



Senate Fiscal Agency  
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Senate Bill 671 (Substitute S-1 as reported)  
Sponsor: Senator Ken Horn  
Committee: Economic and Small Business Development

### **CONTENT**

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

- Allow the owner or developer of a transformational brownfield project site to elect to use a safe harbor method of calculating income tax capture revenue and withholding tax capture revenue as prescribed in the bill, instead of the methods currently provided in the Act.
- Allow the Michigan Strategic Fund (MSF) to waive a requirement that a transformational brownfield plan be for mixed-use development if the plan resulted in certain levels of capital investment depending on the population size of the municipality in which the plan would be located.
- Delete a requirement that a governing body and the MSF consider whether, based on an economic and fiscal impact analysis, a transformational brownfield plan would result in an overall positive fiscal impact to the State.
- Increase, from \$1.5 million to \$10 million, the amount in any year that a transformational brownfield plan proposed to use in withholding tax capture revenue and income tax capture revenue that served as a threshold after which the MSF would have to require a third-party underwriting analysis to determine the plan's reasonableness.
- Allow the MSF to approve a transformational brownfield plan that proposed to use more than 50% of the income tax capture revenue if certain conditions were met.
- Extend, from December 31, 2022, to December 31, 2027, the sunset after which the MSF could not approve any new transformational brownfield plans.
- Specify that if the MSF approved a transformational brownfield plan and work plan, and amendments later were made to the Act, the MSF could amend the plans to make changes consistent with those amendments on an administrative basis, provided those changes did not increase the aggregate total amount of reimbursement authorized under the initial plan.

MCL 125.2652 et al.

Legislative Analyst: Tyler VanHuyse

### **FISCAL IMPACT**

The bill would have no long-term fiscal impact on the State and would have an indeterminate fiscal impact for local governments. The bill would not increase the total cap for all awards under the Act, so it would not increase the total fiscal impact of the Act. The bill would make several changes that, overall, likely would make it easier for projects to be approved and could increase the size of awards to approved projects. That could change the timing of awards, and the projects awarded could be different than the ones that would be approved under current law. Also, by generally making it easier for projects to be approved and potentially increasing the size of awards, the bill would increase the likelihood that the

aggregate limit would be reached. By extending the window for awards, the effects of the bill would extend farther into the future.

While the long-term fiscal impact for the State would remain unchanged, the fiscal impact for a local unit could be affected if the bill resulted in the approval of different projects compared to those approved under current law. The safe harbor provisions for income tax and withholding tax revenue capture, if opted for by developers, would reduce variability in annual awards by reducing the effect of employment by people who live or work in the redevelopment zone on the amount of the award. Local revenue would be affected by the terms of a transformational brownfield plan, including the degree to which a plan reimburses a local unit for brownfield administrative expenditures and project advances, and the possible use of tax increment revenue for additional purposes under the bill, including construction, restoration, and renovation of buildings.

Date Completed: 11-4-21

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