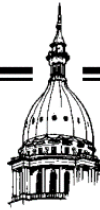




Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 4782 (as passed by the House)
Sponsor: Representative John Kivela
House Committee: Commerce
Senate Committee: Economic Development

Date Completed: 12-3-13

CONTENT**The bill would amend the Next Michigan Development Act to give preference to an "eligible act 7 entity" made up of at least two counties in the Upper Peninsula.**

The Act allows an "eligible act 7 entity" or "eligible urban entity" to apply to the Michigan Strategic Fund board for designation as a Next Michigan Development Corporation (NMDC). The Act provides for the designation of up to five NMDCs to foster economic opportunities in Michigan, prevent conditions of unemployment and underemployment, and promote economic growth.

The Act defines "eligible act 7 entity" as a separate legal and administrative entity formed by interlocal agreement under the Urban Cooperation Act among two or more local governmental units, including at least one county, and at least one qualified local government unit under the Obsolete Property Rehabilitation Act, for the purpose of jointly exercising economic development powers and attracting business. "Eligible urban entity" means a city with a population of 100,000 or more that is the largest city within a metropolitan statistical area as defined by the U.S. Office of Management and Budget.

The bill specifies that, in determining whether to designate an NMDC, the Michigan Strategic Fund would have to give preference to an eligible act 7 entity that was made up of at least two contiguous counties that had a combined population of more than 103,000 but less than 106,000 according to the most recent decennial census, and the population of the largest city of one of those counties, when combined with the largest city of the other county, was more than 32,500 but less than 35,500. (Those criteria describe Marquette and Delta Counties, and the Cities of Marquette and Escanaba.)

MCL 125.2954

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would direct the Michigan Strategic Fund to give preference to designation of an NMDC in the Upper Peninsula Counties of Marquette and Delta. An increase in the number of allowable Next Michigan Business Development Corporations would be required for the proposed zone to be designated. The proposed authorization of an additional Next Michigan Development Corporation would reduce State and local revenue by an indeterminate amount. Businesses locating in the new NMDC would be eligible for property tax abatements and, subject to designation by the MSF, possible renaissance zone reductions of State and local taxes. The amount of General Fund revenue foregone would depend on the

amount of economic activity and whether it would have occurred without the incentives. The State would be required to reimburse school districts for revenue lost due to development in an NMDC, which would increase spending from the School Aid Fund. The NMDCs currently authorized under the Next Michigan Development Act are Grand Traverse, the I-69 International Trade Corridor, the Port Lansing Global Logistics Center, the Vantageport Detroit Regional Aerotropolis, and the West Michigan Economic Partnership.

The MSF would have increased administrative costs of an unknown amount to review and promote the additional NMDC. These costs likely would be absorbed within existing resources.

Fiscal Analyst: Elizabeth Pratt

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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.