

Legislative Analysis



ALLOW MICHIGAN STRATEGIC FUND APPROVAL AND EXTENSION OF RENAISSANCE ZONES

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<http://www.house.mi.gov/hfa>

House Bill 5096 as introduced
Sponsor: Rep. Kristian C. Grant
Committee: Economic Development and Small Business
Complete to 10-17-23

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

SUMMARY:

House Bill 5096 would amend the Michigan Renaissance Zone Act to allow the board of directors of the Michigan Strategic Fund (MSF) to designate all remaining Renewable Energy, Forest Product Processing, and Border Crossing Facility renaissance zones and to approve extensions for other MSF-designated zones.

Generally speaking, renaissance zones are tax-free zones designed for businesses in specific geographic areas or for specific kinds of facilities or industries anywhere in the state. Under the act, the State Administrative Board designates certain areas in Michigan as Renewable Energy and Forest Product Processing renaissance zones upon the recommendation of the MSF's board of directors, and the MSF can designate 25 additional areas as Border Crossing zones. As of 2020, there were six Renewable Energy,¹ eight Forest Product Processing, and all 25 Border Crossing Facility renaissance zones available for designation.²

House Bill 5096 would allow the MSF board of directors, rather than the State Administrative Board, to approve the designations of renaissance zones in the three categories listed above that have not been designated by September 30, 2023, and approve extensions of designations that it has made. Local governments in which a zone was designated could apply to the MSF for an extension, beginning on October 1, 2023. (The bill would not change the current criteria for the designation or revocation of a renaissance zone.)

Additionally, if the MSF board rescinds a designation that it has made on or after October 1, 2022, before selecting a beginning date, it would be authorized under the bill to redesignate the zone at a later date.³

MCL 125.2683 et seq.

FISCAL IMPACT:

The bill is permissive in nature and would not have a direct fiscal impact on state or local government. However, if additional renaissance zones were approved, the bill would reduce state and local revenue by an indeterminate amount. The bill also could increase state

¹ Two of these zones must focus primarily on the production of cellulosic biofuels.

² See: <https://sigma.michigan.gov/EI360TransparencyApp/files/Economic%20Development%20Projects/2020%20Renaissance%20Zone%20Annual%20Report.pdf>.

³ The MSF currently must set a beginning date for these zones on the January 1 of any year within five years after the date of the designation.

expenditures by an unknown amount. The fiscal impact would depend on the specific characteristics of the applicable renaissance zone (taxable value and millage rates) and the decision on the part of the legislature to make an appropriation as part of state reimbursements for losses attributable to renaissance zones. The state currently provides an appropriation for reimbursement payments for intermediate school districts, local school districts, community colleges, and public libraries affected by renaissance zones.

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■ 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.