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BILL ANALYSIS

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Senate Bill 1203 (as introduced 3-11-08)
Sponsor: Senator Randy Richardville
Committee: Economic Development and Regulatory Reform

Date Completed: 3-19-08

CONTENT

The bill would amend the Local Development Financing Act to allow a municipality that had created an authority in which a certified technology park had been designated, to enter into an agreement with another authority that did not contain a certified technology park, designating a distinct geographic area within the authority district as a certified technology park. The bill also would allow the Michigan Economic Development Corporation (MEDC) to designate three additional certified technology parks.

Under the Act, a local government may create a local development financing authority to finance public improvements in a given area, by capturing increases in property tax revenue due to increased value. Public Act 248 of 2000 amended the Act to allow the MEDC to enter into agreements designating certified technology parks (also known as SmartZones) in municipalities that had created an authority, if they applied to the MEDC and satisfied certain criteria.

Under the bill, if a municipality had created an authority in which a certified technology park had been designated under the Act, the municipality could enter into an agreement with another authority that did not contain a certified technology park to designate a distinct geographic area within the authority district as a certified technology park.

The authority would have to consider the advantages of the unique characteristics and specialties offered by the public and private resources available in the distinct geographic area, the benefits to regional cooperation and collaboration, and whether designating the additional distinct geographic area added value to the mission of the designated certified technology park. The distinct geographic area would be subject to the provisions of Section 12a(3), (4), and (5). A copy of the designation would have to be filed with the Michigan Economic Development Corporation.

(Under Section 12a(3), a local development financing authority and a municipality that incorporated the authority may enter into an agreement with the MEDC establishing the terms and conditions governing the certified technology park. Under Section 12a(4), if the MEDC has determined that a sale price or rental value at below market rate will assist in increasing employment or private investment in the certified technology park, the authority and municipality may determine the sale price or rental value for public facilities owned or developed by the authority and municipality in the certified technology park at below market rate. Under Section 12a(5), if public facilities developed pursuant to an agreement entered into under the Act are conveyed or leased at less than fair market value or at below

market rates, the terms of the conveyance or lease must include legal and equitable remedies and rights to assure the public facilities are used as eligible property.)

The Act originally authorized the MEDC to designate up to 10 certified technology parks. A 2002 amendment authorized the MEDC to designate an additional five certified technology parks after November 1, 2002. The bill would increase that number to eight.

MCL 125.2162a

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would reduce local unit revenue and increase State expenditures by an unknown amount depending upon the number of additional properties affected, as well as their specific characteristics. State expenditures would be increased because the State would be required to reimburse intermediate school districts, local school districts, and the School Aid Fund for revenue captured under the bill's provisions.

It is unclear under the bill whether the changes allowing municipalities with an existing technology park to create a new park in another authority, would require the new park to be created in an authority located in the same municipality or whether those new parks would be subject to the limits specified elsewhere in the Act on the number of parks that may be created. To the extent that such agreements would not be subject to those limits, the fiscal impact of the bill could be significantly greater because the number of parks essentially would be unlimited.

Fiscal Analyst: David Zin

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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.