

Legislative Analysis



SMART ZONE PROPERTY TAX EXEMPTIONS

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House Bills 5823 and 5824

Sponsor: Rep. Lorence Wenke

Committee: Tax Policy

Complete to 5-18-04

A SUMMARY OF HOUSE BILLS 5823 AND 5824 AS INTRODUCED 4-27-04

House Bills 5823 and 5824 would amend the General Property Tax Act to exempt real and personal property of an “innovations center” located in a certified technology park (smart zone). House Bill 5823 deals with real property; House Bill 5824 deals with personal property.

An “innovations center” would mean a “business incubator” as defined in the Local Development Financing Act. That act defines a business incubator to mean real and personal property that (1) is located in a certified technology park; (2) is subject to an agreement between a municipality and the Michigan Economic Development Corporation setting forth the terms and conditions of the designation of a certified technology park; and (3) is developed primarily to attract high-tech businesses.

Public Act 248 of 2000 amended the Local Development Financing Act to allow the Michigan Economic Development Corporation to designate up to ten certified technology parks in the state. (A subsequent amendment in 2002 counted two technology parks in Wayne County as one, meaning that there are really 11 technology parks.) These special parks are able to capture the growth in property taxes within the park with the revenue to be used in the park for a variety of purposes, including infrastructure construction, property purchases, marketing and promotion, and high-technology support centers such as laboratories and facilities. The technology parks, known as smart zones, are described by the MEDC as being “collaborations between universities, industry, research organizations, government, and other community institutions intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses.”

FISCAL IMPACT:

The bills would result in an indeterminate reduction in local development financing revenues, depending on the rate of participation.

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