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Senate Bill 892 (as introduced 3-27-14)
Sponsor: Senator Tom Casperson
Committee: Natural Resources, Environment and Great Lakes

Date Completed: 4-23-14

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to include in the definition of "facility" (a site contaminated by excess concentrations of a hazardous substance) all contiguous property under common ownership that is or contains the facility.

The Act allows municipalities (cities, villages, townships, and counties) to establish brownfield redevelopment zones and brownfield redevelopment authorities, which may implement brownfield plans for the redevelopment of commercial or industrial property. The Act specifies financing sources for authority activities, including the capture of tax increment revenue (that is, revenue from the incremental increase in property values within a zone). The revenue may be used to pay the costs of eligible activities on eligible property within a zone.

The Act prescribes a number of general eligible activities, as well as eligible activities that are specific to eligible property that was used or is used currently for commercial, industrial, or residential purposes that is in a qualified local governmental unit, that is owned or under the control of a land bank fast track authority, or that is located in an economic opportunity zone, and is a facility, historic resource, functionally obsolete, or blighted.

"Facility" means that term as it is defined in Section 20101 of The Natural Resource and Environmental Protection Act (NREPA). Under the bill, it would mean all contiguous property under common ownership that is or contains a facility as defined in NREPA.

(Section 20101 of NREPA defines "facility" as any area, place, or property where a hazardous substance in excess of the concentrations that satisfy the cleanup criteria for unrestricted residential use prescribed in Part 201 (Environmental Remediation) has been released, deposited, disposed of, or otherwise comes to be located.

The term excludes an area, place, or property where either of the following conditions is satisfied:

- Response activities that satisfy the cleanup criteria for unrestricted residential use have been completed under Part 201.
- Corrective action that satisfies the cleanup criteria for unrestricted residential use has been completed under Part 213 (Leaking Underground Storage Tanks) of NREPA.

The definition of "facility" also excludes an area, place, or property where site-specific cleanup criteria that have been approved by the DEQ for application at that location are met or satisfied and both of the following conditions are met:

- The site-specific criteria do not depend on any land use or resource use restriction to ensure protection of the public health, safety, or welfare or the environment.
- Hazardous substances at the location that are not addressed by the site-specific criteria satisfy the cleanup criteria for unrestricted residential use.)

MCL 125.2652

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The expansion of the definition of "facility" in the bill would have an unknown fiscal impact on local government. The proposed change has to the potential to increase the amount of property that could be included in a brownfield redevelopment project. An increase in the area of property included could increase the size of the tax increment financing area, allowing for larger projects and future tax capture. It also could make larger areas and projects eligible for State funding through the Community Revitalization Program operated by the Michigan Strategic Fund (MSF) within the Department of Treasury. Currently, the MSF board is authorized to make awards of up to 25% of a project's eligible investment, but not to exceed \$10.0 million in community revitalization incentives. Grants from the Community Revitalization Program are limited to \$1.0 million; however, total funding from grants, loans, and other economic assistance may total up to \$10.0 million per project. The Community Revitalization Program is funded from the line item for Business Attraction and Community Revitalization within the MSF budget. A total of \$120.0 million in FY 2013-14 (consisting of \$102.5 million General Fund/General Purpose revenue and \$17.5 million from the 21st Century Jobs Trust Fund) is appropriated in that line item. The total funding is allocated by the MSF board between the Michigan Business Development Program and the Community Revitalization Program. Boilerplate language in the budget (Public Act 59 of 2012, Article VIII, Sec. 1024) requires the MSF board to grant at least \$20.0 million from that line item for brownfield redevelopment and historic preservation projects under the Community Revitalization Program.

Fiscal Analyst: Elizabeth Pratt

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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.