

Legislative Analysis



SMART ZONES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5609 (Substitute H-2)

Sponsor: Rep. Mike Simpson

Committee: Commerce

Complete to 2-27-08

A SUMMARY OF HOUSE BILL 5609 REPORTED FROM COMMITTEE

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.). The original Smart Zone legislation allowed for ten such zones. The act was later amended to allow five additional parks to be created after November 1, 2002. (Eligibility for these designations apparently has expired, with not all of the designations having been awarded.) House Bill 5609 would allow three additional zones to be designated after February 1, 2008 and before December 1, 2009. Applications could not have been submitted for park designation prior to February 1, 2008.

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

FISCAL IMPACT:

By increasing the number of certified technology parks in Michigan, HB 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.

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 and a map of the existing zones at

<http://ref.themedc.org/cm/attach/DA889C19-C8A6-434A-9FE4-F5440B4B7DF7/MISmartZonefactsheet.pdf>

POSITIONS:

The Department of Treasury supports the bill. (2-27-08)

The Michigan Economic Development Corporation indicated support for the bill. (2-27-08)

Representatives from Jackson Citizens for Economic Growth and Jackson Community College testified in support of the bill. (2-27-08)

Legislative Analyst: Chris Couch
Fiscal Analyst: Viola Bay Wild

■ 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.