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BILL ANALYSIS



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Senate Bills 1233 and 1236 (as reported without amendment)
Sponsor: Senator Jason E. Allen (S.B. 1233)
Senator Jud Gilbert, II (S.B. 1236)
Committee: Commerce and Tourism

CONTENT

Senate Bill 1233 would amend the Brownfield Redevelopment Financing Act to include transit-oriented development and a transit-oriented facility in the activities allowed under the Act.

The Act allows 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. The revenue may be used to pay the costs of eligible activities on eligible property within a zone, including certain infrastructure improvements.

The bill would include "transit-oriented development" and a "transit oriented facility" in the Act's definitions of "eligible property" and "infrastructure improvements".

Senate Bill 1236 would amend the Commercial Redevelopment Act to include transit-oriented development and a transit-oriented facility in the activities allowed under the Act.

The Act allows a local governmental unit to establish a commercial redevelopment district. Certain commercial properties located in a district are exempt from the general property tax and are subject instead to a specific tax, the commercial facilities tax.

"Commercial property" includes land improvements to certain property, whose primary purpose and use are the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Under the bill, a commercial business enterprise also would include a business that owns or operates a transit-oriented development or a transit-oriented facility.

Under both bills, "transit-oriented development" would mean infrastructure improvements that are located within one-half mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use. "Transit-oriented facility" would mean a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

MCL 125.2652 (S.B. 1233)
207.653 & 207.654 (S.B. 1236)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

By expanding the type of activities that are eligible under the various statutes to include transit-oriented development, the bills could result in a loss of State and local revenue. The potential lost revenue would depend on the amount and value of transit-oriented activity spurred by this change in law that would not have occurred otherwise. Potential lost revenue would include State and local education property taxes as well as local general property taxes. The State also would potentially incur increased expenditures due to the need to replace losses in school operating property taxes.

Date Completed: 9-23-10

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.