

Legislative Analysis



SMART ZONES

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House Bill 5609

Sponsor: Rep. Mike Simpson

Committee: Commerce

Complete to 2-27-08

A SUMMARY OF HOUSE BILL 5609 AS INTRODUCED 1-16-08

The bill would amend the Local Development Financing Act, which is a tax increment financing statute, to allow the Michigan Economic Development Corporation (MEDC) to designate three additional certified technology parks (also known as Smart Zones.). As first enacted the LDFA allowed for ten such zones. The act was later amended to allow five additional parks to be created after November 1, 2002. House Bill 5609 would increase that limit to eight.

Under the act, these special technology parks or zones are able to capture the growth in property taxes (tax increments) within the park, with the revenue to be used in the park for a variety of purposes, including infrastructure construction, property purchases, marketing and promotion, and creating high-technology support facilities, such as laboratories and training centers, among other things. The act also requires the state, in the case of the certified technology parks created after 2002, to reimburse local school districts, intermediate school districts, and the state's School Aid Fund for tax revenue lost.

MCL125.2162a

BACKGROUND INFORMATION:

The MEDC has described SmartZones as follows:

Michigan SmartZones are collaborations between universities, industry, research organizations, government, and other community institutions intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of recognized clusters of new and emerging businesses, those primarily focused on commercializing ideas, patents, and other opportunities surrounding corporate, university or private research institute R&D efforts.

The MEDC website has a SmartZone fact sheet at
<http://ref.themedc.org/cm/attach/DA889C19-C8A6-434A-9FE4-F5440B4B7DF7/MISmartZonefactsheet.pdf>

FISCAL IMPACT:

By increasing the number of certified technology parks in Michigan, House Bill 5609 would increase State expenditures to the extent that the State had to reimburse intermediate school districts, local school districts and the State School Aid Fund for lost tax revenue that was captured by the technological park authority. Also, with tax increment financing, revenue that otherwise would go to local units of government would instead flow to the certified technology parks.

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