



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 900 (Substitute S-1 as reported)
Sponsor: Senator Ron Jelinek
Committee: Commerce and Labor

CONTENT

The bill would amend the Michigan Renaissance Zone Act to double the number of agricultural renaissance zones that may be designated. The Act allows the State Administrative Board to designate up to 20 renaissance zones for agricultural processing facilities in the State in one or more cities, villages, or townships, provided those entities allow the creation of the zones for that purpose. The bill would allow the Board, upon recommendation of the Agriculture Commission, to designate up to 40 agricultural processing renaissance zones.

Currently, the Administrative Board may revoke the designation of all or a portion of a renaissance zone for an agricultural processing facility if it determines that the facility fails to begin operation or ceases operation in a designated renaissance zone. Under the bill, the Board also could revoke the designation of a renaissance zone for an agricultural processing facility if it failed to commence construction or renovation within one year of being designated.

The bill would require the Board, when designating a renaissance zone for an agricultural processing facility, to consider the economic impact on local suppliers to the facility, the creation of jobs relative to the employment base of the community, the viability of the project, and the economic impact on the community where the facility is located.

MCL 125.2688c

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would reduce State and local tax revenue and would increase School Aid Fund expenditures by an unknown amount. The actual amount would depend upon the specific characteristics of the property affected by the bill and the amount of property included in the additional renaissance zones. Under current law, property inside a renaissance zone is exempt from local property taxes and the State education tax, and individuals and businesses that reside in the zone are exempt from the single business tax and individual income taxes. Current law also requires the State to reimburse many of the property taxes lost as a result of any exemptions under the Act, including revenue to intermediate school districts, local school districts, community colleges, public libraries, and the School Aid Fund.

Currently, the fiscal impact of the existing agricultural renaissance zones is relatively small because the facilities have not yet been completed and many of the 20 zones authorized by existing law have yet to have any impact at all (and some have not yet been designated). As these facilities become more fully developed, the fiscal impact is expected to grow substantially. Similarly, if the proposed changes resulted in new construction, the bill's full impact would not be experienced for several years, when the construction was completed.

Date Completed: 12-13-05

Fiscal Analyst: David Zin