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BILL



ANALYSIS

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Senate Bill 1130 (as introduced 9-26-18)

Sponsor: Senator Jim Stamas

Committee: Economic Development and International Investment

Date Completed: 11-29-18

CONTENT

The bill would amend the Michigan Renaissance Zone Act to do the following:

- Require a renaissance zone for a renewable energy facility that met certain requirements to be renewed as a renaissance zone designated for an agricultural processing facility as of the day the renewable renaissance zone was revoked and for the remaining term of the original renaissance zone.**
- Exempt the renewal of a renewable energy facility renaissance zone as an agricultural processing facility renaissance zone from being considered as a designated agricultural processing facility renaissance zone.**

Under the Act, the State Administrative Board, upon certain recommendations, may designate not more than 30 additional renaissance zones for agricultural processing facilities within the State in one or more cities, villages, or townships if that city, village, or township or combination of cities, villages, or townships consents to the creation of the zone for that purpose. "Agricultural processing facilities" means one or more facilities or operations that transform, package, sort, or grade livestock or livestock products, agricultural commodities, or plants or plant products, excluding forest products, into goods that are used for intermediate or final consumption including goods for nonfood use, and surrounding property.

(The State Administrative Board consists of the Governor, who acts as chairperson, the Lieutenant Governor, the Secretary of State, the State Treasurer, the Attorney General, the Director of the Department of Transportation, and the Superintendent of Public Instruction, and possesses the powers and performs the duties provided in the Act.)

Additionally, the Act allows the Board, upon certain recommendations, to designate not more than 15 additional renaissance zones for renewable energy facilities within the State in one or more cities, villages, or townships if that city, village, or township consents to the creation of a renaissance zone for a renewable energy facility within its boundaries. The Act defines "renewable energy facility" as a facility that creates energy, fuels, or chemicals directly from the wind, the sun, trees, grasses, biosolids, algae, agricultural commodities, processed products from agricultural commodities, or residues from agricultural processes, wood or forest processes, food production and processing, or the paper products industry.

The Board may revoke the designation of all or a portion of a renaissance zone for a renewable energy facility if the Board determines that the renewable energy facility fails to commence operation, ceases operation, or fails to commence construction or renovation within one year from the date of the designation.

Under the bill, a facility previously approved as a renaissance zone for a renewable energy facility on or before December 31, 2009, would have to be renewed as a renaissance zone

designated for an agricultural processing facility as of the day the renewable energy renaissance zone was revoked and for the remaining term of the original renewable energy renaissance zone as designated by the Board, subject to eligibility under the Act and compliance with a development agreement, and if all of the following applied:

- The facility used 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 the renewable energy renaissance zone designation was revoked to the application for the renewal as an agricultural processing facility.
- The facility certified that it acted in good faith when changing its product and was at all times eligible for renaissance zone designation under the Act before the designation was revoked.
- The facility entered into a development agreement with the Michigan Strategic Fund.

The bill specifies that the renewal of a renewable energy facility renaissance zone for an agricultural processing facility, as described above, would not be considered a designation as an agricultural processing facility.

(The Act defines "development agreement" as a written agreement between the Michigan Strategic Fund and the agricultural processing facility that includes a requirement that the agricultural processing facility comply with all state and local laws, and a requirement that the agricultural processing facility report annually to the Fund the amount of capital investment at the facility, the number of individuals employed and transferred at the facility, and the percentage of raw materials purchased in the State.)

Under the Act, until the maximum number of additional renaissance zones for renewable energy facilities is met, if the Board designated a renaissance zone under the Section 8e (which pertains to renewable energy facilities designation) Section 8c (which pertains to agricultural processing facilities designation), or Section 8f (which pertains to the designation of forest products processing facility), and the designation also met the definition of a renewable energy facility, then the Board must only designate the renaissance zone as a renaissance zone for a renewable energy facility. Under the bill, a renaissance zone designated for an agricultural processing facility, in the manner provided by the bill, would have to be excluded from this provision.

MCL 125.2688c & 125.2688e

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a small, indeterminate fiscal impact on the State and no impact on local units of government. If the bill resulted in the renewal of a number of renaissance zones that otherwise would have expired, the State would have to maintain reimbursements to intermediate school districts, local school districts, community colleges, and public libraries to cover the continued loss revenue. Currently, there is one zone that could qualify for a renewal under the bill. If this occurred, then the overall impact 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.