



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 482 (as introduced 5-10-05)

Sponsor: Senator Jason E. Allen

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 6-1-05

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to allow tax increment revenue related to a brownfield plan to be used for the reasonable costs of financing eligible activities.

The Act defines "eligible activities" as baseline environmental assessment activities; due care activities; and additional response activities. Eligible activities also include activities on eligible property that is or was used for commercial, industrial, or residential purposes that is in a qualified local governmental unit, or that is owned or under the control of a land bank fast track authority, and is a facility (a site of a hazardous substance release), functionally obsolete, or blighted, and the following activities:

- Infrastructure improvements that directly benefit eligible property.
- Demolition of structures that is not response activity as defined in Section 20101 of the Natural Resources and Environmental Protection Act (NREPA).
- Lead or asbestos abatement.
- Site preparation that is not response activity under Section 20101 of NREPA.
- Assistance to a land bank fast track authority in clearing or quieting title to, or selling or otherwise conveying, property owned or under the control of a land bank fast track authority.
- Relocation of public buildings or operations for economic development purposes with prior approval of the Michigan Economic Development Authority.

Under the bill, "eligible activities" would include the reasonable costs of financing the activities described above.

(Section 20101 of NREPA defines "response activity" as evaluation, interim response activity, remedial action, demolition, or the taking of other actions necessary to protect the public health, safety, or welfare, or the environment or the natural resources. Response activity also includes health assessments or health effect studies carried out under the supervision, or with the approval, of the Department of Community Health and enforcement actions related to any response activity.)

MCL 125.2652 & 125.2663

BACKGROUND

The Brownfield Redevelopment Financing Act allows municipalities to establish brownfield redevelopment zones and brownfield redevelopment zone authorities, which may implement

brownfield plans for the redevelopment of commercial or industrial property. The Act specifies financing sources for authority activities, including the capture of tax increment revenue. The revenue may be used to pay the costs of eligible activities on eligible property within a zone.

The Act allows the capture of both local property taxes and taxes levied for school operating purposes. The use of tax increment revenue captured from school operating taxes must be approved by the Michigan Department of Environmental Quality and/or the Michigan Economic Growth Authority.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would reduce both School Aid Fund revenue for the State and local unit revenue by an unknown amount. The bill would increase the amount of tax that may be captured on affected property by increasing the costs that may be repaid by captured taxes. The impact of the change would depend upon the individual properties, the financing costs affected by the bill, and any secondary effects the bill might have on the number of brownfield projects undertaken. To the extent that any increased capture reduced local school district revenue, the bill also would increase School Aid Fund expenditures by an unknown amount because the School Aid Fund would need to offset any revenue loss in order to maintain per pupil funding guarantees.

Fiscal Analyst: David Zin

S0506\sb482sa

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.