

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1251 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Bill Schuette
Committee: Farming, Agribusiness and Food Systems

CONTENT

The bill would amend the Michigan Renaissance Zone Act to permit the State Administrative Board, until December 31, 2002, to designate up to 10 additional renaissance zones for agricultural processing facilities; delete a provision that prohibits a qualified local governmental unit from being part of more than one renaissance zone; delete the Act's approval requirements for a business located in a qualified local governmental unit that relocates into a renaissance zone within the local unit; delete the notice and approval requirements that apply when a business relocates more than 25 jobs to a renaissance zone; and allow recently authorized renaissance zones to designate subzones, seek extension of zone status, and modify zone boundaries. The bill also would require the State to reimburse each local governmental unit in which an agricultural processing renaissance zone was designated for all tax revenue lost because of the exemption of property under the Act for five years immediately following the bill's effective date if the processing facility met certain criteria.

("Agricultural processing facility" would mean one or more facilities or operations that transformed, packaged, sorted, or graded livestock or livestock products, agricultural commodities, or plants or plant products into goods used for intermediate or final consumption including goods for nonfood use, and surrounding property.)

MCL 125.2683 et al.

Legislative Analyst: L. Arasim

FISCAL IMPACT

Two major changes proposed in this bill are to create new renaissance zones and to eliminate restrictions designed to prevent businesses from simply moving their existing operations into a renaissance zone and benefitting from the tax exemptions. It is not possible to estimate the fiscal impact of either of these changes at this time because, 1) it is not known where the proposed additional renaissance zones would be located or the size of the agricultural processing facilities that would be developed in each of these zones, and 2) there is no way to estimate how many businesses would move their existing operations into a renaissance to become eligible for the various tax exemptions granted in these zones.

In addition, the bill would require the State to reimburse a local government for the taxes lost by establishing a renaissance zone for a particular agricultural processing facility. This reimbursement is estimated at \$70,000 a year for five years.

Date Completed: 5-17-00

Fiscal Analyst: J. Wortley