

Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**SFA****BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bill 1316 (Substitute S-5 as reported)  
Sponsor: Senator Bev Hammerstrom  
Committee: Finance

### **CONTENT**

The bill would create the "Michigan Next Energy Authority Act" and the Michigan Next Energy Authority, which could do the following:

- Oversee an alternative energy technology park and an alternative energy zone on land that received renaissance zone status.
- Create and operate a center to manage and develop a master plan for land located within the alternative energy zone, and to exercise other duties.
- Finance and aid in the construction of alternative energy technology businesses and infrastructures located within the zone and park.
- Acquire, construct, and improve an alternative energy technology project, including land, buildings, equipment, and various types of facilities for alternative energy technology.
- Issue bonds and notes.

The bill also would do the following:

- Transfer to the Authority four parcels of State-owned land in Washtenaw County.
- Allow the Authority to convey or lease the transferred land for value, as determined by the Authority.
- Allow the Authority to convey, sell, lease, or otherwise dispose of its real or personal property to any public or private person for public purposes; however, the Authority would be prohibited from disposing of any of its property in an alternative energy zone to any entity that would use the property for any purpose other than research, development, or manufacturing of alternative energy technology.
- Create the "Michigan Alternative Energy Technology Fund".
- Require the Authority to certify the eligibility of certain alternative energy systems, products, and business entities for sales, use, and personal property tax exemptions, and single business tax credits (as proposed by Senate Bills 1317, 1320, 1321, and 1322).

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The Michigan Next Energy Authority would be charged with the development and marketing of alternative energy technology for the State of Michigan. The bill would transfer State-owned land to the Authority for this purpose. The Authority could sell or lease this land to generate revenues that would fund the development of infrastructure, such as water and sewer facilities, and property management functions. The source of initial revenue for infrastructure development is unknown. It could come from partnerships with local agencies or existing grant programs, such as Federal Community Development Block Grants (CDBG). The Authority also would have bonding authorization. Any debt obligations of the Next Energy Authority would not be general obligations of the State nor would the Authority benefit from the full faith and credit of the State.

The bill would transfer to the Authority four parcels of State-owned land totaling nearly 817 acres from the site of the former Ypsilanti State psychiatric hospital. This action would result in the loss of a potentially valuable asset that the State currently owns. The Senate Fiscal Agency is unaware of a current appraisal of the four parcels that might indicate their value. However, given the location and the amount of land available, the estimated potential value transferred to the Authority is in the millions of dollars.

The Authority would have minimal operating expenses, which would be funded from the proposed Technology Fund. The members of the board of directors of the Authority would not receive compensation other than travel and meeting expenses. The bill would allow the appointment of an executive director and staff, who would be contract employees of the State. The compensation of the employees would be determined by the executive director and approved by the board.

The Michigan Alternative Energy Technology Fund would be administered by the Next Energy Authority for the purposes of general operations and for securing notes and bonds of the Authority. If at any time the Fund were exhausted, the Authority would be required to certify to the Governor the amount necessary to pay the principal and interest on any notes or bonds. The Governor would be required to include this amount in the annual proposed budget. The actual appropriation would depend on the legislative appropriation process. This appropriation would be from the General Fund.

Date Completed: 6-4-02

Fiscal Analyst: Michael Hansen  
Jessica Runnels  
David Zin

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