

Legislative Analysis



SMART ZONE

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Senate Bill 1203

Sponsor: Sen. Randy Richardville

House Committee: Commerce

Senate Committee: Economic Development and Regulatory Reform

Complete to 4-8-08

A SUMMARY OF SENATE BILL 1203 AS REPORTED BY HOUSE COMMITTEE

This bill is tie-barred to House Bill 5609, which would amend the Local Development Financing Act, which is a tax increment financing statute, to allow the Michigan Economic Development Corporation (MEDC) to designate three additional certified technology parks (also known as Smart Zones). House Bill 5609 has passed the Senate and is on the House floor. (See the HFA analysis dated 2-27-08.)

Senate Bill 1203 would amend the same act so that if a municipality has created a local development finance authority in which a certified technology park, or SmartZone, has been designated, that municipality could enter into an agreement with another authority that does not contain a technology park to designate a distinct geographic area within the second authority district as a technology park. A copy of the designation would have to be filed with the Michigan Economic Development Corporation (MEDC).

[This allows, generally speaking, for a community without a designated Smart Zone to have a Smart Zone by piggybacking on a SmartZone in another community. The intent apparently is that this new Smart Zone territory would not count toward the total number of zones permitted, but would count as part of the "home" Smart Zone.]

Under Senate Bill 1203, the authority making the designation would have to consider (1) the advantages of the unique characteristics and specialties offered by the public and private resources available in the distinct geographic area, (2) the benefits to regional cooperation and collaboration, and (3) whether designating the additional distinct geographic area adds value to the mission of the designated certified technology park.

The state treasurer could not approve the capture of the State Education Tax and of local and intermediate school operating taxes for more than three distinct geographic areas.

BACKGROUND INFORMATION:

The original Smart Zone legislation allowed for ten such zones. The act was later amended to allow five additional parks to be created after November 1, 2002. (Eligibility for these designations apparently has expired, with not all of the designations having been awarded.) House Bill 5609 would allow three additional zones to be designated after

February 1, 2008 and before December 1, 2009. Applications could not have been submitted for park designation prior to February 1, 2008.

Under the act, these special technology parks or zones are able to capture the growth in property taxes (tax increments) within the park, with the revenue to be used in the park for a variety of purposes, including infrastructure construction, property purchases, marketing and promotion, and creating high-technology support facilities, such as laboratories and training centers, among other things. The act also requires the state, in the case of the certified technology parks created after 2002, to reimburse local school districts, intermediate school districts, and the state's School Aid Fund for tax revenue lost.

MCL 125.2162b

FISCAL IMPACT:

As noted in the analysis of House Bill 5609, increasing the number of certified technology parks in Michigan would increase State expenditures to the extent that the State had to reimburse intermediate school districts, local school districts and the State School Aid Fund for lost tax revenue that was captured by the technological park authority.

POSITIONS:

The Michigan Economic Development Corporation supports the bill. (4-8-08)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.