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BILL ANALYSIS

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House Bill 5766 (Substitute S-1 as amended on Third Reading)

Sponsor: Representative Janet Kukuk

House Committee: Economic Development

Senate Committee: Economic Development, International Trade and Regulatory Affairs

## **CONTENT**

The bill would amend the Local Development Financing Act to allow a municipality with a local development finance authority to apply to the Michigan Economic Development Corporation (MEDC) for designation of all or part of the authority as a "certified technology park". The MEDC could make this designation if the application demonstrated significant support from an institution of higher education or a private research-based institute located within the proximity of the park; a significant commitment on behalf of an institution of higher education or private research-based institute to the commercialization of research produced at the park; that the proposed park would take advantage of the unique characteristics of public and private resources in the area; the existence or proposed development of a business incubator within the proposed park; the existence of a business plan for the proposed park that addressed certain factors; and/or an assurance that the proposed park could be developed principally to contain eligible property devoted to a high technology activity or a business incubator.

"Business incubator" would mean real and personal property that met all of the following requirements: was located in a certified technology park; was subject to an agreement (described below); and, was developed for the primary purpose of attracting one or more owners or tenants who would engage in activities that would each separately qualify the property as eligible property under the Act. Upon the MEDC's approval of an application, an authority and a municipality that incorporated the authority could enter into an agreement with the MEDC establishing the terms and conditions governing the certified technology park. An agreement could not be made after December 31, 2002.

The bill would allow the MEDC to designate up to 10 certified technology parks; and would revise the capture of tax increment revenues with respect to certified technology parks.

The bill would permit a municipality (city, village, or urban township) to join with one or more municipalities located within the same county to establish a local development finance authority that could exercise its powers only in a certified technology park. (This would be in addition to the single authority that a municipality may establish under the Act.) Each municipality could make a limited tax pledge to support the authority's tax increment bonds, or, with voter approval, could pledge its full faith and credit for the payment of the bonds.

The bill is tie-barred to House Bill 5443, which would amend the Michigan Economic Growth Authority Act to allow that authority to issue a number of additional tax credit agreements. The bill would define "high-technology activity" as advanced computing, advanced materials, biotechnology, electronic device technology, engineering or laboratory testing of product development, environmental technology, medical device technology, product research and development, and advanced vehicle technology.

MCL 125.2152 et al.

Legislative Analyst: L. Arasim

## **FISCAL IMPACT**

The fiscal impact of this bill cannot be estimated at this time because there is no way to know how many businesses would participate in the proposed new certified technology parks, or how many high technology businesses would locate in an existing certified industrial park (which would be called a business development area under the bill). There is also no way to know the amount of property taxes that would be

captured from these new and expanded business activities, which would be used to help finance public facilities within these areas.

Date Completed: 6-15-00

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.