



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 393 (Substitute S-1 as reported)

Sponsor: Senator Ken Horn

Committee: Economic Development and International Investment

CONTENT

The bill would enact the "Recodified Tax Increment Financing Act" to do the following:

- Recodify several tax increment financing statutes.
- Establish reporting requirements for previously created authorities and authorities created under the proposed Act, and penalties for noncompliance with those requirements.
- Require authorities to hold informational meetings.
- Provide for the continuation of a liability or obligation of an authority under a statute that the bill would repeal.

The bill would repeal the Historic Neighborhood Tax Increment Finance Authority Act, the Private Investment Infrastructure Funding Act, the downtown development authority Act, the Tax Increment Finance Authority Act, the Local Development Financing Act, the Corridor Improvement Authority Act, the Neighborhood Improvement Authority Act, the Water Resource Improvement Tax Increment Finance Authority Act, and the Nonprofit Street Railway Act.

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would increase administrative costs of the Michigan Department of Treasury by a minimal amount, increase the local administrative costs of some tax increment financing authorities (TIFAs), and, in cases of TIFA noncompliance with expanded reporting requirements, increase revenue to other local units of government. The expanded financial and activity reporting requirements would apply to downtown development authorities, tax increment financing authorities, local development finance authorities, corridor improvement authorities, water resource improvement authorities, and neighborhood improvement authorities. These TIFAs would be required to submit to the Department reports that would be more detailed than those required under current law; make those reports publicly available either online or at the municipal premises; and hold informational meetings. The cost of complying with these requirements would vary by locality depending on the number and complexity of projects and the availability of authority or municipal personnel to prepare the reports. A TIFA that did not comply with the reporting requirements after receiving notice of noncompliance from the Department would be limited in the amount of tax increment revenue that it could collect to the amount necessary to pay bonded indebtedness and other obligations. A local unit of government subject to tax capture within a noncompliant TIFA could see increased local revenue if captured tax revenue in excess of the amount needed by the TIFA for bonded indebtedness were returned to the local government that levied the tax.

Date Completed: 12-5-17

Fiscal Analyst: Elizabeth Pratt

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Bill Analysis @ www.senate.michigan.gov/sfa

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