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BILL ANALYSIS

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Senate Bill 1201 (as passed by the Senate)  
Sponsor: Senator Michelle A. McManus  
Committee: Commerce and Labor

Date Completed: 6-24-04

### **RATIONALE**

The downtown development authority (DDA) Act permits a city, village, or township, by ordinance, to create an authority and establish a downtown district, in order to "capture" the tax revenue from the incremental growth in property values within the district, for use in financing a variety of public improvements in that area. Some people believe that, in order to maximize efficiency and share resources and costs, adjoining communities should be allowed to enter into an agreement for joint DDA administration.

instances, it might be useful to have joint administration of separate DDAs that are contiguous. Even if two adjoining municipalities' DDAs are not contiguous, the governing bodies of the municipalities could find it beneficial to pool their resources and share the expenses of administering the DDAs. The bill would give adjoining municipalities with separate DDAs the explicit authority to do so.

Legislative Analyst: Patrick Affholter

### **CONTENT**

The bill would amend the downtown development authority Act to allow a municipality that had created a DDA to enter into an agreement with an adjoining municipality that had created a DDA to operate and administer the DDAs jointly, pursuant to an interlocal agreement under the Urban Cooperation Act.

(The Urban Cooperation Act allows public agencies to enter into an agreement to exercise jointly any power, privilege, or authority that the public agencies share in common and that each may exercise separately.)

MCL 125.1653

### **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**

Business corridors do not necessarily end at a municipal boundary and, in some

### **FISCAL IMPACT**

The bill would have an unknown fiscal impact on affected local units of government and little to no fiscal impact on State government. The communities in which the DDAs were located, but not the DDAs themselves, would have to be adjoining. Presumably, DDAs would not choose to enter into a joint agreement unless the combined operation would lower operating costs or somehow enhance the administration of the DDAs and improve the revenue stream collected from DDA properties. It is not known how many, or which municipalities with, DDAs would choose to enter into joint agreements.

This analysis 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.