

REIMBURSEMENT OF CERTAIN CAPTURED TAX INCREMENT REVENUES

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House Bill 5059 (proposed substitute H-1)

Sponsor: Rep. Bradley Slagh

1st Committee: Tax Policy

2nd Committee: Ways and Means

Complete to 9-8-20

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5059 would amend the Brownfield Redevelopment Financing Act to provide for reimbursement to intermediate school districts (ISDs) of tax increment revenues captured by a brownfield redevelopment authority for property taxes levied for operating purposes under the Revised School Code.

Under the bill, beginning January 1, 2021, and each year thereafter, the state would have to reimburse, from the School Aid Fund, each ISD for any tax increment revenues captured by an authority for property taxes levied for operating purposes under section 625a, sections 681 to 690, or sections 1722 to 1729 of the Revised School Code. The reimbursed amounts could be used by the ISD only for the purposes for which the property taxes were originally levied.

The bill would require the Michigan Strategic Fund and the Michigan Economic Development Corporation to work with the Department of Treasury in identifying the amount of tax revenues captured by an authority that would be reimbursed under the above provisions.

Proposed MCL 125.1665b

FISCAL IMPACT:

Because the reimbursements to the ISDs would be made from existing School Aid Fund (SAF) revenues, there would be no direct state or local fiscal impact. However, because a portion of the SAF would be utilized for the reimbursements, less SAF revenue would be available for other purposes. Although the actual amounts of the reimbursements are not known, they are likely to be relatively small, especially relative to the overall SAF.

POSITIONS:

Representatives of the following organizations testified in support of the bill (1-22-20):

- Ottawa County ISD
- West Michigan Talent Triangle

The following entities indicated support for the bill (1-22-20):

- Michigan Association of Intermediate School Administrators
- Education Savings Account (ESA) Legislative Group
- Michigan Association of School Administrators
- Michigan Association of School Boards
- Barry, Branch, Calhoun, Jackson, Lenawee, and Monroe ISDs

A representative of the Department of Treasury testified in opposition to the bill. (1-22-20)

Legislative Analyst: Rick Yuille
Fiscal Analyst: Jim Stansell

■ 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.