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Senate Bill 1081 (as enacted)
Sponsor: Senator Hansen Clarke
Senate Committee: Commerce and Tourism
House Committee: New Economy and Quality of Life

PUBLIC ACT 376 of 2010

Date Completed: 4-11-11

CONTENT

The bill amended the definitions of "eligible property" and "public facility" in the Local Development Financing Act to include a transit-oriented facility and a transit-oriented development.

The Act allows a local government to 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 of eligible property (tax increment financing). As a rule, captured tax revenue must be used for public facilities for the eligible property.

The Act's definition of "eligible property" refers to real property and machinery, equipment, furniture, and fixtures located within an authority district, whose primary purpose and use will be one of the following: the manufacture or processing of goods or materials, agricultural processing, a high-technology activity, a business incubator, an alternative energy technology business, or an eligible Next Michigan business.

The bill includes property whose primary purpose and use will be a transit-oriented facility or a transit-oriented development.

The Act's definition of "public facility" includes a street, road, bridge, storm water or sanitary sewer, drainage system, rail line, or utility line or pipeline. The bill also includes a transit-oriented facility or transit-oriented development.

The bill defines "transit-oriented development" as infrastructure improvements that are located within one-half mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use as

determined by the board of a local development finance authority and approved by the municipality in which it is located.

"Transit-oriented facility" means a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

MCL 125.2152

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill likely will have little to no effect on State revenue and no impact on State expenditures. The bill will reduce local unit revenue by an unknown amount, depending upon the characteristics of the specific properties affected by the bill. To the extent that development would occur absent the bill, the bill will prevent revenue increases that otherwise would be received by entities with captured mills, such as community colleges and library authorities, as well as revenue to the local unit, if it includes transit-oriented property within a local development finance authority. The magnitude of any impact will depend upon changes in property values related to any development and the mills subject to capture. Any State impact will be limited to the capture of State Education Tax revenue, which will affect certain expenses only and need to be approved by the State Treasurer.

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.