



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 908 through 913 (as reported without amendment)

Sponsor: Senator Wayne Schmidt (S.B. 908 & 909)

Senator Margaret O'Brien (S.B. 910)

Senator Ken Horn (S.B. 911)

Senator David Knezek (S.B. 912)

Senator Tom Casperson (S.B. 913)

Committee: Commerce

CONTENT

Senate Bill 908 would amend the Brownfield Redevelopment Financing Act to do the following:

- Require additional local tax and school operating tax increment revenue captured under a brownfield plan to be deposited into a local brownfield revolving fund only under certain conditions.
- Require the Michigan Strategic Fund (MSF) to approve or deny a grant or loan to fund eligible activities on eligible property within 60 days.
- Modify the Act's provisions pertaining to the contents of a brownfield plan, and the recovery and use of money from tax increment financing.
- Establish a procedure for abolishing or terminating a brownfield plan or plan amendment, and allow termination in two years, instead of five years.
- Prohibit the Department of Environmental Quality (DEQ) from conditioning a work plan approval on modifications pertaining to activities funded by certain tax increment revenue.
- Allow the MSF chairperson to approve plans that addressed eligible activities totaling \$1.0 million, rather than \$500,000.

The bill also would repeal Sections 21 and 22 of the Act, which prohibit a brownfield redevelopment authority from capturing tax increment revenue from taxes levied before December 31, 1996, and specify an effective date for the Act, respectively.

Senate Bill 909 would amend Part 195 (Environmental Protection Bond Implementation) of the Natural Resources and Environmental Protection Act (NREPA) to do the following:

- Require the DEQ, for grant projects approved for funding from the Environmental Protection Bond Fund on or after the bill's effective date, to apply the same application requirements provided for a grant or loan from the Clean Michigan Initiative Bond Fund.
- Require grant or loan recipients to comply with the requirements applicable to recipients of a grant or loan from the Clean Michigan Initiative Bond Fund.
- Prohibit the Department from implementing or enforcing administrative rules related to a grant or loan authorized or approved on or after the bill's effective date.

Senate Bill 910 would amend Part 196 (Clean Michigan Initiative Implementation) of NREPA to do the following:

- Require money deposited into the Clean Michigan Initiative Bond Fund to be used for eligible activities at facilities and Part 213 (Leaking Underground Storage Tanks) property.
- Require the DEQ to create a Clean Michigan Initiative grant and revolving loan program.

- Specify the requirements and conditions for making a grant or loan under the program.

Senate Bill 911 would amend Part 195 of NREPA to do the following:

- Require money deposited into the Environmental Protection Bond Fund to be used to clean up sites identified under Part 213.
- Require the DEQ, after the bill's effective date, to apply criteria used for projects funded under the Clean Michigan Initiative Bond Fund for grant projects funded under the Environmental Protection Bond Fund.

Senate Bill 912 would amend Part 196 of NREPA to do the following:

- Specify the application requirements for grants and loans funded through the Clean Michigan Initiative Bond Fund.
- Prescribe the criteria to be used for review of grant and loan applications.
- Prescribe the provisions to be included in a grant or loan agreement between the Department and the recipient.

Senate Bill 913 would amend Part 201 (Environmental Remediation) of NREPA to eliminate certain language and require loan funds from the revitalization revolving loan program to be issued for the purposes and using the criteria provided in Part 196.

Senate Bills 909 through 913 are tie-barred to each other and Senate Bill 908. Each of the bills would take effect 90 days after its enactment.

MCL 125.2652 et al. (S.B. 908)
324.19511-324.19513 (S.B. 909)
324.19601 et al. (S.B. 910)
324.19508-324.19510 (S.B. 911)
324.19609-324.19612 (S.B. 912)
324.20108b (S.B. 913)

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on the Department of Environmental Quality and on local units of government. Generally speaking, the bills would broaden the types of sites eligible for tax increment financing (TIF) for redevelopment as a brownfield to include sites under Part 213 of NREPA, as well as make other changes. Additionally, the bills would expand the types of sites eligible for brownfield grants and loans and provide clarity as to what activities those grants and loans may be used for. The Clean Michigan Initiative (CMI) bonds authorized by voters in 1998 have provided financing for brownfield grants and loans. According to the DEQ, about \$3.5 million in CMI loans and \$5.0 million in CMI grants remain uncommitted. Also available for redevelopment projects is \$1.0 million in the Revitalization Revolving Loan Fund and \$125,000 in site reclamation grants. These amounts themselves would not be affected by the bills; rather, the scope of projects eligible for funding through those amounts would be expanded.

It does not appear that the changes in the bills would fundamentally change the nature of work that the DEQ does at a particular brownfield site, but it is possible that with the expansion of the types of sites that are eligible for brownfield TIF, the DEQ's workload, and hence its costs, could increase somewhat. According to the DEQ, however, any increases would not be significant to the Department from an operational standpoint.

Date Completed: 5-26-16

Fiscal Analyst: Josh Sefton

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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.