



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 4783 (Substitute H-1 as reported without amendment)
Sponsor: Representative John Kivela
House Committee: Commerce
Senate Committee: Economic Development

CONTENT

The bill would amend the Next Michigan Development Act to authorize the designation of a seventh Next Michigan Development Corporation.

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). Up to six NMDCs may be designated 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.)

MCL 125.2955

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The proposed authorization of a seventh 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.

Five NMDCs currently have been designated. Although Public Act 238 of 2013 authorized a sixth NMDC in the Upper Peninsula Counties of Marquette and Delta, the Michigan Strategic Fund indicates that no application for that NMDC has been received at this time.

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.

Date Completed: 12-4-14

Fiscal Analyst: Elizabeth Pratt

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Bill Analysis @ www.senate.michigan.gov/sfa

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