

TRANSIT-ORIENTED DEVELOPMENT

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Senate Bill 1233

Sponsor: Sen. Jason E. Allen

House Committee: Intergovernmental and Regional Affairs

Senate Committee: Commerce and Tourism

Complete to 12-1-10

A SUMMARY OF SENATE BILL 1233 AS REPORTED FROM HOUSE COMMITTEE

Senate Bill 1233 would amend the Brownfield Redevelopment Financing Act (MCL 125.2652), which is a tax increment finance act. The bill would include transit-oriented development and a transit-oriented facility in the act's definitions of "eligible property" and "infrastructure improvements." It is part of a large package of bills intended to promote, facilitate, and finance investment in public transit-oriented development.

Generally speaking, the bills in the package amend statutes that encourage economic development or that allow for the building of public facilities, or both. A number of the acts being amended allow for the creation of tax increment financing authorities, or TIFAs. (Senate Bill 1233 is one of those.) When local units of government create these authorities, they typically establish a special district or zone and then capture future increases in property taxes within that district for the authority to use to finance public infrastructure improvement projects within the district. This often includes the issuance of bonds to finance projects. Michigan's Brownfield Redevelopment Financing Act targets the redevelopment of contaminated and obsolete property.

Under the bill, "transit-oriented development" would mean infrastructure improvements that are located within one-half mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use, as determined by the board and approved by the municipality in which it is located. "Transit-oriented facility" would mean a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

BACKGROUND INFORMATION:

Senate Bill 1233 is one of several bills that would amend various statutes dealing with economic development programs to include transit-oriented development and transit-oriented facilities in the activities allowed under those laws. Others include House Bills 5977, 5978, 5979, 5988, 5989, and 5998, and also Senate Bills 1233, 1234, 1235, 1236, and 1238. Following is a description of each of those bills.

House Bill 5977 would amend Public Act 200 of 1957 (MCL 123.632), which provides for the creation of inter-municipality study committees to study area problems, to allow such study committees to study transit-oriented developments, and transit-oriented

facilities, in addition to the other problems of mutual interest and concern now listed in the statute. Currently inter-municipality study committees can study such matters as "facility studies on sewers and sewage disposal, water, drains, roads, rubbish and garbage disposal, recreation and parks, and ports, in order to formulate recommendations for review and action by member governing bodies." House Bill 5977 would retain all of these provisions, and add "transit-oriented developments, and transit-oriented facilities."

House Bill 5978 would amend the Hospital Finance Authority Act (MCL 331.33) to expand the definition of "hospital facilities" to include "a transit-oriented facility."

House Bill 5979 would amend the Historical Neighborhood Tax Increment Finance Authority Act (MCL 125.2843) to expand the definition of "public facility" to include transit-oriented development and transit-oriented facility. This is a bill that allows for the creation of tax increment finance authorities.

House Bill 5988 would amend Public Act 231 of 1987 (MCL 247.901), which creates a Transportation Economic Development Fund in the Department of Treasury to expand the definition of "project." Now the term is defined to mean a transportation road construction or improvement project. The bill would retain this language and add: "Project also includes a transit-oriented development and a transit-oriented facility."

House Bill 5989 would amend the Local Development Financing Act (MCL 125.2152) to expand the definitions of both "eligible property" and "public facility" to include both a transit-oriented facility, and a transit-oriented development. This is a bill that allows for the creation of tax increment finance authorities.

House Bill 5998 would amend the Economic Development Corporations Act (MCL 125.1603) to expand the definition of the term "project" to include both transit-oriented developments and a transit-oriented facility.

Senate Bill 1234 would amend the Corridor Improvement Authority Act (MCL 125.2873). This is a bill that allows for the creation of tax increment finance authorities, among other things.

Senate Bill 1235 would amend Public Act 31 of 1948, which provides for the creation of building authorities (MCL 123.951).

Senate Bill 1236 would amend the Commercial Redevelopment Act (MCL 207.653 and 654), which allows for property tax abatements for commercial property.

Senate Bill 1237 would amend the Certificate of Need Act within the Public Health Code (MCL 333.22225). Under the bill, adequate access to public transportation would be a factor in evaluating a proposal to move a health facility from one location to another.

Senate Bill 1238 would amend the Tax Increment Finance Authority Act (125.1801). This is a bill that allows for the creation of tax increment finance authorities.

Also, there is a separate summary available from the House Fiscal Agency that describes House Bills 5169-5171 and 5173. Each of those bills also deals with investment in public

transit-oriented development. Generally, they either provide tax incentives or allow for the creation of tax increment finance authorities.

FISCAL IMPACT:

The bills in the larger package aim at promoting the development and financing of transit-related infrastructure improvements, and would expand the scope of a number of economic development and facility building statutes to allow them to be employed for that purpose. As written, Senate Bill 1233 would reduce state and local property tax revenue by an unknown amount. To the extent that the revenue from the non-homestead levy that is earmarked for local schools declines, increased spending from the School Aid Fund would be necessary to maintain education funding.

CHANGES BY COMMITTEE:

The members of the Intergovernmental and Regional Affairs committee reported-out the Senate-passed version of Senate Bill 1233 without amendments.

POSITIONS:

The Michigan Municipal League supports the bill. (12-1-10)

The Department of Treasury opposes the bill as written to allow the capture of school taxes. (12-1-10)

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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.