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BILL ANALYSIS

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Senate Bill 1122 (as introduced 2-19-08)
Sponsor: Senator Bruce Patterson
Committee: Agriculture

Date Completed: 3-5-08

CONTENT

The bill would amend the Michigan Renaissance Zone Act to allow the board of the Michigan Strategic Fund to designate five additional alternative energy renaissance zones, which would have to focus on the production of cellulosic ethanol.

The Act allows the State Administrative Board to designate a number of renaissance zones, and authorizes the Michigan Strategic Fund (MSF) board to designate up to 13 additional renaissance zones. One of the zones designated by the MSF board may be an alternative energy zone. An alternative energy zone must promote and increase the research, development, testing, and manufacturing of alternative energy technology, alternative energy systems, and alternative energy vehicles.

The bill would increase the maximum number of additional renaissance zones from 13 to 18, and allow up to six of these zones to be alternative energy zones. At least five of the alternative energy zones would have to focus primarily on the production of cellulosic ethanol.

MCL 125.2688a

BACKGROUND

Cellulosic ethanol is a fuel that can be produced from the conversion of cellulosic biomass. Cellulose is a polymer composed of repeating units of glucose and is contained in the cell wall of plants, including trees and grasses. Cellulosic biomass can be produced from rapidly growing trees and grasses such as hybrid poplar, silver maple, sorghum, and switch grass; agricultural waste; forest waste, including wood chips, sawdust, and pulp waste; and municipal solid waste, including newspaper and cardboard.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

There is no way to make a reasonable estimate of the loss in tax revenue that would occur if five new renaissance zones were created, as proposed in this bill. For example, at this time there is no way to know the income, Michigan business, and property taxes that would be foregone in these renaissance zones because there is no way to know the number of

businesses that would chose to operate in these zones, the size of their business activity, the number of jobs that would be created, or the wages that would be paid to the workers. It should be pointed out that most, if not all, of the activity that would qualify for an alternative energy renaissance zone, including the production of cellulosic ethanol, also would qualify under existing law for a renewable energy renaissance zone. Current law allows the creation of up to 10 renewable energy renaissance zones and, to date, only one such renaissance zone has been designated.

Fiscal Analyst: Jay Wortley

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