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BILL ANALYSIS

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Senate Bill 922 (as introduced 12-1-05)
Sponsor: Senator Ken Sikkema
Committee: Commerce and Labor

Date Completed: 12-6-05

CONTENT

The bill would amend the Michigan Renaissance Zone Act to do all of the following:

- Increase by one the number of additional renaissance zones that the board of the Michigan Strategic Fund (MSF) may designate, and allow the MSF board to designate two, rather than one, of those additional renaissance zones as a "redevelopment renaissance zone".**
- Expand the definition of "redevelopment renaissance zone" to include a renaissance zone located in a city with a population of more than 185,000 and less than 200,000 that contains an industrial site of 150 or more acres.**
- Allow the modification of a particular renaissance zone in a city located in a county with a population of more than 160,000 and less than 170,000.**

Modification of Renaissance Zone

The bill specifies that, before July 1, 2006, a qualified local governmental unit in which a renaissance zone of less than 50 but more than 20 contiguous acres was designated as a renaissance zone under Section 8 or 8a of the Act, in a city located in a county with a population of more than 160,00 and less than 170,000, could modify the boundaries of that zone to include a contiguous parcel of property as determined by the qualified local governmental unit. (This provision would apply to the City of Benton Harbor in Berrien County.)

The contiguous parcel could include only property that was less than 12 acres in size. The parcel would not constitute an additional distinct geographic area under the Act. If the boundaries of the renaissance zone were modified, the additional contiguous parcel would become part of the original renaissance zone on the same terms and conditions as the rest of the property in that renaissance zone.

(Except as otherwise provided under the Act, Section 8 allows the State Administrative Board to designate up to nine renaissance zones within Michigan, with not more than six located in urban areas and not more than four in rural areas.

Section 8a allows the State Administrative Board to designate up to nine additional renaissance zones, with not more than six located in urban areas and not more than five in rural areas. Section 8a also allows the MSF board to designate up to six additional renaissance zones, including one that may be an alternative energy zone to promote and increase the research, development, and manufacturing of alternative energy technology; one that may be a pharmaceutical renaissance zone, to promote and increase the research,

development, and manufacturing of an eligible pharmaceutical company's pharmaceutical products; and one that may be a redevelopment renaissance zone to promote the redevelopment of existing industrial facilities.)

Redevelopment Renaissance Zone

As indicated above, Section 8a allows the MSF board to designate six additional renaissance zones, which may include one redevelopment renaissance zone. The bill would increase to seven the number of additional renaissance zones that the board may designate, and allow the board to designate up to two of those additional zones as redevelopment renaissance zones.

Currently, "redemption renaissance zone" means a renaissance zone that contains an industrial site of 200 or more acres and is located in a city with a population of more than 7,500 and less than 8,500 and in a county with a population of more than 60,000 and less than 70,000 (the City of Greenville in Montcalm County).

The bill would include in that definition a renaissance zone that contains an industrial site of 150 or more acres and is located in a city with a population of more than 185,000 and less than 200,000 (the City of Grand Rapids).

MCL 125.2686 & 125.2688a

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would reduce State and local property tax revenue and would increase School Aid Fund expenditures by an unknown amount. The actual amount would depend upon the specific characteristics of the property affected by the bill and the amount of property included in the additional and expanded renaissance zones. Under current law, property inside a renaissance zone is exempt from local property taxes and the State education tax, and individuals and businesses that reside in the zone are exempt from the single business tax and individual income taxes. Current law also requires the State to reimburse many of the property taxes lost as a result of any exemptions under the Act, including revenue to intermediate school districts, local school districts, community colleges, public libraries, and the State School Aid Fund.

This analysis is preliminary and will be revised as new information becomes available.

Fiscal Analyst: David Zin

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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.