



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 208 (as introduced 2-20-07)  
Sponsor: Senator Jason E. Allen  
Committee: Commerce and Tourism

Date Completed: 12-2-08

### **CONTENT**

**The bill would amend the Brownfield Redevelopment Financing Act to increase the maximum size of a municipality containing an "economic opportunity zone", and reduce the time in which municipal and county treasurers must transmit tax increment revenue to a brownfield redevelopment authority.**

#### Economic Opportunity Zone

The Act allows qualified local governmental units (as defined in the Obsolete Property Rehabilitation Act) 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.

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

- Infrastructure improvements that directly benefit eligible property.
- Demolition of structures that is not response activity under Section 20101 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 the land bank fast track authority.

The Brownfield Redevelopment Financing Act defines "economic opportunity zone" as one or more parcels of property that meet all of the following:

- Together, are 40 or more acres in size.
- Contain a manufacturing facility that consists of 500,000 or more square feet.
- Are located in a municipality that has a population of 30,000 or less and that is contiguous to a qualified local governmental unit.

Under the bill, parcels would have to be located in a municipality that had a population of 40,000 or less, rather than 30,000 or less.

#### Tax Increment Revenue Transmittal

Under the Act, municipal and county treasurers must transmit tax increment revenue to brownfield redevelopment authorities not more than 30 day after tax increment revenue is collected. Under the bill, that deadline would be 14 days after the tax increment revenue was collected.

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.

The change in 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 allowed under current law, 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.

Fiscal Analyst: David Zin

S0708\208sa

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.