
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 698 (Substitute S-1 as reported)

Sponsor: Senator Bill Schuette

Committee: Economic Development, International Trade and Regulatory Affairs

CONTENT

The bill would amend the Tax Increment Finance Authority Act to include under “other protected obligation” that portion of a bond issued by an authority, or by a municipality or county on behalf of an authority, to finance a project that was partially funded by a public agency grant for which a grant agreement was signed before December 31, 1993.

Under the Act, tax increment finance authorities are permitted to “capture” the growth in tax revenue in a designated development area for improvements to a variety of public facilities such as streets, parks, parking facilities, and recreational facilities. These improvements are typically financed through bond issues that are paid off out of tax revenue growth. The Act allows the capture of State and local school taxes as necessary to repay other protected obligations.

MCL 125.1801 & 125.1812a

Legislative Analyst: N. Nagata

FISCAL IMPACT

This bill would allow an authority, or a municipality or county on behalf of a tax increment finance authority, that met the definition described, to capture school taxes to repay bonds issued.

Date Completed: 10-9-97

Fiscal Analyst: R. Ross