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BILL ANALYSIS

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House Bill 5609 (Substitute H-2 as passed by the House)  
Sponsor: Representative Mike Simpson  
House Committee: Commerce  
Senate Committee: Economic Development and Regulatory Reform

Date Completed: 3-19-08

### **CONTENT**

**The bill would amend the Local Development Financing Act to allow the Michigan Economic Development Corporation (MEDC) to designate three additional certified technology parks between February 1, 2008, and December 31, 2009.**

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.

The Local Development Financing 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.

Under the bill, the MEDC could designate an additional three certified technology parks after February 1, 2008, and before December 31, 2009. The MEDC could not accept applications for additional certified technology parks until after February 1, 2008.

Under the Act, for the additional certified technology parks designated after November 1, 2002, the State must reimburse intermediate school and local school districts each year for all tax revenue lost that was captured by an authority for a certified technology park designated by the MEDC after October 3, 2002. The State also must reimburse the School Aid Fund.

The bill would extend these reimbursement requirements to the additional three certified technology parks that the MEDC could designate between February 1, 2008, and December 31, 2009.

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.

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.