



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536



BILL ANALYSIS

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

Senate Bills 1233 through 1236 and 1238 (as introduced 3-18-10)

Sponsor: Senator Jason E. Allen (S.B. 1233)  
Senator Gilda Z. Jacobs (S.B. 1234)  
Senator Alan L. Cropsey (S.B. 1235)  
Senator Jud Gilbert, II (S.B. 1236)  
Senator Buzz Thomas (S.B. 1238)

Committee: Commerce and Tourism

Date Completed: 5-11-10

### **CONTENT**

**The bills 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.**

Senate Bill 1233 would amend the Brownfield Redevelopment Financing Act; Senate Bill 1234 would amend the Corridor Improvement Authority Act; Senate Bill 1235 would amend Public Act 31 of the First Extra Session of 1948, which provides for the incorporation of building authorities; Senate Bill 1236 would amend the Commercial Redevelopment Act; and Senate Bill 1238 would amend the Tax Increment Finance Authority Act.

Under those bills, "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. "Transit-oriented facility" would mean a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

#### **Senate Bill 1233**

The Brownfield Redevelopment Financing Act allows municipalities (cities, villages, townships, and counties) to establish brownfield redevelopment zones and brownfield redevelopment zone authorities, which may implement brownfield plans for the redevelopment of commercial or industrial property. The Act specifies financing sources for authority activities, including the capture of tax increment revenue (that is, revenue from the incremental increase in property values within a zone). The revenue may be used to pay the costs of eligible activities on eligible property within a zone, including certain infrastructure improvements.

The bill would include transit-oriented development and a transit-oriented facility in the Act's definitions of "eligible property" and "infrastructure improvements".

#### **Senate Bill 1234**

The Corridor Improvement Authority Act allows a municipality to form a corridor improvement authority to "capture" the incremental growth in tax revenue from property

located in a development area or a qualified development area. Among other things, an authority board may plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility. A board also may plan, propose, and implement an improvement to a public facility.

The bill would include transit-oriented development and a transit-oriented facility in the Act's definition of "public facility".

In addition, under the bill, a "qualified development area" would include a development area that contains transit-oriented development or a transit-oriented facility.

### **Senate Bill 1235**

Under Public Act 31 of the First Extra Session of 1948, a county, city, village, or township may incorporate one or more authorities to acquire, furnish, equip, own, improve, enlarge, operate, and maintain buildings, parking lots or structures, recreational facilities, stadiums, and the necessary sites for those buildings, for use for any legitimate public purpose of the county, city, village, or township. The bill would include transit-oriented developments and transit-oriented facilities in that provision.

### **Senate Bill 1236**

The Commercial Redevelopment Act allows a local governmental unit to establish a commercial redevelopment district. Certain commercial properties located in a district are exempt from the general property tax and are subject instead to a specific tax, the commercial facilities tax.

"Commercial property" includes land improvements to certain property, whose primary purpose and use are the operation of a commercial business enterprise, including office, engineering, research and development, warehousing parts distribution, retail sales, hotel or motel development, and other commercial facilities. Under the bill, a commercial business enterprise also would include a business that owns or operates a transit-oriented development or a transit-oriented facility.

### **Senate Bill 1238**

The Tax Increment Finance Authority Act allows a city to establish not more than one tax increment finance authority, which may "capture" ad valorem property taxes and specific local taxes attributable to the incremental increase in the value of property in an authority district. Among other things, an authority board may plan and propose the construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction of a public facility. A board also may plan, propose, and implement an improvement to a public facility

Under the bill, "public facility" would include transit-oriented development and a transit-oriented facility.

MCL 125.2652 (S.B. 1233)  
125.2873 (S.B. 1234)  
123.951 (S.B. 1235)  
207.653 & 207.654 (S.B. 1236)  
125.1801 (S.B. 1238)

Legislative Analyst: Patrick Affholter

## **FISCAL IMPACT**

By expanding the type of activities that are eligible under the various statutes to include transit-oriented development, the bills could result in a loss of State and local revenue. The potential lost revenue would depend on the amount and value of transit oriented activity spurred by this change in law that would not have occurred otherwise. Potential lost revenue would include State and local education property taxes as well as local general property taxes. The State also would potentially incur increased expenditures due to the need to replace losses in school operating property taxes.

Fiscal Analyst: Eric Scorsone

S0910\sb1233sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.