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BILL ANALYSIS



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Senate Bill 1114 (as introduced 2-4-10)
Sponsor: Senator Jim Barcia
Committee: Commerce and Tourism

Date Completed: 3-9-10

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to include certain improvements in the definition of "eligible activities" if they were used to achieve a credit for Leadership in Energy & Environmental Design (LEED) certification.

The Act allows municipalities (cities, villages, townships, and counties) to establish brownfield redevelopment zones and brownfield redevelopment zone authorities, which may implement brownfield plans for the redevelopment of commercial or industrial property. The Act specifies financing sources for authority activities, including the capture of tax increment revenue (that is, revenue from the incremental increase in property values within a zone). The revenue may be used to pay the costs of eligible activities on eligible property within a zone.

The bill would include certain improvements in the definition of "eligible activities", if those improvements were used to achieve a credit for a certification level under the LEED green building rating system developed by the U.S. Green Building Council and if that certification level actually were achieved. The improvements that would qualify include one or more of the following renewable-energy systems:

- Photovoltaic, fuel cell, wind, hydro, wave, or biofuel-based electrical production and storage systems deployed on site.
- Geothermal energy systems that produce electric power or provide thermal energy for use on-site.
- Active solar thermal systems that employ collection panels; heat transfer mechanical components, including pumps and fans; a defined heat storage system, including hot water tanks; and thermo-siphon solar and storage tank batch heaters.

The improvements that would qualify also include underground parking and one or both of the following building systems:

- Geothermal exchange systems for heating, air conditioning, and hot water.
- Storm-water-management systems implemented according to low-impact-design strategies that do not otherwise qualify as eligible activities.

MCL 125.2652

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would likely have a small but indeterminate impact on State and local revenue. By expanding the definition of "improvement" to include activity in brownfield zones used to achieve LEED certification, the bill likely would result in an unknown amount of new activity. The impact would depend on the number of facilities that pursued this new certification option and the total economic value of the various projects.

The bill could reduce revenue to the State School Aid Fund and local units and could increase State expenditures from the General Fund through capture of property taxes due to this new activity in brownfield zones. State taxes could be reduced and the State would be liable through the School Aid Fund to reimburse school districts for lost revenue. Most other local property taxes, abated due to the LEED certification in brownfield zones, would not be replaced by the State, thus reducing local unit revenue.

Fiscal Analyst: Eric Scorsone

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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.