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BILL ANALYSIS

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House Bill 5283 (as reported without amendment)
Sponsor: Representative Ben Frederick
House Committee: Tax Policy
Senate Committee: Economic Development and International Investment

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to indicate that "demolition of structures that is not a response activity" would include removal of manufactured debris composed of discarded, unused, or unusable manufactured by-products left on the site by a previous owner.

The Act authorizes municipalities to create a brownfield redevelopment authority to facilitate the implementation of brownfield plans and create brownfield redevelopment zones to capture tax revenue attributable to increases in property value within the area or district, and use that money for specific "eligible activities" on eligible properties outlined under the Act. The definition of "eligible activities" includes demolition of structures that is not a response activity.

The bill would add "including removal of manufactured debris comprised of discarded, unused, or unusable manufactured by-products left on the site by a previous owner". The removal of the manufactured by-products left on the site would not be eligible for interest reimbursement as eligible activity.

MCL 125.2652 Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. If a brownfield redevelopment authority were to increase the amount of taxes captured to pay for the activities authorized in the bill, it would reduce property tax revenue for the local unit of government. If the additional tax capture included school operating revenue, expenditures from the School Aid Fund would need to be increased to maintain per-pupil funding guarantees. Additionally, if the authority captured a portion of the State Education Tax, it would reduce revenue to the School Aid Fund.

The costs must be evaluated against the potential property value increase from development. If it is assumed that the developments affected by the bill would not have occurred without the amendment, and that economic activity was not shifted from other areas in the State, total revenue for the State and local government would be increased over the long-term. The net effect on revenue would be different for each project, although presumably the projects would be approved only if the net revenue impact was forecasted to be positive. The impact, however, could vary year by year and it is possible that the net positive impact would not be achieved until the brownfield plan expired.

Date Completed: 5-25-18 Fiscal Analyst: Ryan Bergen

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.