

NEW REDEVELOPMENT REN. ZONES

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Senate Bill 1148 (Substitute H-1)

Sponsor: Sen. Tony Stamas

Senate Committee: Commerce and Labor

House Committee: Commerce

Complete to 12-06-06

A SUMMARY OF SENATE BILL 1148 AS REPORTED FROM HOUSE COMMITTEE

The bill would amend the Michigan Renaissance Zone Act (MCL 125.2688a) to allow the board of the Michigan Strategic Fund to designate three additional redevelopment renaissance zones. Firms located in renaissance zones receive exemptions from local real and personal property taxes, the State Education Tax, the Michigan Single Business Tax, and personal income taxes.

[Note: The bill in its current form is similar to the House-passed version of House Bill 5847.]

The three zones are described below.

One zone would have to meet the following criteria: (1) be located in a city with a population over 190,000 and under 250,000 and in a county with a population over 573,000 and less than 625,000; (2) contain only all or a portion of an industrial site of more than 14 acres and less than 16 acres; and (3) be approved by the MSF board on or before April 1, 2007.

A second zone would have to meet the following criteria: (1) be located in a city of more than 35,500 and less than 36,800 in a county of more than 157,000 and less than 162,000; (2) contain only all or a portion of an industrial site composed of one or more adjacent parcels totaling five or more acres; and (3) be approved by the MSF board on or before April 1, 2007.

A third zone would have to meet the following criteria: (1) be located in a city with a population of more than 40,000 and less than 44,000 within a county of more than 81,000 and less than 87,000; (2) contain only all or a portion of an industrial site composed of one or more adjacent parcels totaling 100 or more acres; (3) be approved by the MSF board on or before April 1, 2008.

The bill would allow for "one or more" of the usual taxes to be abated in the second and third cited zones (rather than all of the taxes).

The bill also contains clarifying language in the descriptions of existing redevelopment zones. The proposed amendments would allow "all or a portion" of the properties described (rather than the properties as a whole) to be designated zones.

BACKGROUND INFORMATION:

According to committee testimony, the bill would apply to (1) the City of Grand Rapids and to Autodie International, a high tech tool and die company in the process of being purchased by a subsidiary of Daimler Chrysler; (2) the Eaton Corporation in the City of Jackson; and (3) industrial property associated with Dow Corning in the city of Midland.

FISCAL IMPACT:

The bill will create three additional Renaissance Zones resulting in an indeterminate reduction of state and local property tax and an increase in School Aid Fund expenditures to replace reduced school property taxes. In addition, individuals and corporations in these zones are exempt from the Michigan Single Business Tax and individual income taxes. However, the bill does provide that the redevelopment agreement could provide only partial tax exemptions and such provisions would mitigate, but not eliminate, the reduction in state and local tax revenue.

POSITIONS:

The Michigan Economic Development Corporation, the City of Grand Rapids, and the International Union, UAW, indicated support for the bill to the Committee on Commerce. (12-0-06)

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