

Legislative Analysis



WATER RESOURCE IMPROVEMENT TIFA: ALLOW FINANCING FOR DREDGING PROJECTS

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Senate Bill 218 (Substitute S-1 as reported w/ committee amendment)

Sponsor: Sen. Goeff Hansen

House Committee: Natural Resources

Senate Committee: Outdoor Recreation and Tourism

(Enacted as Public Act 25 of 2013)

Complete to 4-17-13

A SUMMARY OF SENATE BILL 218 (S-1) AS REPORTED FROM HOUSE COMMITTEE 4-9-13

The bill would amend the Water Resource Improvement Tax Increment Finance Authority Act to allow for the creation of new authorities, allow for dredging and other improvement projects to be financed under the act, and allow harbors and their tributaries to be included within resource improvement districts, among other things. The bill would take effect 90 days after it is enacted into law.

When local units of government create a tax increment financing authority (TIFA), they generally establish a special district to capture future increases in taxes within the district's boundaries to finance public infrastructure improvement projects within the district; this can include the issuance of bonds to finance projects. The aim of a water resource improvement TIFA under the act is to promote water resource improvement or access to inland lakes, or both, in a water resource district. The act allows local units to exempt their taxes from capture and does not allow the capture of state and local school taxes.

Specifically, Senate Bill 218 (S-1) would do the following:

- Repeal Section 24, which prohibits the creation of a new authority or the expansion of the boundaries of an existing development plan after December 31, 2011.
- Include "dredging, removal of spoils, or other improvements or maintenance activities that enhance navigability of a waterway" as one of the water source improvements that can be financed under the act.
- Include in the definition of a water resource improvement district, the shoreline of a harbor on a Great Lake and (1) land up to one mile from the shoreline of the harbor, (2) a tributary to that harbor up to five miles upstream from the harbor, or (3) land up to one mile from each bank of the tributary.
- Allow a water resource improvement TIFA board to plan and implement water resource improvements in Great Lakes harbors and their tributaries, including dredging, removal of spoils, and other improvements or maintenance activities that enhance navigability of a waterway.

- Allow a water resource improvement TIFA board to apply for the necessary state and federal permits required for a public facility or a water resource improvement under the act.
- Eliminate a provision excluding chemical treatment of waters for aquatic nuisance control from the water resource improvements that are eligible to for financing under the act.

FISCAL IMPACT:

By expanding the number and scope of water resource improvement tax increment finance authorities, the bill would reduce local property tax revenue to other local units by an unknown amount, depending on the ultimate details of the projects authorized under the bill. The act allows a taxing jurisdiction to exempt its taxes from capture by adopting a resolution and filing a copy with the municipality creating the TIFA. Also, separate millages levied for public library purposes are exempt at the request of the library board. Further, the act does not permit the capture of state or local school taxes or taxes levied for debt obligations.

BACKGROUND INFORMATION AND DISCUSSION:

The bill would reauthorize the establishment of water resource improvement TIFA districts, which sunset on December 31, 2011. The bill would expand the types of water improvement projects that are eligible to be funded under the TIFA and expand the scope of the water improvement districts to include harbors and tributaries. According to testimony, the bill is intended to provide an additional tool to local communities that are struggling to provide access to harbors and marinas as a result of record low lake levels. Generally speaking, the bill would allow a water improvement TIFA to collect any tax increment revenue increases from taxes levied within its boundaries that are not specifically excluded in the bill.

POSITIONS:

Michigan Department of Natural Resources supports the bill. (4-9-13)

Michigan Association of Convention and Visitor Bureaus supports the bill. (4-9-13)

Michigan Boating Industries Association supports the bill. (4-9-13)

Michigan Townships Association supports the bill. (4-9-13)

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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.