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Senate Bill 1092 (Substitute S-2 as reported)
Sponsor: Senator Ron Jelinek
Committee: Appropriations

(as enrolled)

CONTENT

The bill would amend the Michigan Renaissance Zone Act to provide for the proration of reimbursement for lost revenue to local and intermediate school districts, community colleges, and public libraries located in a zone and to the School Aid Fund. The Act allows the designation of areas in qualified local governmental units where a resident or business is eligible to receive tax exemptions, including the exemption from certain property taxes, for a number of years. Under the statute, the State is required to reimburse local and intermediate school districts, community college districts, and public library districts and the School Aid Fund for revenue lost as a result of the tax exemption of property located within these areas.

The bill would amend the Act to specify that these reimbursement payments are subject to appropriation, and to require the proration of reimbursement payments if the amount appropriated were less than the amount required for payment.

According to the Michigan Economic Development Corporation, as of December 16, 2009, there were a total of 89 designated zones across the State. The different categories of zones include: Geographic Renaissance Zones (Urban, Rural, and Military), Agricultural Processing Renaissance Zones, Forest Products Processing Zones, Michigan Strategic Fund Designated Renaissance Zones, Renewable Energy Renaissance Zones, and Tool and Die Recovery Zones.

MCL 125.2692

FISCAL IMPACT

The bill would implement the reduction in the Renaissance Zone Reimbursement line item included in Public Act 128 of 2009, the FY 2009-10 budget bill for the Department of Treasury. This line provides reimbursement to public libraries located within these zones. In that Act, a reduction of \$419,500 was made to this line item, reducing the appropriation for payments to public libraries from the FY 2008-09 amount of \$3,411,500 to \$2,992,000. Data from the Department of Treasury show that Renaissance Zone Reimbursements in FY 2008-09 were paid to 91 public libraries and totaled \$3,320,715.

The bill would further require the proration of payments to all entities that receive reimbursement for lost revenue, if the appropriation amount were insufficient to cover the required payments. In addition to public libraries, this change would affect reimbursements to local and intermediate school districts, community colleges, and the School Aid Fund. The FY 2009-10 appropriation in the School Aid Act for reimbursement to local and intermediate school districts is \$26,300,000, while the School Aid Fund reimbursement totals \$9,200,000. The FY 2009-10 appropriation for reimbursement to community colleges is \$3,480,000.

The total appropriation in FY 2009-10 for all reimbursements to local entities located within these zones is \$41,972,000 and is supported with General Fund/General Purpose revenue. Only reimbursements for public libraries were reduced for this fiscal year.

Date Completed: 2-4-10

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