

# Legislative Analysis

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## BROWNFIELD REVELOPMENT TAX CAPTURE

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House Bill 6303 as enrolled

Public Act 467 of 2006

Sponsor: Rep. Jerry O. Kooiman

House Committee: Commerce

Senate Committee: Commerce and Labor

Complete to 12-21-06

## A SUMMARY OF HOUSE BILL 6303 AS ENROLLED

Under the Brownfield Redevelopment Financing Act (MCL 125.2663), a brownfield authority must approve a plan before redeveloping contaminated, blighted, or functionally obsolete property. The plan must contain, among other things, a description of the costs of the plan that will be funded by tax increment finance revenues captured from the increase in value of the rehabilitated property, a summary of eligible activities proposed for the property, and an estimate of the captured taxable value and tax increment revenues for each year of the plan for each parcel of eligible property. The plan must also contain the *duration* of the brownfield plan, which is limited under the act, generally speaking, to the lesser of (1) the number of years it takes to capture sufficient revenue to cover the permitted costs of the project, or (2) 30 years. Plans can be amended to apply to additional parcels of property, in which case the amendment to the plan must contain the same information cited above.

House Bill 6303 would amend the act to require that, in describing the duration of eligible activities on eligible property, the plan must also specify the beginning date for the capture of tax increment revenues, which could be no later than five years following the date of the resolution approving a plan amendment related to a particular eligible property.

## BACKGROUND INFORMATION:

Proponents of the bill say its aim is to provide clear direction to local units of government about when tax revenues are to begin to be captured on an eligible property after a brownfield redevelopment plan has been amended related to that property. While the act is clear about the ending dates for capture, it does not currently spell out when local units are to begin the capture of tax revenue. The bill is said to be designed to give local units flexibility as to when to begin tax capture to pay for the cleanup and development of brownfield sites (rather than requiring an immediate start to tax capture.)

## FISCAL IMPACT:

There is no fiscal impact on the State of Michigan or its local units of government.

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