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BILL ANALYSIS



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Senate Bill 999 (as introduced 5-31-16)
Sponsor: Senator Jim Ananich
Committee: Government Operations

Date Completed: 9-21-16

CONTENT

The bill would amend the Michigan Promise Zone Authority Act to permit the Department of Treasury to certify up to 11, rather than 10, governing bodies of eligible entities to establish a promise zone; and require the additional eligible entity to be a city with a population of more than 80,000 and less than 120,000 in which a declaration of emergency was issued for drinking water contamination.

The Act allows the governing body of an eligible entity, with approval from the Department of Treasury, 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. An eligible entity is 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.

If the governing body of an eligible entity submits an application to the Department according to procedures in the Act, and the Department determines that the governing body is eligible to establish a promise zone, the Department must certify the eligibility. The governing body then must establish the zone and is eligible to receive captured revenue from the State Education Tax. (A local unit that is not an eligible entity also may create a promise zone but may not receive that revenue.)

The Act authorizes the Department to certify not more than 10 governing bodies of eligible entities as eligible to establish a promise zone. The bill would increase that number to 11.

For the additional promise zone, the bill would require the Department to review, on a first-come, first-served basis, only those applications submitted by the governing bodies of eligible entities that are cities meeting both of the following:

- The city would have to have a population of more than 80,000 and less than 120,000 according to the most recent decennial census.
- The city would have to be one in which a declaration of emergency was issued for drinking water contamination within three years of the date the application was submitted.

MCL 390.1664

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would have no fiscal impact on the Department of Treasury and could increase costs to the School Aid budget. The administrative cost to the Department of Treasury of adding a certified promise zone would be minimal and within current appropriations. However,

certifying an additional promise zone would result in higher promise zone reimbursement in the School Aid budget. For FY 2016-17, the School Aid budget appropriated \$1.0 million for promise zone reimbursement. At this time, it is unknown whether or how much the reimbursement would increase as a result of certifying an additional promise zone.

Fiscal Analyst: Cory Savino

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