




Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 455 (as introduced 4-26-07)
Sponsor: Senator Randy Richardville
Committee: Economic Development and Regulatory Reform

Date Completed: 9-7-07

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 allows the capture of property taxes only from property used for manufacturing and agricultural processing activities and from property within certified technology parks.

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 \$285 million.
- Adopted a master zoning plan before February 1, 1987.
- Is a charter township under the Charter Township Act.
- Has within its boundaries a combination of parcels under common ownership that is 199 acres or larger, is immediately adjacent to a limited access highway, and is immediately adjacent to an existing sewer line.
- Has rail service.

The township also would have to establish a local development finance authority before May 7, 2008.

(Under the bill, Grass Lake Township in Jackson County evidently would qualify as an urban township and be able to establish a local development finance authority.)

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 a single township and could increase both revenue and expenses within the township. 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.

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.