



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 700 (Substitute S-1 as reported)

Sponsor: Senator Kevin Hertel

Committee: Local Government

CONTENT

The bill would amend Part 2 (Downtown Development Authorities) of the Recodified Tax Increment Financing Act to allow a municipality's downtown district to include more than one separate and distinct geographic area in a business district if the municipality were located on the mainland and one or more islands, and a body of water laid between the two separate and distinct geographic areas.

MCL 125.4201

BRIEF RATIONALE

The bill would allow a municipality's downtown district to include an island's downtown if water were between the island's and mainland's downtowns. This would enable these municipalities to expand the coverage of their downtown development authorities, which use tax increment financing to fund improvements to buildings or infrastructure within downtown districts. The bill's expansion would help attract businesses to the additional districts, finance desired projects, and enable the community to access grants previously unavailable to them.

Legislative Analyst: Alex Krabill

FISCAL IMPACT

The bill would have no fiscal impact on the State but would change the distribution of revenue in affected local governmental units. It would allow for additional areas to be included as part of the definition of "downtown district". For local units that elected to create downtown districts under the bill, the bill would redirect revenue increases from property taxes levied on property within the district to the relevant downtown development authority. The amount of any redirected revenue would depend on the value of property within the district and the relevant millage rates.

Date Completed: 5-16-24

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