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BILL ANALYSIS

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Senate Bill 208 (as reported without amendment)
Sponsor: Senator Jason E. Allen
Committee: Commerce and Tourism

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to increase the maximum population of a municipality containing an "economic opportunity zone" from 30,000 to 40,000; and require municipal and county treasurers to transmit tax increment revenue to a brownfield redevelopment authority within 14 days, rather than 30 days, after the revenue was collected.

The Act allows qualified local governmental units to establish brownfield redevelopment zones and brownfield redevelopment authorities, which may implement brownfield plans for the redevelopment of commercial or industrial property. Brownfield authorities may capture property tax revenue based on increases in the assessed value of eligible property, and use the tax increment revenue for the costs of eligible activities on eligible property.

Certain site-preparation activities are allowed on eligible property that was or is being used for commercial, industrial, or residential purposes that is in a qualified local governmental unit, is owned or under the control of a land bank fast track authority, or is located in an economic opportunity zone, and is a facility, functionally obsolete, or blighted.

MCL 125.2652 & 125.2666 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would alter the distribution of local unit revenue by an unknown amount that would depend upon the specific characteristics of the communities and properties affected by the changes. The bill would expand the number of communities that may contain an economic opportunity zone. Based on the 2000 Census, increasing the population limit from 30,000 to 40,000 would allow as many as an additional 26 local units, including eight counties, to serve as eligible locations for the zones. How many of those locations would eventually develop zones, and the sizes of any facilities that would be located within the zones are unknown.

Designation of a economic opportunity zone prohibits any captured school operating taxes from being used for eligible activities on eligible property. The bill would not alter eligibility criteria for brownfield zones or the requirements of brownfield plans, but would increase the number of projects that may not be financed with captured school mills. The bill would not alter the approval process or the criteria under which school operating taxes can be captured; it only would alter what could be financed by that captured revenue. As a result, other projects within the same brownfield zone would receive more school operating revenue than they would absent the bill, while any projects designated as an economic opportunity zone would receive less.

Reducing the time period between receipt of taxes subject to capture and their distribution to an authority also would alter the distribution of revenue by an unknown amount. To the extent a local unit retains the revenue the full 30 days currently allowed, the local unit will generate 30 days of interest income on the money. By being required to transfer the money more rapidly, the local unit would receive less interest income while the authority would receive more.

Date Completed: 12-3-08 Fiscal Analyst: David Zin