

SFA

BILL ANALYSIS

Senate Fiscal Agency

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House Bill 5677 (as reported with amendment)**Sponsor: Representative Thomas L. Hickner****House Committee: Economic Development and Energy****Senate Committee: Finance****Date Completed: 11-1-88****RATIONALE**

The Technology Park Development Act is one of a number of different acts created since the early 1980s to help diversify and revitalize Michigan's economy. Under the Act, a local government may create a technology park district and exempt from taxation facilities within the district that are used for research and development, high technology, or business activities that develop, improve, or create new or existing products. The Act requires that all of the land within a technology park district be within a five-mile radius of the administration building on the main campus of a four-year public or independent university or institute of technology. Although Monitor Township in Bay County lies just outside the five-mile limit from Saginaw Valley State University, a business firm in the township that provides data-processing services for a savings and loan association would like to be included in the college area's technology park district. Some people feel that the Act should be amended to increase the radius limit so that more businesses could be included in these special districts.

CONTENT

The bill would amend the Technology Park Development Act to require that all of the land within a technology park district be within a 10-mile radius (rather than the current five-mile radius) of the administration building on the main campus of a four-year public or independent university or institute of technology.

MCL 207.705

SENATE COMMITTEE ACTION

As passed by the House, the bill would have increased the area that could be included in a technology park district from the current five-mile radius to 6.7 miles. The Senate Finance Committee amendment would increase the limit to a 10-mile radius.

FISCAL IMPACT

The bill would have a minor, indeterminate fiscal impact on State and local government. Assuming that expanding the area subject to a tax abatement did not lead to an increase in economic activity, the bill would decrease local property taxes and increase State payments to in-formula schools.

ARGUMENTS**Supporting Argument**

By increasing the allowable size of a district, the bill would permit more businesses to become involved in special technology park districts, and the increased interaction

between schools, businesses and local governments would enhance the possible benefits to an area. Schools could assure their students that they would have greater opportunities to become familiar with industry standards by getting experience from internships provided by participating businesses. More businesses would benefit by being granted property tax abatements, and could tap the research capabilities of the local school. Greater numbers of firms working together with the universities could increase business activity for an area and, ultimately, strengthen the economic base of a community.

Opposing Argument

The Act was designed to apply to a limited business area near four-year public educational institutions. If the limit were raised from that originally specified, it could cause businesses well outside technology park districts to request that they too be allowed to participate in a district.

Response: There are currently only two areas in the State where technology park districts are located, one in Mount Pleasant (Central Michigan University) and one near Saginaw (Saginaw Valley State). By increasing the limit to 10 miles, the bill would ensure that, if future districts were created in larger metropolitan areas, there would not be a need to come back to the Legislature to extend the boundaries.

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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.