



Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5471 (Substitute H-2 as reported without amendment)

Sponsor: Representative Dave Hildenbrand

House Committee: Commerce

Senate Committee: Commerce and Labor

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to authorize certain redevelopment activities in an "economic opportunity zone", which would mean one or more parcels of property that, together, are 40 or more acres in size; contain a manufacturing facility of 500,000 or more square feet; and are located in a municipality that has a population of 30,000 or less and is contiguous to a qualified local governmental unit.

The Act allows qualified local governmental units to establish brownfield redevelopment zones and brownfield redevelopment authorities, which may implement brownfield plans for the redevelopment of commercial or industrial property. The following activities are allowed on eligible property used for commercial, industrial, or residential purposes that is in a qualified local governmental unit, or that is owned or under the control of a land bank fast track authority, and that meets the Act's definition of facility, functionally obsolete, or blighted: infrastructure improvements that directly benefit eligible property; demolition of structures or site preparation that is not response activity under Section 20101 the Natural Resources and Environmental Protection Act; lead or asbestos abatement; assistance to a land bank fast track authority in clearing or quieting title to, or selling or otherwise conveying, property owned or under the control of the authority.

The bill also would allow those activities on eligible property that was located in an economic opportunity zone.

MCL 125.2652 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State General Fund revenue by an unknown amount and potentially cause the State and local units to forgo future revenue increases by an unknown amount. Affected properties are eligible for tax credits under the Michigan single business tax. Furthermore, the increases in property taxes resulting from higher property values for eligible properties (usually attributable to eligible activities that result in improvements to the condition and value of the property) are captured for purposes specified by the Act. The actual impact on the State and any local units would depend upon the characteristics of the specific properties affected by the bill, as well as the mills subjected to capture by affected brownfield plans. Revenue for local school operating purposes (and thus School Aid Fund expenditures) would not be affected because, under the bill, mills levied for school operating purposes could not be captured for eligible activities in economic opportunity zones.

Date Completed: 2-2-06

Fiscal Analyst: David Zin

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Bill Analysis @ www.senate.michigan.gov

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