



Senate Fiscal Agency
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House Bill 5059 (Substitute H-1 as passed by the House)
Sponsor: Representative Bradley Slagh
House Committee: Tax Policy
Ways and Means
Senate Committee: Economic and Small Business Development

Date Completed: 11-12-20

CONTENT

The bill would amend the Brownfield Redevelopment Financing Act to do the following:

- **Beginning January 1, 2021, and each year thereafter, require the State to reimburse from the School Aid Fund (SAF) each intermediate school district (ISD) for any tax increment revenue captured by a brownfield redevelopment authority under the Act for property taxes levied for certain operating purposes, including career and technical education and special education.**
- **Require the amounts reimbursed by the bill to be used by the ISD only for purposes for which the property taxes were originally levied.**
- **Require the Michigan Strategic Fund (MSF) and the Michigan Economic Development Corporation (MEDC) to work with the Department of Treasury in identifying the amount of tax revenues captured by an authority that were to be reimbursed as proposed by the bill.**

Beginning January 1, 2021, and each year thereafter, the bill would require the State to reimburse from the SAF each ISD for any tax increment revenues captured by an authority under the Act for property taxes levied for operating purposes under Section 625a, Sections 681 to 690, or Sections 1722 to 1729 of the Revised School Code. The bill would require the amounts reimbursed to be used by the ISD only for the purposes for which the property taxes were originally levied.

(Section 625a of the Revised School Code allows the board of an ISD to levy ad valorem property taxes for operating purposes at a rate not to exceed one and a half times the number of mills allocated to the ISD for the purposes provided under the Property Tax Limitation Act. Sections 681 to 690 of the Code allow an ISD to establish an area career and technical education program if approved by a majority of the ISD's electors. Sections 1722 to 1729 of the Code allows the board of an ISD to levy an ad valorem tax rate for special education purposes.)

The bill also would require the MSF and the MEDC to work with the Department of Treasury in identifying the amount of tax revenue captured by an authority that would have to be reimbursed under the bill.

Proposed MCL 125.2665b

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have no fiscal impact on State revenue but would require a portion of the SAF to be dedicated to reimbursing ISDs for lost operating revenue because of brownfield redevelopment zones. The estimate of the required payment to ISDs is roughly \$6.0 million annually, which would come out of existing SAF revenue. This would mean that it would reduce the amount of SAF available for other purposes, like the foundation allowance or categorical spending.

The bill would increase revenue to ISDs that experienced losses because of captured brownfield redevelopment zone revenue, and would reduce, by the same amount, revenue available for spending to all other entities that receive SAF.

Fiscal Analyst: Kathryn Summers
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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.