



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1114 (Substitute S-1 as reported)

Sponsor: Senator Jim Barcia

Committee: Commerce and Tourism

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to include certain improvements for property located in a city or village, or a charter township with a population of 20,000 or more, in the definition of "eligible activities" if those improvements were used to achieve a credit for a certification level under the Leadership in Energy & Environmental Design (LEED) green building rating system developed by the U.S. Green Building Council, or a comparable green building standard, and if that certification level actually were achieved.

The improvements that would qualify include specified types of renewable-energy systems (e.g., on-site photovoltaic, fuel cell, wind, hydro, or biofuel-based electrical production and storage systems; and geothermal energy systems that produce electric power for use on-site). Qualifying improvements also would include underground parking and the following building systems:

- Geothermal exchange systems for heating, air conditioning, and hot water.
- Storm-water-management systems implemented according to low-impact-design strategies that do not otherwise qualify as eligible activities.

(The Act allows cities, villages, townships, and counties to establish brownfield redevelopment zones and authorities, which may implement brownfield plans for the redevelopment of commercial or industrial property. The Act specifies financing sources for authority activities, including the capture of tax increment revenue, which may be used to pay the costs of eligible activities on eligible property within a zone.)

MCL 125.2652

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would likely have a small but indeterminate impact on State and local revenue. By expanding the definition of "eligible activities" to include activity in brownfield zones used to achieve LEED certification, the bill likely would result in an unknown amount of new activity. The impact would depend on the number of facilities that pursued this new certification option and the total economic value of the various projects.

The bill could reduce revenue to the State School Aid Fund and local units and could increase State expenditures from the General Fund through capture of property taxes due to this new activity in brownfield zones. State taxes could be reduced and the State would be liable through the School Aid Fund to reimburse school districts for lost revenue. Most other local property taxes, abated due to the LEED certification in brownfield zones, would not be replaced by the State, thus reducing local unit revenue.

Date Completed: 9-24-10

Fiscal Analyst: Eric Scorsone