

Legislative Analysis



FOREST PRODUCTS RENAISSANCE ZONES

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House Bill 5456

Sponsor: Rep. Howard Walker

Committee: Conservation, Forestry, and Outdoor Recreation

Complete to 11-30-05

A SUMMARY OF HOUSE BILL 5456 AS INTRODUCED 11-29-05

The bill would amend the Michigan Renaissance Zone Act (MCL 125.2683 et al.) to allow for the designation of up to 20 additional renaissance zones, specifically for forest products processing facilities. Not more than five such zones could be created each year until the maximum is reached. The designations would be made by the State Administrative Board, upon recommendation of the board of the Michigan Strategic Fund. The creation of a zone would require the consent of the affected city, village, or township (or a combination of cities, villages, or townships).

A forest products processing renaissance zone would have to be one contiguous geographic area. The term "forest products processing facility" would refer to *one or more facilities or operations that harvest, transform, package, sort, or grade forest products into goods that are used for intermediate or final use or consumption, and surrounding property.*

The language of House Bill 5456 is parallel to that currently found in Section 8c of the Renaissance Zone Act, which allows for the creation of 20 zones for agricultural processing facilities. Public Act 259 of 2000 allowed for the creation of 10 agricultural processing zones, and the maximum number was raised to 20 by Public Act 93 of 2003.

Under the Renaissance Zone Act, businesses in renaissance zones get exemptions for up to 15 years from the single business tax, state and local income taxes, the state education tax, property taxes, various specific taxes, and the city utility users tax (in Detroit only).

FISCAL IMPACT:

This bill will result in an indeterminate reduction in State of Michigan and local tax revenue in the short term. The long term fiscal implications are also indeterminate. The location and size of these zones, and the identities of each business affected, including its current state and local tax liabilities, must be known in order to reasonably estimate the fiscal impact.

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