

SMART ZONES

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House Bill 5246

Sponsor: Rep. Wayne Schmidt

Committee: Commerce

Complete to 3-26-12

A SUMMARY OF HOUSE BILL 5246 AS INTRODUCED 1-17-12

The bill would to allow the Michigan Economic Development Corporation (MEDC) to designate two additional certified technology parks (also known as Smart Zones). The zones could be designated after December 1, 2011, and before September 1, 2012. Applications could not be accepted until after December 1, 2011. The bill amends the Local Development Financing Act, which is a tax increment financing statute.

That act also allows a municipality that has created an LDFA authority to apply to the Michigan Economic Development Corporation (MEDC) for a technology park to be designated as a certified alternative energy park. However, an agreement making such a designation had to be made before December 31, 2011. The bill would extend that deadline to December 31, 2012.

Under the act, these special technology parks or zones are able to capture the growth in property taxes (tax increments) within the park, with the revenue to be used in the park for a variety of purposes, including infrastructure construction, property purchases, marketing and promotion, and creating high-technology support facilities, such as laboratories and training centers, among other things. The act also requires the state, in the case of the certified technology parks created after 2002, to reimburse local school districts, intermediate school districts, and the state's School Aid Fund for tax revenue lost. This reimbursement would apply to the new technology parks permitted under this bill.

The MEDC has described SmartZones as follows:

SmartZones provide distinct geographical locations where technology-based firms, entrepreneurs and researchers locate in close proximity to all of the community assets that assist in their endeavors. SmartZone technology clusters promote resource collaborations between universities, industry, research organizations, government, and other community institutions growing technology-based businesses and jobs. New and emerging businesses in SmartZone technology clusters are primarily focused on commercializing ideas, patents, and other opportunities surrounding corporate, university or private research institute R&D efforts.

The MEDC website has a SmartZone fact sheet and a map of the existing zones at:

<http://ref.themedc.org/cm/attach/DA889C19-C8A6-434A-9FE4-F5440B4B7DF7/MISmartZonefactsheet.pdf>

The original Smart Zone legislation allowed for ten such zones. The act was later amended to allow five additional parks to be created, but eligibility for these designations apparently expired without all of the designations having been awarded. The act was subsequently amended by Public Act 105 of 2008 (House Bill 5609) to allow three additional technology parks or zones to be designated after February 1, 2008, and before December 31, 2008. According to the MEDC, there are now 15 such Smart Zones in the state.

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FISCAL IMPACT:

By increasing the number of certified technology parks in Michigan, the bill would increase state expenditures to the extent that the state has to reimburse intermediate school districts, local school districts, the State School Aid Fund for lost tax revenue captured by the technology park authority.

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