



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

## BILL ANALYSIS



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

Senate Bill 98 (as reported without amendment)  
Sponsor: Senator Jim Ananich  
Committee: Government Operations

**CONTENT**

The bill would amend the Michigan Promise Zone Authority Act to permit the Department of Treasury to certify up to 11, rather than 10, governing bodies of eligible entities to establish a promise zone; and require the Department to review, on a first-come, first-served basis, only those applications submitted by the governing bodies of eligible entities that are cities meeting both of the following:

- The city would have to have a population of more than 80,000 and less than 120,000 according to the most recent decennial census.
- The city would have to be one in which a declaration of emergency was issued for drinking water contamination within the immediately preceding three years.

MCL 390.1664

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would have an indeterminate impact on the State School Aid Fund and the City of Flint. By allowing the City to be certified as eligible to establish a promise zone, the bill could reduce the amount of potential revenue available to the School Aid Fund from the State Education Tax based on the property value increase in the City of Flint. The initial loss would be relatively small if a zone were established, because the loss of revenue would be equal to one-half of the revenue from increased property value in the City. The potential allocation of revenue to the promise zone and loss of revenue to the State would depend on the level of growth and increase in property value over time.

The bill also would increase local revenue in the City of Flint in the form of potential private contributions to the promise zone, minus the amount of tuition payments made to eligible students. The City also would have reporting and administrative costs associated with the promise zone that would be covered by up to 15% of the revenue captured from the State Education Tax; any costs beyond that amount would need to be covered by other sources.

Date Completed: 5-4-17

Fiscal Analyst: Cory Savino