



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 98 (as enacted)  
Sponsor: Senator Jim Ananich  
Senate Committee: Government Operations  
House Committee: Education Reform

**PUBLIC ACT 150 of 2017**

Date Completed: 11-21-17

**CONTENT**

**The bill amended the Michigan Promise Zone Authority Act to permit the Department of Treasury to certify up to 15, rather than 10, governing bodies of eligible entities to establish a promise zone.**

The Act allows the governing body of an eligible entity, with approval from the Department of Treasury, to establish a promise zone and provide a promise of financial assistance for postsecondary education to students who graduate from a public or nonpublic high school within the zone. An eligible entity is a city, township, county, local school district, or intermediate school district in which the percentage of families with minor children who are living at or below the Federal poverty level is greater than or equal to the State average.

If the governing body of an eligible entity submits an application to the Department according to procedures in the Act, the Department must determine if the governing body is eligible to establish a promise zone. The Department must consider applications submitted on a first-come, first-served basis. If the Department determines that a governing body is eligible to create a promise zone, the Department must certify that eligibility. The governing body then must establish the zone and is eligible to receive captured revenue from the State Education Tax. (A local unit that is not an eligible entity also may create a promise zone but may not receive that revenue.)

The Act previously authorized the Department to certify not more than 10 governing bodies of eligible entities as eligible to establish a promise zone. The bill increased that number to 15.

The bill took effect on November 6, 2017.

MCL 390.1664

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill will have an indeterminate impact on the State School Aid Fund and local units of government. By allowing the certification of up to 15 eligible entities to create promise zones, the bill may 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 zones. The initial loss will be relatively small if a zone is established, because the loss of revenue will be equal to one-half of the revenue from increased property value in the zone. The potential allocation of revenue to the promise zone and loss of revenue to the State will depend on the level of growth and increase in property value over time.

The bill also may increase local revenue in the local units establishing promise zones, in the form of potential private contributions to the zones, minus the amount of tuition payments made to eligible students. The local units will have reporting and administrative costs associated with the promise zones that will be covered by up to 15% of the revenue capture from the State Education Tax. Any costs beyond that amount will need to be covered by other sources.

Fiscal Analyst: Cory Savino

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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.