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BILL ANALYSIS

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Senate Bill 919 (as introduced 12-1-05)
Sponsor: Senator Patricia L. Birkholz
Committee: Agriculture, Forestry and Tourism

Date Completed: 1-25-06

CONTENT

The bill would amend the Michigan Renaissance Zone Act to allow the designation of up to 20 additional renaissance zones for forest products processing facilities within the State.

Under the bill, the State Administrative Board, upon the recommendation of the board of the Michigan Strategic Fund, could designate not more than 20 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.

Each renaissance zone designated for a forest products processing facility would have to be one contiguous geographic area.

The Board could revoke the designation of all or a portion of a renaissance zone for a forest products processing facility if the Board determined that the facility failed to begin operation or ceased operation in a renaissance zone designated under the bill.

The bill would define "forest products processing facility" as one or more facilities or operations that harvest, transform, package, sort, or grade forest products into goods that are used for intermediate or final use or consumption, and surrounding property.

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, nor is there any way to estimate how many businesses would move existing operations into a renaissance zone in order to receive the various tax exemptions granted in these zones.

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

Fiscal Analyst: David Zin

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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.