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BILL ANALYSIS



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Senate Bill 271 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Virgil Smith
Committee: Economic Development

CONTENT

The bill would amend Chapter 8C (Community Revitalization Program) of the Michigan Strategic Fund Act to do the following:

- Allow, rather than require, the Michigan Strategic Fund (MSF) to consider specific criteria when reviewing applications for community revitalization incentives (grants, loans, and other economic assistance).
- Increase the maximum amount of a community revitalization grant from \$1.0 million to \$2.5 million, but retain a \$10.0 million limit on the total amount of all incentives.
- Delete a requirement that the MSF board develop criteria for the repayment of a community revitalization loan, and instead require each written agreement for such a loan to contain a repayment provision.
- Include in the definition of "eligible property" any other property determined by the board.
- Delete requirements for the MSF to report to the Legislature and provide certain legislators with copies of board meeting materials.

The bill also would amend Chapter 8A (21st Century Investment Programs and Activities) of the Act to do the following with respect to the Business Development Program:

- Allow a qualified business (which may receive economic incentives under the Program) to include more than one business.
- Delete a requirement that the MSF establish policies and procedures for background checks on qualified businesses applying for assistance.
- Delete a requirement that the MSF report annually to the Legislature.

MCL 125.2088r et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would expand the scope of the Community Revitalization Program and the authority of the Michigan Strategic Fund board. The Community Revitalization Program (which replaced the brownfield and historic preservation tax credits) currently provides funding to a variety of projects for reuse or rehabilitation of blighted or historic properties. Under the bill, properties eligible to receive support from the resources available to the Community Revitalization Program would be expanded to include any property determined by the Michigan Strategic Fund board. The maximum community revitalization grant would increase from \$1.0 million to \$2.5 million. Funding for the Community Revitalization Program is allocated by the MSF board from the line item appropriation for Business Attraction and Economic Gardening, which also funds the Michigan Business Development Program. This line is funded at \$100.0 million in FY 2012-13. Boilerplate requires the MSF

board to grant at least \$20.0 million of that amount for brownfield redevelopment and historic preservation incentives.

The bill would potentially reduce the administrative costs of the Michigan Strategic Fund by eliminating requirements for background checks of applicants for the Business Development Program and detailed reporting on the outcomes of the Michigan Business Development Program and the Community Revitalization Program. Current MSF policies address the vetting of projects and applicants. The reduction in reporting on specific information on outcomes could reduce the ability to evaluate the impact of the programs.

Date Completed: 6-13-13

Fiscal Analyst: Elizabeth Pratt

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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.