



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5456 (Substitute H-2 as passed by the House)
Sponsor: Representative Howard Walker
House Committee: Conservation, Forestry, and Outdoor Recreation
Senate Committee: Agriculture, Forestry and Tourism

Date Completed: 3-7-06

CONTENT

The bill would amend the Michigan Renaissance Zone Act to allow the designation of up to 20 additional renaissance zones for forest products processing facilities within the State.

Under the bill, the State Administrative Board, upon the recommendation of the board of the Michigan Strategic Fund, could designate not more than 20 additional renaissance zones for forest products processing facilities within the State in one or more cities, villages, or townships with the consent of the city, village, or township in which a renaissance zone would be located. The Administrative Board could designate a maximum of five renaissance zones for forest products processing facilities each year until the maximum number of designated renaissance zones was met.

Each renaissance zone designated for a forest products processing facility would have to be one contiguous distinct geographic area.

The Board could revoke the designation of all or a portion of a renaissance zone for a forest products processing facility if the Board determined that the facility failed to begin operation or ceased operation in a renaissance zone designated under the bill.

The bill would define "forest products processing facility" as one or more facilities or operations that harvest, transform, package, sort, recycle, or grade forest 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.

MCL 125.2683 et al.

Legislative Analyst: Curtis Walker

FISCAL IMPACT

The bill 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.

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.