

Legislative Analysis



EXTEND RENAISSANCE ZONE DESIGNATION FOR CERTAIN TOOL AND DIE RECOVERY ZONES

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<http://www.house.mi.gov/hfa>

House Bill 5054 as introduced
Sponsor: Rep. Carol Glanville
Committee: Economic Development and Small Business
Complete to 10-17-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5054 would amend the Michigan Renaissance Zone Act to allow certain Tool and Die Renaissance Recovery Zones to extend their renaissance zone status for a total maximum of 30 years.

Generally speaking, renaissance zones are tax-free zones designed for businesses in specific geographic areas or for specific kinds of facilities or industries anywhere in the state. The act allows the Michigan Strategic Fund (MSF) to designate up to 35 Tool and Die Renaissance Recovery Zones in one or more cities, villages, or townships in Michigan with the consent of the local government or governments in which the zone would be located. Each zone is associated with a specific group of tool and die businesses and is in effect for between five and 15 years.¹

The act generally requires eligible tool and die businesses to have fewer than 75 employees, but a recovery zone can include a business with 75 or more full-time employees if the business enters into a memorandum of understanding with the board of the Michigan Strategic Fund and with the city, village, or township where it is located.

House Bill 5054 would allow a renaissance zone that contains a tool and die business with 75 or more full-time employees to be designated for up to 30 years, rather than 15 years, with the consent of the involved local governments. (The five-year minimum would still apply.) The MSF board could extend the duration of renaissance zone status for the business for one or more combined periods, as long as the total length of the designation does not exceed 30 years.

MCL 125.2688d

FISCAL IMPACT:

The bill is permissive in nature and would not have a direct fiscal impact on state or local government. However, assuming the bill lengthened a renaissance zone designation that otherwise would not have been reauthorized or extended, the bill would reduce revenues for state and local units of government by an unknown, but likely marginal, amount overall. The fiscal impact would depend on the specific characteristics of the applicable renaissance zone (taxable value and millage rates) and the decision on the part of the legislature to make an

¹ For a list of Michigan's Tool and Die recovery zones as of 2020, see: <https://sigma.michigan.gov/EI360TransparencyApp/files/Economic%20Development%20Projects/2020%20Renaissance%20Zone%20Annual%20Report.pdf#page=10>. There are currently 25 zones designated.

appropriation as part of state reimbursements for losses attributable to renaissance zones. The state currently provides an appropriation for reimbursement payments for intermediate school districts, local school districts, community colleges, and public libraries affected by renaissance zones.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.