



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 539 (Substitute S-2 as reported)
Senate Bill 540 (as reported without amendment)
Sponsor: Senator Goeff Hansen (S.B. 539)
Senator Jim Ananich (S.B. 540)
Committee: Economic Development and International Investment

CONTENT

Senate Bill 539 (S-2) would repeal the Michigan Promise Zone Act and amend the Michigan Promise Zone Authority Act to do the following:

- Reenact provisions of the Michigan Promise Zone Act related to the establishment of a promise zone.
- Increase from 10 to 15 the maximum number of eligible entities that may be certified by the Department of Treasury to establish promise zones.
- Require a promise zone authority to submit a promise zone development plan within five years after the eligibility to establish the promise zone was certified by the Department; and allow the Department to dissolve the promise zone if a development plan were not submitted within five years.
- Require a promise zone development plan to include provisions regarding the assessment and reporting of students' performance; and require the submission of an annual report including all of the information detailed in the bill, which could be obtained from any reliable source that complied with applicable laws regarding student privacy.
- Require promise zone development plans approved under the Act before the bill's effective date to be amended as necessary to meet the proposed assessment and reporting requirements.
- Allow the Department to adjust the calculation of captured State Education Tax revenue if the boundaries of a promise zone would be changed by a merger or other circumstance.
- Allow the Department to dissolve a promise zone if the promise zone authority did not begin making annual payments of qualified educational expenses in accordance with the promise of financial assistance within two years of obtaining approval of its promise zone development plan.
- Require the property and assets of a dissolved promise zone authority to be used solely for the purposes of promoting access to postsecondary education.

Both the Michigan Promise Zone Act and the Michigan Promise Zone Authority Act permit the governing body of an eligible entity to establish a promise zone and provide a promise of financial assistance for postsecondary education to students who graduate from a public or nonpublic high school within the zone. Under each Act, "eligible entity" means a city, township, county, local school district, or intermediate school district in which the percentage of families with minor children who are living at or below the Federal poverty level is greater than or equal to the State average, as determined by the Department of Treasury.

Senate Bill 540 would amend the State Education Tax Act to provide that State Education Tax revenue would have to be deposited in the State School Aid Fund (as currently required) *except* as otherwise required by law.

Senate Bill 540 is tie-barred to Senate Bill 539.

MCL 390.1665 et al. (S.B. 539)
211.905 (S.B. 540)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would have no fiscal impact on State or local government. The proposed amendments mostly would recodify statutory provisions or make preemptive changes for situations where promise zone boundaries are modified due to school district boundary changes, such as with the dissolution of Buena Vista. None of the amendments would have an impact or require any changes to operations or current practice. The reporting requirements would not result in additional costs to the Department.

Date Completed: 10-19-15

Fiscal Analyst: Cory Savino
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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.