



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5439 (as reported without amendment)
Sponsor: Representative Michael Webber
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Michigan Renaissance Zone Act to remove a restriction that prohibits a business that is located and conducts business activity within a renaissance zone designated under Section 8a(2) before December 1, 2010, from making a payment in lieu of taxes to any taxing jurisdiction within the qualified local governmental unit in which the renaissance zone is located.

Specifically, the bill would retain that prohibition but delete the December 1, 2010, date. Under the bill, a business located and conducting business activity within a renaissance zone, except as designated under Section 8a(2), could not make a payment in lieu of taxes to any taxing jurisdiction within the qualified local governmental unit in which the renaissance zone is located.

(Section 8a(2) authorizes the board of the Michigan Strategic Fund to designate up to 27 renaissance zones (in addition to the other zones allowed to be designated under the Act) within Michigan in one or more cities, villages, or townships if that city, village, or township or combination of cities, villages, or townships consents to the creation of a renaissance zone within their boundaries.)

MCL 125.2686

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

There is potential for an increase in State and local revenue to the extent that certain renaissance zone designations by the Michigan Strategic Fund would include provisions for a business or developer within the zone to make payments in lieu of taxes pursuant to the authority in the bill. For the renaissance zones designated under Section 8a(2), the Michigan Strategic Fund would be allowed, but not required, to enter into a development agreement with the city, village, or township in which the renaissance zone is located and the owner or developer of the property or facility that will be located in the renaissance zone. The units of government that would receive payments in lieu of taxes and the amount of those payments would be determined by the development agreement.

Date Completed: 5-5-16

Fiscal Analyst: Elizabeth Pratt