



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 922 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Ken Sikkema
Committee: Commerce and Labor

CONTENT

The bill would amend the Michigan Renaissance Zone Act to allow the modification of two particular renaissance zones that had been designated under the Act: one in a city located in a county with a population of more than 160,000 and less than 170,000, and one in a county with a population of more than 61,000 and less than 64,000.

In each case, before July 1, 2006, the qualified local governmental unit in which the renaissance zone was located could modify the boundaries of the zone to include a contiguous parcel of property that was less than 12 acres in size. The additional contiguous parcel would not constitute a distinct geographic area. The parcel would become part of the original renaissance zone on the same terms and conditions as the rest of the property in the zone.

The bill would apply to a renaissance zone of less than 50 but more than 20 contiguous acres that was designated in a city located in a county with a population of more than 160,000 and less than 170,000. (This provision pertains to the City of Benton Harbor in Berrien County.)

The bill also would apply to a renaissance zone of more than 500 acres that was designated in a county with a population of more than 61,000 and less than 64,000. (This refers to a location outside of Carson City in Montcalm County.)

In addition, the bill would amend the definition of "redevelopment renaissance zone" to include a renaissance zone located in a city with a population of between 13,000 and 14,000 in a county with a population between 1.0 million and 1.3 million that contains an industrial site of 300 or more contiguous acres.

MCL 125.2686 & 125.2688a

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill would reduce State and local property tax revenue and would increase School Aid Fund expenditures by an unknown amount. The actual amount will 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 or 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 revenues to intermediate schools districts, local school districts, community colleges, public libraries and the State School Aid Fund.

The amended definition of "redevelopment renaissance zone" would include an industrial site in the City of Wixom and likely would have no impact. The statute currently authorizes the creation of only one redevelopment renaissance zone, which includes an area in the City of Greenville. At the time of this writing, no redevelopment renaissance zone has been approved in Greenville, although approval is expected within the next few months. If the Greenville zone is approved, the Wixom facility would not be able to become a redevelopment renaissance zone because the statute authorizes only one such zone. However, if the Greenville zone is not approved and the Wixom zone were approved, the Wixom zone would replace the fiscal impact previously assumed to result from the Greenville zone. The impact of any redevelopment renaissance zone (whether approved in Wixom or Greenville) depends upon the specific characteristics of the property located in the zone.

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

Date Completed: 1-25-06

Fiscal Analyst: David Zin