

Legislative Analysis



RENAISSANCE ZONES: SIZE AND DURATION

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House Bill 5942

Sponsor: Rep. David Palsrok

Committee: Commerce

Complete to 6-26-06

A SUMMARY OF HOUSE BILL 5942 AS INTRODUCED 3-30-06

The bill would amend the Michigan Renaissance Zone Act to:

** Allow, through December 31, 2006, a local unit of government with a renaissance zone to designate up to 10 additional distinct geographical areas as part of the zone if the additional areas would increase capital investment and job creation. The local unit would need the approval of the board of the Michigan Strategic Fund. The duration of renaissance zone status for the additional areas could not exceed 15 years.

** Allow, through December 31, 2006, a local unit with a renaissance zone to seek to extend the duration of one or more portions of a renaissance zone if additional capital investment and job creation would occur as a result of the extension. The local unit would need the approval of the board of the Michigan Strategic Fund, which could grant an extension for up to five years.

MCL 125.2684 and 2691

FISCAL IMPACT:

This will decrease state and local tax revenues by an indeterminate amount. Existing Renaissance Zones may be extended for up to five years upon application through December 31, 2006. Renaissance Zones provide exemption from most state and local taxes for businesses and their employees located within these geographic areas. Taxes exempted include local real and personal property tax, the State Education Tax, the Michigan Single Business Tax, utility user taxes and the personal income tax. Approximately 35 Michigan counties currently contain at least one Renaissance Zone. The identity of local governmental units who will elect to apply for a five-year extension is not determinable, and therefore the fiscal impact cannot be estimated at this time.

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