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BILL ANALYSIS

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Senate Bill 275 (as introduced 3-6-03)

Sponsor: Senator Cameron S. Brown

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 10-15-03

### **CONTENT**

The bill would amend the Michigan Renaissance Zone Act to provide that through December 31, 2004, a qualified local governmental unit in which a renaissance zone was designated could modify the boundaries of that zone to include contiguous parcels of property, as determined by the local unit and the State's Renaissance Zone Review Board. This provision is currently in the Act but expired December 31, 2002.

MCL 125.2686

Legislative Analyst: George Towne

### **FISCAL IMPACT**

The proposed changes would allow any renaissance zone established under Section 8 or 8a (described below) to expand a zone to include contiguous property. The bill would reduce State revenues and increase State expenditures by an unknown and potentially significant amount, depending on how many renaissance zones chose to expand their borders and the economic activity that would take place in the additional property. Local unit revenues also would be reduced by an unknown and potentially significant amount. State and local revenues would be reduced because of the tax exemptions granted to property and activity within a 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.

This estimate is preliminary and will be revised as new information becomes available.

(Section 8 authorized the designation of nine renaissance zones, with not more than six in urban areas and not more than four in rural areas, plus additional zones in local units with a closed military base. Section 8a authorized the designation of nine additional zones, with not more than six in urban areas and not more than five in rural areas, and additional zones in local units with a closed military base; plus five additional zones, which may include an alternative energy zone and a pharmaceutical renaissance zone.)

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.