Legislative Analysis

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ADD SMART ZONES

Senate Bill 358 (Substitute H-1)
Sponsor: Sen. Roger Kahn, M.D.
House Committee: Commerce
Senate Committee: Economic Development and Regulatory Reform

Complete to 11-12-09

A SUMMARY OF SENATE BILL 358 AS REPORTED FROM HOUSE COMMITTEE

The bill would allow the Michigan Economic Development Corporation to designate **two additional certified technology parks** (or Smart Zones) after June 1, 2009, and before April 1, 2010. The MEDC could not accept applications for the parks until after June 1, 2009.

The bill is an amendment to Local Development Financing Act (MCL 125.2162a), which is an act that creates a special kind of tax increment finance authority. 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.

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.) Public Act 105 of 2008 allowed three additional zones to be designated after February 1, 2008, and before December 1, 2009. Applications for those could not have been submitted for park designation prior to February 1, 2008.

BACKGROUND INFORMATION:

Committee testimony indicated that one of these zones will be awarded in the Saginaw area. The other is uncommitted.

The MEDC has described SmartZones as follows:

Michigan SmartZones are collaborations between universities, industry, research organizations, government, and other community institutions intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses, those primarily focused on commercializing ideas, patents, and other opportunities surrounding corporate, university or private research institute R&D efforts.

The MEDC website has a SmartZone fact sheet and a map of the existing 15 zones at

http://ref.themedc.org/cm/attach/DA889C19-C8A6-434A-9FE4-F5440B4B7DF7/MISmartZonefactsheet.pdf

FISCAL IMPACT:

The fiscal impact of the bill depends on the number of properties affected and the taxable value of these properties. This bill would reduce State and local property tax revenue by an unknown amount. Also, State expenditures would increase to reimburse school districts and the School Aid Fund for lost tax revenue.

POSITIONS:

The Michigan Economic Development Corporation testified in support of the bill. (11-4-09)

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