



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5471 (Substitute H-2 as passed by the House)
Sponsor: Representative Dave Hildenbrand
House Committee: Commerce
Senate Committee: Commerce and Labor

Date Completed: 1-24-06

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to authorize certain redevelopment activities in an "economic opportunity zone".

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.

Under the Act, the following activities are allowed on eligible property that was used or is currently being 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 that is not response activity under Section 20101 the Natural Resources and Environmental Protection Act (NREPA) (MCL 324.20101).
- Lead or asbestos abatement.
- Site preparation that is not response activity under Section 20101 of NREPA.
- 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 land bank fast track authority.

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

Under the Act, a brownfield redevelopment authority may not use taxes levied for school operating purposes captured from eligible property for eligible activities for a qualified facility. Under the bill, an authority also could not use those captured taxes for eligible activities for property located in an economic opportunity zone.

Under the bill, "economic opportunity zone" would mean one or more parcels of property that meet all of the following:

- Together, are 40 or more acres in size.
- Contain a manufacturing facility that consists of 500,000 or more square feet.
- Are located in a municipality that has a population of 30,000 or less and that is contiguous to a "qualified local governmental unit".

Under the Act, "eligible property" means property for which eligible activities are identified under a brownfield plan that was used or currently is being used for commercial, industrial, or residential purposes that is either in a qualified local governmental unit and is a facility, functionally obsolete, or blighted or is not in a qualified local governmental unit and is a facility, and includes parcels that are adjacent or contiguous to that property if the development of the adjacent and contiguous parcels is estimated to increase the captured taxable value of that property or tax reverted property owned or under the control of a land bank fast track authority.

"Qualified local governmental unit" means that term as defined in the Obsolete Property Rehabilitation Act.

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 (repayment of bonds, remediation activities, certain relocation costs, etc.). 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.

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

Fiscal Analyst: David Zin

S0506\5471sa

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.