



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5746 (Substitute H-3 as reported without amendment)
Sponsor: Representative Frank Accavitti, Jr.
House Committee: Agriculture
Senate Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Michigan Renaissance Zone Act to allow the State Administrative Board to designate up to 15, rather than 10, renaissance zones for renewable energy facilities, and require at least five renewable energy renaissance zones to focus primarily on cellulosic biofuels.

MCL 125.2688e

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State and local property tax revenue and would increase School Aid Fund expenditures by an unknown amount. The actual amount would depend upon the specific characteristics of the property affected by the bill and the amount of property included in the additional renaissance zones. Under current law, property inside a renaissance zone is exempt from local property taxes and the State education tax, and individuals and businesses that reside in the zone are exempt from the single business tax and individual income taxes. Income exempted under the current zones is expected to reduce individual income tax revenue by approximately \$300,000 in fiscal year (FY) 2008-09.

Taxpayers located within a renaissance zone also are able to claim a credit against the Michigan business tax, which reduces State General Fund revenue. The amount of the credit depends upon the business activity within the zone. Credits are expected to total \$35.7 million in FY 2008-09.

Current law requires the State to reimburse many of the property taxes lost as a result of any exemptions under the Act, including revenue to intermediate school districts, local school districts, community colleges, public libraries, and the State School Aid Fund. Local units are expected to lose \$75.0 million in local property taxes during FY 2008-09 due to renaissance zones. Most of that amount is subject to reimbursement: FY 2008-09 appropriations for renaissance zone reimbursements include \$3.8 million for libraries, \$3.5 million for community colleges, and \$57.5 million for K-12 education.

Date Completed: 12-4-08

Fiscal Analyst: David Zin