

Legislative Analysis



OAKLAND COUNTY RENAISSANCE ZONE EXTENSION

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 1221 (proposed substitute H-2)

Sponsor: Sen. Wayne Schmidt

House Committee: Tax Policy [Discharged]

Senate Committee: Economic and Small Business Development [Discharged]

Complete to 12-7-22

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

SUMMARY:

Senate Bill 1221 would amend the Michigan Renaissance Zone Act to allow a currently existing renaissance zone in Oakland County to be extended for an additional 10 years. (See **Background**.) Under the act, the board of the Michigan Strategic Fund can designate areas in Michigan as renaissance zones under specific conditions and guidelines. Generally speaking, renaissance zones are tax-free zones designated for up to 15 years for all businesses in specific geographic areas or for specific kinds of facilities or industries anywhere in the state.

The bill would require either the local unit of government in which the zone is located or the owner of all real property within the zone to apply for the extension. The application would have to be approved by both the local unit's mayor in writing and its city council by resolution. That approval could be conditioned upon a newly negotiated development agreement between the qualified local governmental unit and the owner of all real property within the zone.

Upon receiving the application, the board of the Michigan Strategic Fund would have to determine that the extension would create additional jobs or increase investment with Michigan, and if an extension is granted, the board would have to enter into a written development agreement with the owner of all real property within the zone to impose any conditions necessary for the extension, such as the specific amount of investment or number of jobs that would have to be created.

The extension would last for up to 10 years after the expiration of the current renaissance zone period.

MCL 125.2684

BACKGROUND:

In 2017, the Michigan Strategic Fund approved the designation of a property in Pontiac as a renaissance zone to be used as the headquarters of Williams International, a company that manufactures small gas turbine engines. The renaissance zone is currently set to run from 2018 through 2032, and Senate Bill 1221 would allow the designation to be extended by up to an additional 10 years after that.¹

¹ <https://sigma.michigan.gov/EI360TransparencyApp/files/Economic%20Development%20Projects/2020%20Renaissance%20Zone%20Annual%20Report.pdf#page=5>

FISCAL IMPACT:

The bill is permissive in nature and would not have a direct fiscal impact on state or local government. However, if the local unit of government applied for and received an extension on the existing renaissance zone, the bill would reduce state and local revenue by an indeterminate amount. The bill also could increase state 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. Any fiscal impact would be applicable in the 10 years following 2032.

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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.