



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

House Bill 5463 (Substitute S-2 as reported)  
Sponsor: Representative John Walsh  
House Committee: Tax Policy  
First Senate Committee: Finance  
Second Senate Committee: Government Operations

### **CONTENT**

The bill would amend the Downtown Development Authority Act to do the following:

- Allow the costs of land acquisition, preliminary site work, and construction of a catalyst development project to be paid or repaid with captured tax increment revenue, including school operating taxes and the State Education Tax, levied on or after July 1, 2010.
- Allow debt incurred after July 31, 2012, for costs associated with a catalyst development project to be paid with captured tax increment revenue, school operating taxes, and the State Education Tax.
- Allow a downtown development authority (DDA) to pledge available tax increment revenue of the authority as security for any bonds issued to develop and construct a catalyst development project.
- Require amendments to an approved development plan incorporating a catalyst development project to be approved by the Michigan Strategic Fund; and provide that amendments not approved or rejected within 45 days of submission would be considered approved.
- Provide tax exemptions for a DDA and its instruments of conveyance, beginning January 1, 2010.
- Allow a DDA's rules of procedure to provide for a person to be appointed to the authority board in his or her capacity as a public official.

The bill would define "catalyst development project" as a project that is located in a municipality with a population greater than 600,000, is designated by the DDA as a catalyst redevelopment project, and is expected to result in at least \$300.0 million of capital investment.

MCL 125.1654 et al.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The provisions in the bill regarding a catalyst development project would reduce both State School Aid Fund revenue and local tax revenue by an unknown amount. The same provisions also would increase School Aid Fund expenditures by an unknown amount, assuming per-pupil funding guarantees were not reduced by the bill. The actual revenue and expenditure impacts would depend on the specific characteristics of any property affected by the bill, as well as whether the development project would occur absent the bill.

Date Completed: 12-5-12

Fiscal Analyst: David Zin

floor\hb5463

Bill Analysis @ [www.senate.michigan.gov/sfa](http://www.senate.michigan.gov/sfa)

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.