

Legislative Analysis



BROWNFIELD: ASSISTANCE TO LOCAL UNITS IN CLEARING & QUIETING TITLE, ETC.

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House Bill 5566 (Substitute H-2)

Sponsor: Rep. Robert Jones

Committee: Commerce

Complete to 2-23-10

A SUMMARY OF HOUSE BILL 5566 AS REPORTED FROM COMMITTEE

The bill would amend the Brownfield Redevelopment Financing Act to amend the definition of "eligible activities" to include the providing of assistance to a qualified local governmental unit or authority in clearing or quieting title to, selling or otherwise conveying, property under its control or the acquisition of property by the unit or authority if the acquisition is for economic development purposes.

The bill as substituted, however, would not allow the capture of school operating revenues for these purposes.

This kind of financial assistance is already authorized in the act for land bank fast track authorities.

The state's Brownfield Redevelopment Program provides funding and tax incentives for the cleanup and redevelopment of contaminated, blighted, and functionally obsolete properties with the aim of making them economically viable. As part of the program, the Brownfield Redevelopment Financing Act allows brownfield authorities created by local units of government to use tax increment financing to pay for certain "eligible activities" on eligible property. Those activities already include the providing of assistance to a land bank fast track authority in clearing or quieting title to, selling or otherwise conveying, property under its control or the acquisition of property by the authority if the acquisition is for economic development purposes.

House Bill 5457 would allow a brownfield authority to use captured revenue to provide the same assistance to a qualified local governmental unit or authority. The term qualified local governmental unit refers to what is commonly called a "core community." The definition is in a different act, the Obsolete Property Rehabilitation Act. The list of such communities can be found at the website of the Michigan Economic Development Corporation at:

<http://ref.themedc.org/cm/attach/b0bc12b6-18b0-4e74-823f-50b40d116e36/BrownfieldSBT.pdf>

MCL 125.2652 and 2663

BACKGROUND INFORMATION AND DISCUSSION:

A representative from the Kalamazoo city government testified the bill would allow a municipality and its brownfield redevelopment authority to be reimbursed out of tax increment revenues for land assembly and acquisition, so that it would have a continuous source of funding rather than using operating funds that would then be forever lost. The Kalamazoo official said the city had been engaging in land bank type of activities before land banks existed and that this kind of enterprise has become even more important with the growing number of tax-foreclosed commercial and industrial properties. Currently, municipalities and their brownfield authorities cannot use tax increment revenues for these purposes even though land banks can. The substitute version of the bill reported by the House Committee on Commerce addresses concerns of the state's Treasury Department by not allowing school operating taxes to be used for these activities.

FISCAL IMPACT:

The does not appear to have a significant state or local fiscal impact.

POSITIONS:

A representative from the City of Kalamazoo testified in support of the bill. (2-17-10)

The Michigan Municipal League indicated support for the bill. (2-17-10)

The Michigan Department of Treasury does not oppose the bill. (2-17-10)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.