

Legislative Analysis



LARGE PROJECT MEGA CREDIT

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Senate Bill 1567

Sponsor: Sen. John Pappageorge

Senate Committee: Finance

House Committee: Commerce

Complete to 12-8-08

A SUMMARY OF SENATE BILL 1567 AS PASSED BY THE SENATE

The bill would amend a provision in the Michigan Business Tax Act that allows the Michigan Economic Growth Authority (MEGA) to award tax credits each year to 20 projects each costing over \$10 million. A maximum of three of these projects can be outside of a core community if certain criteria are met. Senate Bill 1567 would expand the criteria that apply to these three credits so that a tax credit could be awarded to property that is functionally obsolete or blighted property identified in a brownfield plan and located in a city with a population of 70,000 or more and within ten miles of another city in the state with a population of 500,000 or more. This would apply if demolition and construction of the project begins no later than December 31, 2010.

The bill also would specify that for these credits, MEGA is to give preference to mixed use projects that satisfy each of the following criteria: (1) the amount of new construction investment is \$50 million or more; (2) the project includes at least one aboveground, multilevel parking facility or underground parking facility; (3) the project includes at least one two-story or greater structure other than a parking facility; (4) the state and region will benefit from the project; (5) the project addresses a major redevelopment need in the community; and (6) the project's requirements require a strong subsidy. Such a credit would not be assignable.

Senate Bill 1567 contains essentially the same provisions as House Bill 6748, which has already passed the House. The bills are understood to apply to a project in Troy in Oakland County.

MCL 208.1437

FISCAL IMPACT:

The bill would reduce Michigan Business Tax revenue by an indeterminate amount.

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