



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 Bill 1487 (Substitute S-1 as reported)
Sponsor: Senator Jim Barcia
Committee: Commerce and Tourism

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to revise provisions regarding the beginning date for the capture of tax increment revenue and the duration of a brownfield plan.

The Act requires a brownfield redevelopment plan or plan amendment to include the duration of the plan for eligible activities on eligible property, which cannot exceed 35 years following the date of the resolution approving the plan amendment related to a particular eligible property. Under the bill, instead, the plan or plan amendment would have to include the duration of the plan for eligible activities on a particular eligible property, which could not exceed 30 years following the beginning date of the capture of tax increment revenue for that property.

Under the Act, a brownfield authority may amend the beginning date for the capture of tax increment revenue, but not to a date later than five years after the date of the resolution adopting the plan. Under the bill, however, if a plan identified eligible activities on a particular eligible property and the project failed to occur, the authority could amend the beginning date of capture for eligible activities associated with a new project, but not to a date later than five years after the date of the resolution amending the plan for that new project.

Currently, an authority may not amend the date for the beginning of tax increment revenue capture if it has begun to reimburse eligible activities from that revenue. Under the bill, any tax increment revenue captured before the beginning date of capture for a particular eligible property would have to revert proportionately to the respective tax bodies.

MCL 125.2663

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that the proposed legislation led to brownfield plan amendments that resulted in new projects that were greater in value than previously proposed projects for the same sites, this additional activity would represent a potential revenue loss to the general government jurisdictions containing the brownfield zones. The total statewide loss in revenue would depend on the number and value of these new projects. It is possible that the new projects could be less valuable than previously proposed projects, leading to a reduction in the fiscal impact. Thus, the total fiscal impact is indeterminate. The State also could incur increased or decreased expenditures depending on the number and value of the new projects due to the need to backfill losses in school operating property taxes.

Date Completed: 9-27-10

Fiscal Analyst: Eric Scorsone

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