



Telephone: (517) 373-5383 Fax: (517) 373-1986 TDD: (517) 373-0543

H.B. 4197 (H-2): FLOOR ANALYSIS

House Bill 4197 (Substitute H-2 as reported without amendment)

Sponsor: Representative Chris Ward

House Committee: Local Government and Urban Policy

Senate Committee: Commerce and Labor

CONTENT

The bill would amend the Local Development Financing Act to expand the definition of "urban township". To qualify under the expanded definition, a township would have to have a population of at least 13,000; be located in a county with a population of at least 150,000; and have adopted a master zoning plan before February 1, 1987. (An urban township is a type of municipality eligible to establish a local development finance authority under the Act.)

Currently, "urban township" means a township that meets one or more of the following:

- -- Has a population of at least 20,000, or has a population of at least 10,000 and is located in a county with a population of at least 400,000; adopted a master zoning plan before February 1, 1987; and provides sewer, water, and other public services.
- -- Has a population under 20,000; is located in a county that has a population of at least 250,000 but less than 400,000, and that is located in a metropolitan statistical area; contains a parcel of property under common ownership that is 800 acres or larger, capable of being served by a railroad, and within three miles of a limited access highway; and established a local development finance authority before December 31, 1998.
- -- Has a population under 20,000; has a State equalized valuation over \$200 million; adopted a master zoning plan before February 1, 1987; is a charter township; contains a combination of parcels under common ownership that is 800 acres or larger, immediately adjacent to a limited access highway and an existing sewer line, and capable of being served by a railroad; and established a local development finance authority before March 1, 1999.

MCL 125.2152 Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have little to no effect on State and local revenues, primarily because a local development finance authority derives revenue from changes in property values. The magnitude of the effect would depend on how many of the affected communities would create local development finance authorities, whether the developments would affect property values in areas where increases in property values were not captured, and the value of any property included within an authority.

The School Aid Fund effectively holds school districts harmless for changes in property values. If a school district receives less property tax revenue because, for example, the State declares a type of property to be exempt from taxation, then expenditures from the School Aid Fund will increase to offset the revenue loss. Because an authority receives revenues from the changes in values, then assuming the development would not occur absent the bill, the bill would not result in increased expenditures from the School Aid Fund.

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

Date Completed: 5-28-03 Fiscal Analyst: David Zin