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BILL ANALYSIS

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Senate Bill 455 (Substitute S-2 as reported)
Sponsor: Senator Randy Richardville
Committee: Economic Development and Regulatory Reform

CONTENT

The bill would amend the Local Development Financing Act to expand the definition of "urban township". (Under the Act, a city, village, or urban township may establish a local development finance authority to "capture" revenue from millage levied on the increased value of property within the boundaries of the authority, and to invest the revenue in public facilities, or infrastructure, for the property.) The Act's definition of "urban township" refers to a township that meets at least one of five sets of criteria. Although the sets vary in their criteria, each takes into account township and county population, and the date the township adopted a master zoning plan or established a local development finance authority. The bill would add to the definition a township that meets all of the following criteria:

- Has a population of less than 10,000.
- Has a State equalized valuation (SEV) 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.

(Grass Lake Township in Jackson County and Whiteford Township in Monroe County evidently would qualify as urban townships under the bill.)

MCL 125.2152

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill likely would have little to no effect on State revenue and would have no impact on State expenditures. The bill likely would apply only to two townships and could increase both revenue and expenses within the townships. To the extent that development would occur absent the bill, the bill would prevent revenue increases that otherwise would be received by entities with captured mills, such as community colleges and library authorities, as well as revenue to the local unit, if it established a local development finance authority. The magnitude of any impact would depend upon changes in property values related to any development and the mills subject to capture. Any State impact would be limited to the capture of State education tax revenue, which would affect certain expenses only and would need to be approved by the State Treasurer.

Date Completed: 10-22-07

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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