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Senate Bill 1487 (as introduced 9-14-10)
Sponsor: Senator Jim Barcia
Committee: Commerce and Tourism

Date Completed: 9-14-10

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to refer to a brownfield plan amendment, rather than a brownfield plan, in provisions regarding the beginning date for capture of tax increment revenue.

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.

A brownfield redevelopment 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. The bill would refer to a date not later than five years after the date of the resolution adopting the plan *amendment*.

If the beginning date for the capture of tax increment revenue is amended by the authority and that plan includes the capture of tax increment revenue for school operating purposes, the authority must notify the Department of Natural Resources and Environment and the Michigan Economic Growth Authority within 30 days of the amendment's approval. Under the bill, notification would have to be given if the plan *amendment* included the capture of tax increment revenue for school operating purposes.

For purposes of these provisions, "plan amendment" would mean a plan related to a particular eligible property, or a plan amendment that included a particular eligible property within a plan. If a project for which eligible activities were identified in a plan failed to occur, "plan amendment" would mean a subsequent plan amendment that identified eligible activities associated with a new project on that eligible property if the brownfield redevelopment authority had not begun to reimburse eligible activities from the capture of tax increment revenue for that property.

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.

Fiscal Analyst: Eric Scorsone

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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.