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House Bill 4783 (Substitute H-1 as passed by the House)  
Sponsor: Representative John Kivela  
House Committee: Commerce  
Senate Committee: Economic Development

Date Completed: 12-2-14

### **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 (MSF) board for designation as a Next Michigan Development Corporation (NMDC). 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 Act allows the MSF board, upon the filing of an application by an eligible act 7 entity or eligible urban entity, to designate the applicant as an NMDC. The MSF board may designate not more than six such development corporations.

The bill would allow the board to designate up to seven Next Michigan Development Corporations.

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.

The NMDCs currently authorized under the Next Michigan Development Act are Northern Nexus (Grand Traverse), the I-69 International Trade Corridor, Port Lansing, the Vantageport Detroit Region Aerotropolis, and the West Michigan Economic Partnership. Public Act 238 of 2013 authorized a sixth NMDC in the Upper Peninsula Counties of

Marquette and Delta; however, 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.

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.