

# Legislative Analysis



## **AGRICULTURAL PROCESSING FACILITY REQUIREMENTS IN RENAISSANCE ZONES**

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**Senate Bill 1130 (S-1) as reported from House committee**

**Sponsor: Sen. Jim Stamas**

**House Committee: Agriculture**

**Senate Committee: Economic Development and International Investment**

**Complete to 12-14-18**

*(Enacted as Public Act 474 of 2018)*

### **SUMMARY:**

Senate Bill 1130 would amend the Michigan Renaissance Zone Act to regulate the renewal of a designated agricultural processing facility.

Under the Act, the State Administrative Board can designate areas in Michigan as renaissance zones under specific conditions and guidelines. The board also can generally designate up to 30 additional renaissance zones for agricultural processing facilities within Michigan.

The bill would add that the renewal of a renaissance zone for an agricultural facility, as described below, would not be counted as one of the 30 additional renaissance zones for agricultural processing facilities designations already allowed.

The bill also would regulate the renewal of a designated agricultural processing facility to require that a facility previously approved as a renaissance zone for a renewable energy facility on or before December 31, 2009 would become renewed as a renaissance zone designated for an agricultural processing facility as of the date the renewable energy renaissance zone was revoked. The renewal would be for the remaining term of the original renewable energy renaissance zone and would be subject to eligibility under the act and compliance with a development agreement. The renewal would be allowed if *all* of the following applied:

- The facility utilized the same wastewater discharge renewable feedstock to produce an approved agricultural product continuously from the time the renewable energy renaissance zone designation was revoked to the application for renewal as an agricultural processing facility.
- The facility maintained at least 10 jobs continuously from the time of the revocation to the application for renewal.
- The facility certifies that it acted in good faith when changing its product and was at all times eligible for renaissance zone designation before it was revoked.
- The facility enters into a development agreement with the Michigan Strategic Fund.
- The development agreement provides that the facility would not attempt to recover taxes or fees collected by the taxing jurisdiction of that facility during the time the renaissance zone designation was revoked.

Upon agreement between the board and the city, village, or township in which the facility is located, the term of the renaissance zone status for that agricultural processing facility could be extended for an additional two years, as provided in the agreement.

MCL 125.2688c and 125.2688e

#### **HOUSE COMMITTEE ACTION:**

The House Committee on Agriculture reported the Senate-passed version of the bill without amendment.

#### **FISCAL IMPACT:**

Assuming the bill lengthened a renaissance zone designation that otherwise would not have been reauthorized or extended, the bill would reduce revenues for state and local units of government by an unknown, but likely marginal, amount. The state provides reimbursement payments for intermediate school districts, local school districts, community colleges, and public libraries affected by renaissance zones.

It is expected that the provisions of the bill would affect one renaissance zone.

#### **POSITIONS:**

The following entities indicated support for the bill (12-12-18):

- City of Alpena
- American Process, Inc.

Legislative Analyst: Emily S. Smith  
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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.