

# Legislative Analysis

---



## RENAISSANCE ZONES: PAYMENT IN LIEU OF TAXES

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 5439 as introduced**  
**Sponsor: Rep. Michael Webber**  
**Committee: Tax Policy**  
**Revised as of 3-22-16**

Analysis available at  
<http://www.legislature.mi.gov>

### REVISED SUMMARY:

The bill would allow agreements for renaissance zone tax abatements to provide for businesses to make payments in lieu of taxes. This would only apply to zones designated in the future by the Michigan Strategic Fund under one subsection of statute, as described below.

Specifically, the bill would amend Section 6 of the Michigan Renaissance Zone Act. Currently, a provision in that section says that a business within a renaissance zone designated under the act, except those designated under Section 8a(2) before December 1, 2010, shall not make a payment in lieu of taxes to any taxing jurisdiction within the local unit of government in which the zone is located. The bill would remove the underlined language.

This means that the provision would now appear to say that a business in a renaissance zone shall not make a payment in lieu of taxes unless it is in a zone designated under Section 8a(2), regardless of when that zone was designated under Section 8a(2). In other words, businesses designated in the future under 8a(2) could make such payments.

Generally speaking, renaissance zones are tax free zones (for up to 15 years) designed for all businesses in specific geographic areas or for specific kinds of facilities or industries anywhere in the state.

[Note: Section 8a(2) applies to certain additional renaissance zones—up to 27 zones in total—that the Michigan Strategic Fund is authorized to designate. It is understood that 12 such zones are still available for designation.]

### FISCAL IMPACT:

A fiscal analysis is in process. Information will be provided as it becomes available.

Legislative Analyst: Chris Couch  
Fiscal Analyst: Jim Stansell

---

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.