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BILL ANALYSIS

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House Bills 5977, 5979, 5988, 5989, and 5998 (as passed by the House)

Sponsor: Representative Pam Byrnes (H.B. 5977)
Representative Ed Clemente (H.B. 5979)
Representative Wayne Schmidt (H.B. 5988)
Representative Gail Haines (H.B. 5989)
Representative David Nathan (H.B. 5998)

House Committee: Intergovernmental and Regional Affairs

Senate Committee: Commerce and Tourism

Date Completed: 11-4-10

CONTENT

The bills would amend various statutes dealing with economic development programs to include transit-oriented development and transit-oriented facilities in the activities allowed under those laws.

House Bill 5977 would amend Public Act 200 of 1957, which allows two or more municipalities to create an intermunicipality committee for the purpose of studying area problems; House Bill 5979 would amend the Historical Neighborhood Tax Increment Finance Authority Act; House Bill 5988 would amend the Transportation Economic Development Fund law; House Bill 5989 would amend the Local Development Financing Act; and House Bill 5998 would amend the Economic Development Corporations Act.

Under the 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.

House Bill 5977

Public Act 200 of 1957 authorizes the governing bodies of two or more municipalities, by resolution, to establish and organize an intermunicipality committee for the purpose of studying area governmental problems of mutual interest and concern, including such matters as facility studies on sewers and sewage disposal, water, drains, roads, rubbish and garbage disposal, recreation and parks, and ports, and to formulate recommendations for review and action by the member governing bodies.

The bill would include transit-oriented developments and transit-oriented facilities in the matters that may be studied by an intermunicipality committee to formulate recommendations.

House Bill 5979

The Historical Neighborhood Tax Increment Finance Authority Act allows a city or township that includes a historic district to form a historical neighborhood tax increment finance

authority to "capture" the incremental growth in tax revenue from property located in a district. An authority board may plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a "public facility", which includes such things as housing, streets, plazas, pedestrian malls, parks, parking facilities, recreational facilities, waterways, and bridges.

The bill would include transit-oriented development and transit-oriented facility in the Act's definition of "public facility".

House Bill 5988

The Transportation Economic Development Fund law established the Transportation Economic Development Fund in the State Treasury. Money from the Fund must be allocated for projects funded pursuant to the law in accordance with the adopted policies of the State Transportation Commission. The law defines "project" as a transportation road construction or improvement.

Under the bill, "project" also would include a transit-oriented development and a transit-oriented facility.

House Bill 5989

The Local Development Financing Act allows a municipality to create a local development finance authority to capture tax increment revenue to pay for public infrastructure improvements on eligible property in a given area, or district. "Eligible property" means land improvements, buildings, structures, and other real property, and machinery, equipment, furniture, and fixtures that are located within an authority district and that will have a certain primary purpose and use listed in the Act.

The bill would include a transit-oriented facility and a transit-oriented development in the list of primary purposes and uses for eligible property.

House Bill 5998

The Economic Development Corporation Act allows the governing body of a municipality (a county, city, village, or township) to approve the incorporation of a local economic development corporation to pursue economic development projects within a designated project area. "Project" means land or an interest in land, existing or planned improvements, machinery, furnishings, or equipment suitable for use by any of the enterprises listed in the Act.

The bill would include a transit-oriented development and a transit-oriented facility in the list of enterprises for which a project may be undertaken.

MCL 123.632 (H.B. 5977)
125.2843 (H.B. 5979)
247.901 (H.B. 5988)
125.2152 (H.B. 5989)
125.1603 (H.B. 5998)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

House Bill 5977

The bill would have an indeterminate fiscal impact on State and local government.

House Bill 5979

By expanding the Authority activities allowed under the Historical Neighborhood Tax Increment Finance Act, the bill could result in the reallocation of certain incremental property taxes from general purpose governments to an authority. The amount would depend on the extent of activity generated under the bill.

House Bill 5988

By expanding the definition of "project", the bill would expand the types of activities on which Transportation Economic Development Fund money may be spent. The bill would not increase revenue to the Fund, and the impact these projects would have on local units would depend on the nature of the individual projects and to what degree the newly allowed projects would compete with projects that would be pursued absent the bill.

House Bill 5989

The bill would expand the activities that are eligible under a local development financing authority, to include transit oriented activities. This could lead to increased activity in these local development authority areas and potentially reduce certain incremental property tax revenue originally designated for general purpose governments.

House Bill 5998

The bill would have an indeterminate fiscal impact on State and local government.

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.