

Legislative Analysis



EXPAND RENAISSANCE ZONES

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Senate Bill 922 (Substitute H-4)

Sponsor: Sen. Ken Sikkema

House Committee: Commerce

Senate Committee: Commerce and Labor

Complete to 3-29-06

A SUMMARY OF SENATE BILL 922 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Michigan Renaissance Zone Act to permit the modification of three existing zones and the establishment of four new redevelopment renaissance zones.

Modifications. Modifications would be permitted in the following instances, in each case adding contiguous parcels of property.

1) A qualified local governmental unit in a county with a population between 160,000 and 170,000 with a renaissance zone of less than 50 contiguous acres but more than 20 contiguous acres could modify the zone boundaries to include a contiguous parcel of property. The contiguous parcel would have to be less than 12 acres in size and would become part of the original zone. [This is said to refer to a zone in Benton Harbor in Berrien County.]

2) A qualified local governmental unit in a county with a population between 61,000 and 64,000 with a renaissance zone of more than 500 acres could modify the zone boundaries to include a contiguous parcel of property. The contiguous parcel would have to be less than 12 acres in size and would become part of the original zone. [This is said to refer to a zone adjacent to Carson City in Montcalm County.]

3) A qualified local governmental unit in a county with a population of more than 61,000 and less than 63,000 with a renaissance zone of more than 137 acres could modify the zone boundaries to include a parcel of property separated from the existing zone by a roadway. The additional property could only include property less than 67 acres in size and would become part of the original zone. [This is said to refer to a zone near Greenville in Montcalm County.]

Redevelopment Zones. The bill also would make changes to the definition of a "redevelopment renaissance zone." The term would be amended to apply in four additional cases.

1) The term would apply so as to allow such a zone in a city with a population between 13,000 and 14,000 located in a county with a population between 1 million and 1.3 million. To be eligible, this zone would have to contain an industrial site of 300 or more contiguous acres. [This is said to refer to property in Wixom in Oakland County.]

2) The term would apply to property in a township with a population of more than 5,500 located in a county with less than 24,000 that contains an industrial site over 850 acres with railroad access. [This is said to apply to property near Gaylord in Otsego County.]

3) The term would apply to property located in a city with a population of more than 40,000 and less than 44,000 in a county with a population between 81,000 and 87,000 and containing an industrial site of more than 475 acres. [This is said to apply to property in Midland in Midland County.]

4) The term would apply to property located in a city with a population of more than 21,000 and less than 26,000 in a county with a population between 573,000 and 625,000 and containing an industrial site of less than 45 acres. [This is said to apply to Walker in Kent County.]

[Currently, the act contains only one redevelopment renaissance zone: its is an industrial site of 200 or more acres located in a city with a population of more than 7,500 and less than 8,500 and in a county with a population of more than 60,000 and less than 70,000 (i.e., the City of Greenville in Montcalm County).]

Pharmaceutical Companies. The definition of an "eligible pharmaceutical company" would be modified so that a company would need to employ 4,800 persons who were engaged primarily in research and development of pharmaceuticals rather than 5,000 such employees.

Tie-Bar. The bill is tie-barred to House Bill 5640, which deals with Michigan Economic Growth Authority tax credits in rural areas and allows tax credits to a firm in Ontonagon County.

MCL 125.2686 and 2688a

FISCAL IMPACT:

Under current law, property inside a renaissance zone is exempt from local property taxes and the six-mill State Education Tax. Individuals and businesses that reside in such zones are exempt from the Michigan Individual Income Tax and the Single Business Tax respectively. This bill expands three existing renaissance zones and also provides for a four new redevelopment renaissance zones. These revisions will reduce local and state property tax by an indeterminate amount which will depend on the properties located in these zones. In addition, the State will be required to reimburse many of the property taxes lost as a result of these exemptions, including revenues to local schools, intermediate school districts, community colleges, public libraries and the State School Aid Fund.

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