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BILL ANALYSIS



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Senate Bill 919 (Substitute S-3 as reported)  
Sponsor: Senator Patricia L. Birkholz  
Committee: Agriculture, Forestry and Tourism

## **CONTENT**

The bill would amend the Michigan Renaissance Zone Act to 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 each renaissance zone would be located. The Administrative Board could designate a maximum of five renaissance zones for forest products processing facilities each year until the maximum number of designated renaissance zones was met.

In designating a renaissance zone, the Board would have to consider the economic impact on local suppliers who supply raw materials, goods and services to the facility; the creation of jobs relative to the community's employment base; the project's viability; and the economic impact on the community.

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

MCL 125.2683 et al.

Legislative Analyst: Curtis Walker

## **FISCAL IMPACT**

The bill would reduce revenue to both the State and local units and would increase State expenditures from the General Fund by an unknown amount. Most local property taxes levied in renaissance zones are not reimbursed by the State, although the General Fund reimburses lost revenue to public libraries, intermediate and local school districts, community colleges, and the School Aid Fund. The actual revenue loss would depend upon the specific characteristics of the property located in the zones, as well as the activities that occurred within the zones. Furthermore, it is not known where the additional renaissance zones would be located or the size of the forest products processing facilities that would be developed in each of these zones.

The bill does not define "forest products processing facility" and is not tie-barred to a bill that provides a definition. Without enacted legislation defining the term, it is unclear what zones would be established and what firms would qualify for the associated tax provisions; thus, the fiscal impact of the bill could thus range from insignificant to substantial.

Date Completed: 3-20-06

Fiscal Analyst: David Zin

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