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BILL ANALYSIS

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Senate Bill 1487 (as enacted)
Sponsor: Senator Jim Barcia
Senate Committee: Commerce and Tourism
House Committee: New Economy and Quality of Life

PUBLIC ACT 288 of 2010

Date Completed: 1-19-11

CONTENT

The bill amended 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 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.

The Act requires a brownfield redevelopment plan or plan amendment to include the duration of the plan for eligible activities on eligible property. Previously, that duration could not 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 must include the duration of the plan for eligible activities on a particular eligible property, which may 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. Previously, the authority could not amend the beginning date to a date later than five years after the date of the resolution adopting the plan. Under the bill, this applies to the capture of tax increment revenue from a particular eligible property; however, if a plan identifies eligible activities on a particular eligible property and the project fails to occur, the authority may 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.

The Act provides that 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, this applies to revenue capture for a particular eligible property; any tax increment revenue captured before the beginning date of capture for a particular eligible property must revert proportionately to the respective tax bodies.

The bill took effect on December 16, 2010.

MCL 125.2663

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

To the extent that the bill leads to brownfield plan amendments that result in new projects that are greater in value than

previously proposed projects for the same sites, this additional activity represents a potential revenue loss to the general government jurisdictions containing the brownfield zones. The total statewide loss in revenue will 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 may 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.

Fiscal Analyst: David Zin

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