



Senate Fiscal Agency
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Senate Bill 774 (as passed by the Senate)

Sponsor: Senator Virg Bernero

Committee: Economic Development, Small Business and Regulatory Reform

Date Completed: 12-1-03

RATIONALE

It has been suggested that a deadline should be extended in the Local Development Financing Act to allow for the creation of a certain certified technology park. Under the Act, a local government may create a local development financing authority to finance public improvements in a given area, by capturing increases in property tax revenues due to increased value. Public Act 248 of 2000 amended the Act to allow the Michigan Economic Development Corporation (MEDC), until December 31, 2002, to designate certified technology parks (also known as SmartZones) if they satisfied certain criteria. Several SmartZones were created around the State. Reportedly, the cities of East Lansing and Lansing had proposed to apply jointly to the MEDC for a SmartZone. The East Lansing City Council adopted a resolution of interest in 2002; however, the Lansing City Council failed to act before the deadline.

CONTENT

The bill would amend the Local Development Financing Act to allow the Michigan Economic Development Corporation, until December 31, 2004, to enter into an agreement with a municipality that had adopted a resolution of interest to create a certified technology park before December 31, 2002.

MCL 125.2162a

BACKGROUND

The MEDC states the following regarding SmartZones:

Michigan Smartzones are 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, those primarily focused on commercializing ideas, patents, and other opportunities surrounding corporate, university or private research institute R&D efforts.

The MEDC website, www.medc.michigan.org, contains extensive information regarding SmartZones, including a list of existing SmartZones.

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

Michigan must compete with other states for high-technology companies and their jobs. To compete effectively, the State provided for the creation of certified technology parks, or SmartZones, where local communities and nearby educational and research institutions may collaborate to attract high-tech firms. Although several of these SmartZones were created in the State, a proposal to create a zone jointly by East Lansing and Lansing failed to materialize because the deadline in the Act passed before an application was submitted.

The bill would allow the MEDC to enter into an agreement with East Lansing-Lansing (or another municipality that adopted a resolution

by the deadline) to create a SmartZone, thus giving the area an economic development tool to attract high-technology industries. This could diversify the area's economic base, and attract new capital investment and new high-paying jobs.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would reduce potential increases in State and local revenues by a negligible amount. State revenues would be affected because certified technology parks may capture a portion of the State education tax on the increased value of the property.

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

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.