

## **CHANGE “DEMOLITION” FOR BROWNFIELD TAX INCREMENT FINANCING**

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**House Bill 5283 as introduced**  
**Sponsor: Rep. Ben Frederick**  
**Committee: Tax Policy**  
**Complete to 1-30-18**

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

### **SUMMARY:**

House Bill 5283 would amend the Brownfield Redevelopment Financing Act to change the definition of “demolition” that applies throughout the act. (MCL 125.2652)

Currently, the act enumerates eligible activities that a brownfield redevelopment authority may expend funds to pay for or to reimburse a person for. One eligible activity is “demolition of structures that is not a response activity.”

[A “response activity” is defined in three sections of the Natural Resources and Environmental Protection Act and includes, generally speaking, environmental assessments and actions necessary to protect the public health, as well as the assessment and treatment of underground storage tank systems, water supply systems, and solid waste disposal systems. See MCL 324.11102, 324.20102, and 324.21302.]

The bill would amend this definition to specify that demolition includes “removal of manufactured debris comprised of discarded, unused, or unusable manufactured by-products left on the site by a previous owner.”

The act also currently allows a brownfield redevelopment authority to expend funds for the repayment of the principal of and interest on any obligation issued by the authority to pay the costs of eligible activities. The new activity proposed in House Bill 5283—removal of manufactured by-products left on a site—would not be eligible for interest reimbursement under the bill.

### **FISCAL IMPACT:**

House Bill 5283 could increase Brownfield Redevelopment Authority tax capture to accommodate activities authorized under the expanded definition of eligible activities. To the extent that a brownfield redevelopment authority increases its tax capture to pay for the newly authorized activities under the provisions of the bill, an affected local unit of government would realize reduced revenues. If the brownfield redevelopment authority captured a portion of the State Education Tax (SET), the School Aid Fund would realize reduced revenues. In addition, any expanded use of tax increment financing to pay for the additional activities authorized under the provisions of the bill could lead to increased expenditures from the School Aid Fund due to the capture of additional 18-mill non-

homestead local school operating millages. The extent to which these newly expanded activities would be included in brownfield plans cannot be estimated.

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■ 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.