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BILL ANALYSIS

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Senate Bill 1092 (as introduced 1-27-10)
Sponsor: Senator Ron Jelinek
Committee: Appropriations

Date Completed: 1-29-10

CONTENT

The bill would amend the Michigan Renaissance Zone Act to allow the proration of reimbursements to public libraries for lost revenue and base all future reimbursement payments on payments made in FY 2008-09. The Act allows the designation of areas in qualified local governmental units where a resident or business is eligible to receive tax exemptions, including the exemption from certain property taxes, for a number of years. Under the statute, the State is required to reimburse local and intermediate school districts, community college districts, and public library districts for revenue lost as a result of the tax exemption of property located within these areas.

According to the Michigan Economic Development Corporation, as of December 16, 2009, there were a total of 89 designated zones across the State. The different categories of zones include: Geographic Renaissance Zones (Urban, Rural, and Military), Agricultural Processing Renaissance Zones, Forest Products Processing Zones, Michigan Strategic Fund Designated Renaissance Zones, Renewable Energy Renaissance Zones, and Tool and Die Recovery Zones.

The bill would change the administration of reimbursement payments to public libraries by basing payments on the amount reimbursed in FY 2008-09 instead of the amount of revenue lost. This bill also would allow the proration of the reimbursement of lost revenue to public libraries. The proration would be set at the amount each library received as a percentage of the total amount appropriated in FY 2008-09. The proration would occur only if the amount appropriated were insufficient to cover the reimbursement costs due to public libraries based on FY 2008-09 payments.

MCL 125.2692

FISCAL IMPACT

Under Public Act 128 of 2009, the FY 2009-10 budget bill for the Department of Treasury, a reduction of \$419,500 was made to the Renaissance Zone Reimbursement line item, reducing payments to public libraries from the FY 2008-09 appropriated level of \$3,411,500 to \$2,992,000. This line only funds the reimbursement amount for the public libraries, as community college and local and intermediate school district reimbursement amounts are appropriated in the respective appropriation bills. Senate Bill 1092 would provide the proration mechanism to implement this reduction. Payments to eligible public libraries would be made based on each library's percentage of total payments made in FY 2008-09. Those percentages would be applied to the available appropriation in FY 2009-10. Basing

future Renaissance Zone Reimbursement payments to public libraries on FY 2008-09 payments would make public libraries in Renaissance Zones established after FY 2008-09 ineligible for reimbursement payments. Data from the Department of Treasury show that Renaissance Zone Reimbursements in FY 2008-09 were paid to 91 public libraries and totaled \$3,320,715.

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