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BILL ANALYSIS



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House Bill 5456 (Substitute S-3 as reported)  
Sponsor: Representative Howard Walker  
House Committee: Conservation, Forestry, and Outdoor Recreation  
Senate Committee: Agriculture, Forestry and Tourism

### **CONTENT**

The bill would amend the Michigan Renaissance Zone Act to define "forest products processing facility" as one or more facilities or operations that transform, package, sort, recycle, or grade forest or paper products into goods that are used for intermediate or final use or consumption, or for the creation of biomass or alternative fuels through the use of forest products or forest residue, and surrounding property.

"Forest products processing facility" would not include an existing facility or operation located in this State that relocated to a forest products processing facility renaissance zone, and would not include a facility or operation that engaged primarily in retail sales.

MCL 125.2683

Legislative Analyst: Curtis Walker

### **FISCAL IMPACT**

The bill would have no effect on State or local revenue by itself because the bill only would add a definition to existing law. The bill would not provide for entities meeting the definition to receive any tax advantages not already available to them and the bill is not tie-barred to legislation that would alter the availability of any tax provisions.

If the bill were enacted along with other changes, such as allowing the creation of renaissance zones for forest products processing facilities, the bills would reduce revenue to both the State and local units and would increase State expenditures from the General Fund by an unknown amount. Most local property taxes levied in renaissance zones are not reimbursed by the State, although the General Fund reimburses lost revenue to public libraries, intermediate and local school districts, community colleges, and the School Aid Fund. The actual revenue loss would depend upon the specific characteristics of the property located in the zones, as well as the activities that occurred within the zones. Furthermore, it is not known where the additional renaissance zones would be located or the size of the forest products processing facilities that would be developed in each of these zones.

This estimate is preliminary and will be revised as new information becomes available.

Date Completed: 3-20-06

Fiscal Analyst: David Zin

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

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.