

## ALLOW RENAISSANCE ZONES FOR BORDER CROSSING FACILITIES IN PORT HURON AREA

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House Bills 4723 (Substitute H-2)

Sponsor: Rep. John Espinoza

Committee: Commerce

Complete to 5-18-09

### A SUMMARY OF HOUSE BILL 4723 AS REPORTED FROM COMMITTEE

House Bill 4723 would authorize the designation of up to 25 additional renaissance zones; these would be specifically for **border crossing facilities**. Such facilities would have to be located in **qualified border local governmental units**. The bill would amend the Renaissance Zone Act (MCL 125.2683 et al.). The bill would apply to the Port Huron area.

A renaissance zone for a border crossing facility would have a duration of 15 years. Each zone would be one continuous distinct geographic area. They would be designated by the board of the Michigan Strategic Fund. The designation would require the consent of the applicable local unit of government.

**Definition of Border Crossing Facility.** This kind of facility would be defined as a business that is one or more of the following, as determined by the board of the Michigan Strategic Fund:

(1) Located in a qualified border local governmental unit; and displaced or otherwise affected negatively by the development of the international border crossing; and unable to recover from the displacement or negative effect without the establishment of a renaissance zone.

(2) Associated with international trade, shipping, or freight hauling, including customs brokers, distribution centers, and truck supply and repair.

**Definition of Qualified Border Local Governmental Unit.** This term refers to one of the following: (1) A city with a population of more than 30,000 and less than 36,000 that contains an international border crossing; and (2) a township that adjoins such a city.

**Designation of Zone by MSF.** In designating a border crossing zone, the MSF board would have to consider all of the following: (1) the economic impact on local suppliers who supply raw materials, goods, and services to the border crossing facility; (2) the creation of jobs relative to the employment base of the community rather than static number of jobs created; (3) the viability of the project; and (4) the economic impact on the community in which the facility is located.

**Development Agreement.** The MSF board would require a written development agreement between the MSF and the facility requiring, among other things, a annual report by the facility on its capital investment; the number of individuals employed at the beginning and at the end of the reporting period, as well as the number of individuals transferred to the facility from another entity it owns; and the percentages of raw materials purchased in the state.

The MSF board could revoke the renaissance zone designation if the facility failed to begin operations, ceased operations, or failed to begin construction or renovation within one year from the date of zone designation.

#### **FISCAL IMPACT:**

House Bill 4723: **Renaissance zones** grant 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. The state government is required under the act to reimburse the School Aid Fund for lost revenues, as well as local and intermediate school districts, community colleges, and public libraries.

#### **POSITIONS:**

The Michigan Economic Development Corporation (MEDC) and the Department of Treasury have indicated support for the substitute.

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