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BILL ANALYSIS

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Senate Bill 900 (as introduced 11-29-05)  
Sponsor: Senator Ron Jelinek  
Committee: Commerce and Labor

Date Completed: 12-6-05

### **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 increase the cap on agricultural renaissance zones to 40.

The bill also would require that, when designating a renaissance zone for an agricultural processing facility, the State Administrative Board give preference to a business entity already located in Michigan, all other things being equal.

(The Act defines "agricultural processing facility" as one or more facilities or operations that transform, package, sort, or grade livestock or livestock products, agricultural commodities, or plants or plant products into goods that are used for intermediate or final consumption including goods for nonfood use, and surrounding property. Each renaissance zone designated for an agricultural processing facility must be one continuous distinct geographic area. 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.)

MCL 125.2688c

Legislative Analyst: Patrick Affholter

### **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 State School Aid Fund.

Currently, the fiscal impact of the existing agricultural processing 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 changes from the bill were to result in new construction, the full impact of the bill would not be experienced for several years, when the construction was completed.

This analysis is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.