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**SFA****BILL ANALYSIS**

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Senate Bill 1417 (as introduced 9-17-02)

Sponsor: Senator Bill Bullard, Jr.

Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 9-24-02

## **CONTENT**

The bill would amend the Michigan Renaissance Zone Act to require that State annual reimbursements to intermediate school districts (ISDs) be based on property's taxable value in the present year, instead of at the time a renaissance zone was designated (as currently provided).

The Act provides for the designation of renaissance zones in which businesses and residents receive certain tax exemptions or credits, and certain property is exempt from property taxes. The State is required each year to reimburse local and intermediate school districts for revenues lost from taxes levied under the Revised School Code due to the property tax exemption. The State also must reimburse community college districts and public libraries for revenues lost from taxes levied under the General Property Tax Act.

While the reimbursement to ISDs is based on the property's taxable value at the time a renaissance zone was designated, the reimbursement to local school districts, community college districts, and public libraries is based on the property's taxable value in the current year.

MCL 125.2692

Legislative Analyst: Nobuko Nagata

## **FISCAL IMPACT**

The bill would increase the amount of the reimbursement to intermediate school districts. Currently, ISDs are reimbursed for revenue lost due to renaissance zones based on the property's taxable value at the time a zone was designated. This bill would require the reimbursement to be based on the taxable value for the current year that the reimbursement was being made. As property values increase each year, the amount reimbursed by the State would increase accordingly. Currently, 84 local and intermediate school districts receive reimbursements from the State School Aid Fund (SAF) totaling \$9 million in FY 2001-02, of which slightly over \$1 million is allocated to ISDs. The exact amount of the increase in reimbursements is indeterminate but reimbursements would increase according to the increase in the property value each year. For example, if property values in the ISD renaissance zones increased by 3%, the State reimbursement to ISDs would increase SAF expenditures by \$32,000.

Intermediate school districts would receive an increase (or decrease depending on what happens to property values in the future) in the amount of their reimbursement according to the amount of the increase in the property value of the renaissance zone.

Fiscal Analyst: Joe Carrasco  
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