

EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT

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House Bill 6243 (Substitute H-1)

Sponsor: Rep. Ed Clemente

Committee: New Economy and Quality of Life

Complete to 7-6-10

A SUMMARY OF HOUSE BILL 6243 AS PASSED BY THE HOUSE

The bill would provide for the creation of a Qualified Educational Economic Opportunity District. Such a district would be a part of a downtown development district that includes a university, college, or community college, and the surrounding area. This would apply to public and private institutions.

The bill amends the Downtown Development District Act, one of several acts that allow for the creation of tax increment finance authorities. When local units of government create these authorities, they establish a special district or zone and then capture future increases in property taxes within that district for the authority to use in financing public infrastructure improvement projects, and funding other activities, within the district. This often includes the issuance of bonds to finance projects. Under the bill, the definition of "business district" in the act would be amended to include an area that included an institution of higher education.

Educational Economic Opportunity District

Under House Bill 6243, a municipality (city, village, or township) could establish one additional downtown development authority if that authority operated a qualified educational economic opportunity district. The board of such a district would have to include a representative of a higher education institution located in the downtown district and at least three individuals to represent one or more of the following interests operating within the district: a major business or organization, arts and cultural organizations, young professional organizations, a local chamber of commerce, a local community foundation, regional economic development organizations, and public transportation.

Additional Powers

In addition to the powers already authorized for downtown development authorities, this new kind of authority could also do the following:

- Authorize the use of tax increment revenues and other available funds for matching funds, business loan programs, entrepreneurial incubators, home purchase down payment assistance programs, and energy efficiency programs.
- Facilitate transit development.
- Acquire land and buildings.
- Facilitate green building development.

However, an authority could not use tax increment revenues or other funds under the act to improve, construct, or develop public facilities located on property owned or under the control of an institution of higher education.

Development Plan

The development plan for this new kind of authority could include, in addition to the usual features, plans to do the following:

- Assist in the creation of a walkable downtown district.
- Assist in the creation and demonstration of regional connectivity.
- Assist in the development of a mixed-use and sustainable community.
- Integrate higher education activities and expertise into the downtown district.
- Assist in entrepreneurial enterprise development, especially with faculty and students of the institution of higher education.

MCL125.1651 et al.

FISCAL IMPACT:

As described earlier, the bill would allow for the creation of a new kind of tax increment financing authority, under which the growth in local property tax revenues within a designated zone could be captured from other taxing jurisdictions and redistributed for specific purposes.

POSITIONS:

The Michigan Municipal League indicated support for the bill. (6-30-10)

The University of Michigan-Flint indicate support for the bill. (6-30-10)

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.