



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bills 250 and 251 (as introduced 3-16-17)
Sponsor: Senator Hoon-Yung Hopgood (S.B. 250)
Senator Wayne Schmidt (S.B. 251)
Committee: Economic Development and International Investment

Date Completed: 10-3-17

CONTENT

Senate Bill 250 would amend the downtown development authority (DDA) Act to do the following:

- **Require that proposed changes to a historic site owned or financed by a DDA but not located in a local historic district be referred by the DDA to the State Historic Preservation Office (SHPO), through December 31, 2018.**
- **Establish a \$30,000 civil fine for violating that requirement by demolishing a facility, building, or structure as determined by the SHPO.**
- **Require that the civil fine revenue be used for a historic preservation grant program.**

Senate Bill 251 would amend the State Housing Development Authority Act to require the SHPO to review proposed changes to the exterior of a historic site owned or financed by a DDA but not located in a local historic district, through December 31, 2018; and prohibit a DDA from demolishing a historic structure without approval of the SHPO.

The bills are described in more detail below.

Senate Bill 250

Under the DDA Act, a public facility, building, or structure that is determined by a municipality to have significant historical interests must be preserved in a manner as considered necessary by the municipality, in accordance with laws relative to the preservation of historical sites. The DDA must refer all changes to the exterior of a site listed on the State Register of Historic Sites or the National Register of Historic Places to the applicable historic district commission created under the Local Historic Districts Act.

The bill would differentiate between a historic site located in a local historic district and a historic site not located in a local historic district, regarding proposed changes to a site that was owned by a DDA or for which the acquisition, rehabilitation, or demolition was financed by a DDA. Before making or approving a permanent change to the exterior of a historic site located in local historic district, the DDA would continue refer proposed changes to the local historic district commission.

Through December 31, 2018, for a historic site not located in a local historic district, the DDA would have to refer proposed changes to the State Historic Preservation Office at least 30 days before making or approving a permanent change to the exterior of the site.

If a DDA violated that requirement by demolishing a facility, building, or structure as determined by the SHPO, the DDA would be liable for a civil fine in the amount of \$30,000 to be paid to the SHPO. The SHPO have to would use money from these fines to create and operate a grant program that provided grants to nonprofit historic organizations and to cities, villages, and townships for historic preservation purposes, with a preference to those purposes that would serve the community in which the violation occurred. The SHPO could retain 5% of a civil fine for the administration of the grant program or the actual costs of administering the grant, whichever was less. The grant program funds would have to be awarded within 90 days of receipt if there were eligible applications. Any funds remaining at the end of the fiscal year would not lapse and would remain in the grant program fund and not be transferred to the General Fund.

Senate Bill 251

Executive Order 2007-53 created the State Historic Preservation Office within the former Department of History, Arts, and Libraries. The bill provides that the SHPO created by that Executive Order would be established in the Michigan State Housing Development Authority. (As a result of various Executive Orders, the State Historic Preservation Office currently exists within the Authority, which is in the Department of Talent and Economic Development.)

The bill would require the State Historic Preservation Office, through December 31, 2018, to review proposed changes to the exterior of a site owned by a downtown development authority or for which the acquisition, rehabilitation, or demolition was financed by a DDA, and listed on the State Register of Historic Sites or the National Register of Historic Places but not located in a local historic district created under the Local Historic Districts Act.

The review would have to be conducted as described in a section of Federal law that requires an agency to take into account the effect proposed changes would have on any historic property before approving them (54 USC 306108). The SHPO would have to forward the response to the DDA within 30 days after receiving the referral for review. The DDA could not proceed with any proposed changes that provided for the demolition of a structure unless the review by the SHPO approved the demolition.

If the SHPO did not approve the demolition, the DDA could appeal the decision as provided in the State Housing Development Authority Act in the same manner as for sites located within a local historic district created under the Local Historic Districts Act. (That Act requires a person to obtain a permit before performing any work affecting the exterior of a structure within a historic district. A permit may not be issued without the approval of the local historic district commission. An applicant for a permit may appeal the commission's decision to the State Historic Preservation Review Board. A decision of the Review Board may be appealed to the circuit court.)

MCL 125.1679 (S.B. 250)
Proposed MCL 125.1459d & 125.1459e (S.B. 251)

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bills would have a minimal fiscal impact on the State and potentially could generate additional revenue for local units of government. Currently, the State Historic Preservation Office has 16.0 FTEs positions, and roughly \$1.5 million to \$2.0 million is designated to the Office within the Housing and Rental Assistance Program line item, which is located in the Department of Talent and Economic Development budget. The review of proposed changes to historic property through December 31, 2018, would result in additional administrative responsibilities for the Office. The Department does not expect that additional appropriations would be necessary for the Office to perform the administrative duties outlined in the bills.

Any civil fines levied against downtown development authorities would provide additional revenue for administration of the Office and grants to nonprofit historic organizations or cities, villages, and townships located where the violations occurred. It is expected that revenue generated from civil fines would be minimal.

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.