

AGRICULTURAL PROCESSING RENAISSANCE ZONES

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Senate Bill 900 (Substitute H-2)

Sponsor: Sen. Ron Jelinek

House Committee: Agriculture

Senate Committee: Agriculture, Forestry, and Tourism

Complete to 6-21-06

A SUMMARY OF SENATE BILL 900 AS REPORTED FROM HOUSE COMMITTEE

Under the Michigan Renaissance Zone Act (MCL 125.688c), the State Administrative Board may designate up to 20 agricultural processing renaissance zones in cities, villages, and townships, provided the local units approve the designation. The bill would increase the number of such zones from 20 to 40. Individuals and businesses located within renaissance zones are generally exempt from income, business, and property taxes.

Additionally, the act currently provides that the board may revoke the designation of an agriculture processing renaissance zone if the facility fails to commence operation or ceases operation in the designated renaissance zone. The bill specifies that the designation would be revoked if the facility (1) fails to commence operation; (2) ceases operation; or (3) fails to commence construction or renovation within one year after the designation.

The bill adds that beginning on the bill's effective date, when designating an agricultural processing renaissance zone, the board would have to consider the following:

- The economic impact on local suppliers who provide raw materials, goods, and services to the facility.
- The creation of jobs relative to the employment base of the community.
- The viability of the project.
- The economic impact on the community.
- All other things being equal, give preference to an in-state business entity.

The bill further provides that of the agricultural processing zones at least three would be for facilities with an initial capital investment of less than \$7 million, and at least five would be for facilities located in rural areas.

FISCAL IMPACT:

Because the amount of property that would be exempted is not known, the fiscal impact cannot be determined. To the extent that the additional renaissance zones are designated, local property tax revenue dedicated to K-12 education would decline, as would State Education Tax revenue that is earmarked to the School Aid Fund.

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