategic Fund and a forest products processing facility. As used in the legislation, "development agreement" means a written agreement between the Michigan Strategic Fund and the forest products processing facility that includes but is not limited to all of the following:

- 1) A requirement that the facility complies with all state and local laws.
- 2) A requirement that the forest product processing facility report annually to the Michigan Strategic Fund on the amount of capital investment made at the facility; the number of individuals employed at the facility at the beginning and end of the reporting period, as well as the number of individuals transferred to the facility from another facility owned by the forest products processing facility; and the percentage of raw materials purchased in this state. In addition, the development agreement would have to meet any other conditions reasonably required by the Michigan Strategic Fund.

FISCAL IMPACT:

Senate Bill 919 would reduce state and local revenue by an unknown amount. Without knowing when and where the additional Renaissance zones would be located, the fiscal impact cannot be determined.

Legislative Analyst: J. Hunault
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.