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BILL ANALYSIS



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House Bill 5555 (as passed by the House)
Sponsor: Representative Ed Clemente
House Committee: New Economy and Quality of Life
Senate Committee: Commerce and Tourism

Date Completed: 3-2-10

CONTENT

The bill would amend the Michigan Renaissance Zone Act to include in the definition of "renewable energy facility" a facility that focuses on research, development, or manufacturing of systems or components of systems that involve the conversion of chemical energy for advanced battery technology.

The Act allows the State Administrative Board to designate up to 15 renaissance zones for renewable energy facilities, upon the recommendation of the Michigan Strategic Fund board, and upon the recommendation of the Agriculture Commission if a renewable energy facility uses agricultural crops or residues or processed products from agricultural crops as its primary raw material source. The renewable energy facility that comprises a renaissance zone is exempt from business and property taxes, and other State and local taxation.

"Renewable energy facility" means a facility that creates energy directly or fuel from the wind, the sun, trees, grasses, biosolids, algae, agricultural commodities, processed products from agricultural commodities, or residues from agricultural processes, wood or forest processes, food production and processing, or the paper products industry. The term also includes a facility that creates energy or fuels from solid biomass, animal wastes, or landfill gases, including a facility that focuses on research, development, or manufacturing of systems or components of systems used to create energy or fuel from those items. The bill would include a facility focused on research, development or manufacturing of systems or their components that involve the conversion of chemical energy for advanced battery technology.

MCL 125.2683

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would likely have a minimal impact on State and local revenue. By expanding the types of activities that qualify a firm as a renewable energy facility to those related to conversion of chemical energy for advanced battery technology, the bill could increase the level of activity within affected zones. The impact would depend on a number of factors, including where the additional activity would be located and the economic and tax characteristics of the facilities that would be developed.

The bill could reduce revenue to the State General Fund and local units and could increase State expenditures from the General Fund. 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 in renaissance zones are not reimbursed by the State, reducing local unit revenue.

Fiscal Analyst: Eric Scorsone

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