

Legislative Analysis



RENEWABLE ENERGY RENAISSANCE ZONES: INCLUDE WIND AND SOLAR ENERGY

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House Bill 4950

Sponsor: Rep. Robert Dean

Committee: Energy and Technology

Complete to 4-29-08

A SUMMARY OF HOUSE BILL 4950 AS INTRODUCED 6-19-07

The bill would amend the Michigan Renaissance Zone Act to expand the definition of "renewable energy facility" in the section of the act that allows for the establishment of 10 renaissance zones specifically for renewable energy facilities. The expanded definition would allow systems creating energy from wind and solar energy to qualify and would also make eligible a facility focused on research, development, or manufacturing of wind energy systems or solar energy systems.

The current definition of "renewable energy facility" applies to a system that creates energy from a process using residues from agricultural products, forest production, paper products industries, and food production and processing; trees and grasses grown specifically to be used as energy crops; and gaseous fuels produced from solid biomass, animal wastes, municipal wastes, or landfills. House Bill 4950, as noted earlier, would add references to systems creating energy from wind and solar energy and facilities engaged in research, development, or manufacturing of such systems.

Renaissance zones are typically described as granting virtually tax-free status to the businesses or residents in them. Businesses in renaissance zones are exempt from the Michigan business tax (MBT), the six-mill state education tax, local real and personal property taxes, specific taxes levied in lieu of property taxes, and (in Detroit) the utility users tax, as well as state and city income taxes.

Legislation enacted in 2006 amended the Michigan Renaissance Zone Act to allow for the designation of up to 10 additional renaissance zones, specifically for renewable energy facilities. Such a renaissance zone can only be created with the consent of the appropriate city, village, or township, in which the facility is located (or a combination of local units). The zones would be designated by the State Administrative Board on the recommendation of the Michigan Strategic Fund Board.

When designating a renaissance zone for a renewable energy facility, the State Administrative Board must consider: the economic impact on local suppliers who supply raw materials, goods, and services to the facility; the creation of jobs "relative to the employment base of the community rather than the static number of jobs created"; the viability of the project; the economic impact on the community where the facility is located; and whether the facility could be located in an existing renaissance zone instead.

Preference is to be given, "other things being equal," to a business entity already located in the state.

The SAB could revoke the designation of all or a portion of a zone for a renewable energy facility if it determined that the facility failed to commence operations; ceased operations; or failed to commence construction or renovation within one year from the date the zone was designated.

FISCAL IMPACT:

A fiscal analysis is in process. Note, however, that the bill as introduced does not expand the number of renaissance zones; instead, it expands the kinds of facilities eligible for designation.

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