

Legislative Analysis



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Senate Bill 455

Sponsor: Sen. Randy Richardville

House Committee: Commerce

Senate Committee: Economic Development and Regulatory Reform

Complete to 12-10-07

A SUMMARY OF SENATE BILL 455 AS PASSED BY THE SENATE 10-24-07

When local units of government create tax increment financing authorities, or TIFAs, they typically establish a special district and then capture future increases in taxes within that district for the authority to use to finance public improvement projects within the district. There are several statutes that allow for the creation of TIFAs. One of them is the Local Development Financing Authority Act (LDFA), under which cities, villages, and "urban townships" can capture property taxes from property used for manufacturing and agricultural processing activities and from property within certified technology parks.

The act provides several sets of criteria that a township must meet to be considered an "urban township." The criteria involve township and county population and the date a master zoning plan was adopted (and sometimes a deadline for creating an LDFA). Some 67 townships ranging in size from just over 10,000 in population to over 95,000 are included on a list provided on the Michigan Economic Development Corporation (MEDC) website.

Senate Bill 455 would amend the act to allow additional townships to be included by providing another set of criteria. A township would qualify if it met all of the following criteria:

- Has a population of less than 10,000.
- Has a state equalized valuation (SEV) for all real and personal property of more than \$280 million.
- Adopted a master zoning plan before February 1, 1987.
- Has within its boundaries a combination of parcels under common ownership that is 199 acres or larger, is within one mile of a limited access highway, and is within one mile of an existing sewer line.
- Has rail service.

The township also would have to establish a local development finance authority before May 7, 2009.

(According to the Senate Fiscal Agency, this would permit two additional townships, Grass Lake Township in Jackson County and Whiteford Township in Monroe County, to use tax increment financing for projects under the LDFA.)

FISCAL IMPACT:

As written, the bill would not have any significant State fiscal impact. To the extent that development authorities are created by local units of government, the bill would have an indeterminate impact upon the individual taxing authorities within those local units.

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