

Legislative Analysis



RENEWABLE ENERGY ZONES

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House Bill 5752

Sponsor: Rep. Tom Casperson

Committee: Agriculture

Complete to 2-27-06

A SUMMARY OF HOUSE BILL 5752 AS INTRODUCED 2-23-06

The bill would amend the Michigan Renaissance Zone Act to allow for the designation of up to ten additional renaissance zones, specifically for renewal energy facilities. A renaissance zone could only be created with the consent of the appropriate city, village, or township, or combination of local units. The zones would be designated by the State Administrative Board on the recommendation of the Michigan Strategic Fund Board.

A renewable energy facility would be defined as *a system that creates energy from a process using residues from corn, soybeans, wood paper products industries, and food production and processing; trees and grasses grown specifically to be used as energy crops; and gaseous fuels produced from solid biomass, animal wastes, municipal wastes, or landfills.*

{Renaissance zones are typically described as granting virtually tax-free status to the businesses or residents in them. Businesses in renaissance zones are exempt from the single business tax (SBT), the six-mill state education tax, local real and personal property taxes, specific taxes levied in lieu of property taxes, and (in Detroit) the utility users tax, as well as state and city income taxes.]

When designating a renaissance zone for a renewable energy facility, the State Administrative Board would consider: the economic impact on local suppliers who supply raw materials, goods, and services to the facility; the creation of jobs "relative to the employment base of the community rather than the static number of jobs created;" the viability of the project; and the economic impact on the community where the facility is located. Preference would be given, "other things being equal," to a business entity already located in the state.

The SAB could revoke the designation of all or a portion of a zone for a renewable energy facility if it determined that the facility failed to commence operations; ceased operations; or failed to commence construction or renovation within one year from the date the zone was designated.

FISCAL IMPACT:

In the short term, there should be no significant fiscal impact on either the State of Michigan or its local units of government. The long term impact is indeterminate, and depends on the availability, at competitive prices, of automobiles that will burn ethanol, biodiesel, and biomass fuels.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.