



**House  
Legislative  
Analysis  
Section**

Washington Square Building, Suite 1025  
Lansing, Michigan 48909  
Phone 517/373-6466

**ENTERPRISE ZONE STUDY**

**RECEIVED**

House Bill 4016 as enrolled  
Second Analysis (4-2-87)

**MAY 07 1987**

Sponsor: Rep. Lad Stacey  
House Committee: Urban Affairs  
Senate Committee: Criminal Justice, Urban Affairs,  
and Economic Development

Mich. State Law Library

***THE APPARENT PROBLEM:***

The Enterprise Zone Act requires the enterprise zone authority in the Department of Commerce to award a grant to a university to perform an independent monitoring and evaluation of the economic impact of the first enterprise zone in Benton Harbor. The report must be delivered to the committees of the legislature concerned with economic development, local government, and taxation by October 1, 1987. Wayne State University was awarded the grant but could not begin research as scheduled because the authority took six months to get under way. Thus, the department suggests extending the deadline for presentation of the report to give the university enough time to complete research.

Benton Harbor wishes to annex a parcel of land that currently is located in Benton Township and to include the annexation within the boundaries of the enterprise zone. Public Act 425 of 1984 allows two or more local units of government to transfer property, by mutual agreement, for the purpose of an economic development project. The Enterprise Zone Act is silent, however, on the issue of expanding an enterprise zone's boundaries. Authority to modify a zone's boundaries must be granted before Benton Harbor and Benton Township can agree to terms of an annexation.

***THE CONTENT OF THE BILL:***

The bill would change the due date for the report detailing the monitoring and evaluation of the economic impact of the first enterprise zone established under the Enterprise Zone Act from October 1, 1987 to March 1, 1988.

Further, the enterprise zone authority would be empowered to change the boundaries of the enterprise zone under certain conditions. First, the property would have to be within the corporate limits of the city in which the enterprise zone was located. If the property was transferred to the city from a township according to an agreement under Public Act 425 of 1984, the transfer would have to be for a period of at least 30 years, and revenue received by the township under the agreement could not be more than the township would have received based on its millage rate. Secondly, the authority would have to comply with the act's requirements for recommending the proposed boundaries of an enterprise zone and filing of an application to the local governmental unit (MCL 125.2106).

***FISCAL IMPLICATIONS:***

Fiscal information is not available (4-2-87).

***ARGUMENTS:***

***For:***

The bill would give back to Wayne State University the six months lost to its researchers while the enterprise zone authority prepared to begin operation. It would thus allow

the university to prepare its study according to its proposed schedule and scope of activities.

***For:***

The bill would allow the enterprise zone authority to modify the boundaries of the Benton Harbor enterprise zone to include property annexed from Benton Township, under conditions designed to prevent abuses of the tax incentives granted to businesses operating in targeted economically depressed areas.

***Against:***

Allowing the modification of an enterprise zone's boundaries could contradict the act's purpose, which is to aid areas with high unemployment, low income, high property tax rates, and blighted, obsolete and underused property. Modifying the boundaries of a zone could drain investment funds from such depressed areas to more attractive parcels subsequently added to an enterprise zone.

H.B. 4016 (4-2-87)