



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 6243 (Substitute H-1 as reported without amendment)
Sponsor: Representative Ed Clemente
House Committee: New Economy and Quality of Life
Senate Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the downtown development authority (DDA) Act to:

- Allow a business district to include a qualified higher education institution.
- Allow a municipality to establish a DDA, in addition to the one authority already allowed, if the additional authority operated a qualified educational economic opportunity district.
- Specify requirements for membership on a DDA board for a qualified educational economic opportunity district, and specify powers of the board.
- Prohibit a DDA from using tax increment revenue or other funds under the Act to improve, construct, or develop public facilities located on property owned or under the control of a qualified higher education institution.
- Specify plans for a qualified educational economic opportunity district that a DDA would have to include in its development plan when it financed a project by the use of revenue bonds.

The Act allows municipalities (cities, villages, and townships) to form DDAs in order to fund improvements to their business districts. An authority may finance its activities by various methods, including tax increment financing and the use of revenue bonds.

"Business district" means an area in a municipality's downtown that is zoned and used principally for business. Under the bill, a business district could include an area that included a "qualified higher education institution", which would mean an institution of higher education or a community or junior college described in the State Constitution, or a private institution of higher education.

MCL 125.1651 et al.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would create a new downtown district authority known as an educational economic opportunity district. By allowing for additional tax capturing, the bill could result in the reallocation of future property tax revenue generated within the district boundaries from general purpose local governments to the tax increment authority. The total amount, while unknown, would depend on the value of the future development and growth in taxes within the district and the size of the district. School property taxes that would be captured would be reimbursed by State funds, thus leading to a potential State fiscal impact.

Date Completed: 11-10-10

Fiscal Analyst: Eric Scorsone