

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 239 (Substitute S-1 as reported)
Senate Bill 240 (as reported without amendment)
Sponsor: Senator Tom George
Committee: Local, Urban and State Affairs

Date Completed: 3-18-03

RATIONALE

Kalamazoo County has been exploring ways to assist, directly or indirectly, economic development projects within the county. The county proposed to use a portion of its general fund to make loans or grants to a nonprofit corporation (which would in turn provide loans for private sector projects), or directly to a local unit of government within the county for the local unit to assist business development or expansion. Reportedly, the county was advised by outside legal counsel that there is no statutory authority for it to contribute general funds, either indirectly through a nonprofit corporation, or directly to a local unit, for private sector economic development projects. Some people believe that a county should be allowed to loan or grant general fund revenue for such purposes.

CONTENT

Senate Bill 239 (S-1) would amend Public Act 156 of 1851, which prescribes the powers and duties of county boards of commissioners, to allow a county board of commissioners to grant or loan funds to a nonprofit corporation organized for the purpose of providing loans for private sector economic development initiatives. The funds could not be derived from ad valorem taxes. A nonprofit corporation that received funds under the bill would be subject to the Freedom of Information Act for all activities related to the loan.

Senate Bill 240 would amend Public Act 380 of 1913, which regulates gifts of property to local units of government, to allow a county to grant or loan funds to a township, city, or village located in the county, for the purpose of encouraging and assisting businesses to locate and expand within the county. The funds could not be derived from ad valorem taxes.

MCL 46.11 (S.B. 239)
123.872 (S.B. 840)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Kalamazoo County apparently has been hit hard by business relocation in recent years. In an effort to foster economic growth, the county has looked for ways to use its resources to promote business development. The county, however, does not have statutory authority to use general fund revenue for loans and grants to nonprofit corporations or local units to assist and encourage business location or expansion, as the county proposed to do. By granting counties the explicit statutory authority to make such loans and grants, the bill would give counties an optional tool for economic development that they presently do not possess.

Legislative Analyst: George Towne

FISCAL IMPACT

The bills would have an unknown, although likely minimal impact on local units. The bills would not affect State expenditures and the effects on State revenues would likely be negligible or zero.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.