

Legislative Analysis



BROWNFIELD REVELOPMENT TAX CAPTURE

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House Bill 6303 (Substitute H-1)
Sponsor: Rep. Jerry O. Kooiman
Committee: Commerce

Complete to 9-19-06

A SUMMARY OF HOUSE BILL 6303 AS REPORTED FROM COMMITTEE

Under the Brownfield Redevelopment Financing Act (MCL 125.2663), the brownfield plan that the board of a brownfield authority approves in order to redevelop contaminated, blighted, or functionally obsolete property must contain, among other things, a description of the costs of the plan to be funded by tax increment finance revenues, a summary of eligible activities proposed for the property, and an estimate of the captured taxable value and tax increment revenues for each year of the plan for each parcel of eligible property. The plan must also contain the duration of the brownfield plan, which is limited under the act, generally speaking, to the lesser of (1) the number of years it takes to capture sufficient revenue to cover the permitted costs of the project, or (2) 30 years. House Bill 6303 would require that, in describing the duration of eligible activities on eligible property, the plan would also have to also specify the beginning date for the capture of tax increment revenues, which could be no later than three years following the date of the resolution approving the plan amendment related to a particular eligible property.

BACKGROUND INFORMATION:

The stated aim of the bill is to provide clear direction to local units of government about when tax revenues are to begin to be captured on eligible property when a brownfield redevelopment plan is amended. While the act is clear about the ending dates for capture, it does not currently spell out when local units are to begin the recapture. The bill is said to be designed to give local units flexibility as to when to begin tax capture to pay for the cleanup and development of brownfield sites (rather than requiring an immediate start to tax capture.)

FISCAL IMPACT:

There is no fiscal impact on the State of Michigan or its local units of government.

POSITIONS:

Indicating support for the bill before the House Commerce Committee on 9-19-06 were: The Michigan Economic Development Corporation (MEDC); the National Brownfields Association; the Michigan Municipal League; and the Michigan Manufacturers Association.

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