

Legislative Analysis



SMART ZONES

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House Bill 6345 (Substitute H-2)
Sponsor: Rep. Richard Hammel
Committee: Commerce

Complete to 10-25-10

A SUMMARY OF HOUSE BILL 6345 AS PASSED BY THE HOUSE

The bill would amend the Local Development Financing Act, which is a tax increment financing statute, to allow the Michigan Economic Development Corporation (MEDC) to designate two additional certified technology parks (also known as Smart Zones).

The original Smart Zone legislation allowed for ten such zones. The act was later amended to allow five additional parks to be created, but eligibility for these designations apparently expired without all of the designations having been awarded. The act was subsequently amended by Public Act 105 of 2008 (House Bill 5609) to allow three additional technology parks or zones to be designated after February 1, 2008, and before December 31, 2008. According to the MEDC, there are now 15 such Smart Zones in the state. (See [Background Information](#).)

House Bill 6345 would allow two additional technology parks or Smart Zones to be designated after June 1, 2010, and before April 1, 2011. Applications could not be accepted until after June 1, 2010. For these two additional parks, property taxes and specific taxes (in lieu of property taxes) levied by local and intermediate school districts could not be captured.

[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. However, as mentioned above, in the case of the two new technology parks proposed by this bill, local and intermediate school district revenue would not be captured.]

MCL125.2162a

FISCAL IMPACT:

By increasing the number of certified technology parks in Michigan, the bill would increase state expenditures to the extent that the state has to reimburse the State School Aid Fund for lost tax revenue captured by the technology park authority.

BACKGROUND INFORMATION:

Committee testimony from the Michigan Economic Development Corporation indicated that the two technology parks will be selected through a competitive process, but the MEDC only knew of two interested communities at the time -- Traverse City and Flint.

The MEDC has described SmartZones as follows:

SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers locate in close proximity to all of the community assets that assist in their endeavors. SmartZone technology clusters promote resource collaborations between universities, industry, research organizations, government, and other community institutions growing technology-based businesses and jobs. New and emerging businesses in SmartZone technology clusters are 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 zones at:

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

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