

## RENAISSANCE ZONE BOUNDARIES

Senate Bill 275 as passed by the Senate  
First Analysis (2-4-04)

**Sponsor: Sen. Cameron S. Brown**  
**House Committee: Commerce**  
**Senate Committee: Economic**  
**Development, Small Business and**  
**Regulatory Reform**

### ***THE APPARENT PROBLEM:***

The Michigan Renaissance Zone Act until recently allowed local units of government in which a renaissance zone had been designated to modify the boundaries of the zone to include contiguous parcels of property. Modifications were subject to approval by the board of the Michigan Strategic Fund (which functions as the Renaissance Zone Review Board). Local units were only able to modify zone boundaries, however, until December 31, 2002. According to testimony before the House Committee on Commerce, an attempt to add a parcel of property into the rural renaissance zone in which the City of Coldwater participates was foiled because the deadline passed before an acceptable application could be filed with the state. With the deadline passed, apparently the only way to get the property included in the zone is through legislation.

### ***THE CONTENT OF THE BILL:***

The bill would amend the Michigan Renaissance Zone Act to allow a qualified local governmental unit, before July 1, 2004, to modify the boundaries of a rural renaissance zone to include a contiguous parcel of property as determined by the local unit.

The contiguous parcel of property could only include property less than one-half acre in size that the local unit had previously sought to have included in the zone by submitting an application in February 2002 not acted upon by the state renaissance zone review board. The additional contiguous parcel would become part of the original zone on the same terms and conditions as the rest of the zone's property and would not constitute an additional distinct geographical area under the act.

MCL 125.2686

### ***HOUSE COMMITTEE ACTION:***

The House Committee on Commerce made no changes to bill; the bill was reported out in the form that it passed the Senate.

### ***BACKGROUND INFORMATION:***

Renaissance zones are described the Michigan Economic Development Corporation as "virtually tax free for any business or resident presently in, or moving into, a zone." Among the taxes that renaissance zone participants are exempt from include the single business tax (SBT), local property taxes, the state education property tax, and state and local income taxes. According to the MEDC, there are 34 renaissance zones in the state, including 10 rural renaissance zones. The renaissance zone involved in this bill is known as the "Border to Border Renaissance Zone" and has 10 subzones located in nine counties throughout Michigan from the Upper Peninsula to the Indiana and Ohio borders.

### ***FISCAL IMPLICATIONS:***

The Senate Fiscal Agency says that the bill would negligibly reduce state revenues and negligibly increase state expenditures. The actual impact would depend on the specific value of the affected property and the activity taking place there. The bill is expected to affect only one local unit and the property likely to be included in the renaissance zone would represent a negligible change in revenues or expenditures. State and local revenues would be increased because of the tax exemptions granted to property and activity within the zone, while state expenditures would increase because the state reimburses local school districts, libraries, and community colleges for lost property tax revenue from property within the zone. (SFA floor analysis dated 10-24-03)

**ARGUMENTS:*****For:***

The bill would allow a local unit of government (the city of Coldwater) to modify the boundaries of the rural renaissance zone in which it participates in order to include one additional contiguous parcel. Reportedly, an earlier attempt to include this parcel failed to meet state deadlines. As currently written, the bill would give the local unit until July 1, 2004 to make this modification if it chooses to. The bill would not require state approval of the boundary modification.

**POSITIONS:**

The Michigan Economic Development Corporation indicated to the House Committee on Commerce that it is neutral on the bill. (2-3-04)

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.