



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

BILL ANALYSIS



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

Senate Bill 21 (Substitute S-2 as reported)
Senate Bill 22 (Substitute S-2 as reported)
Sponsor: Senator Hoon-Yung Hopgood
Committee: Local Government and Elections

CONTENT

Senate Bill 21 (S-2) would amend the downtown development authority (DDA) Act to revise provisions related to the review of proposed changes to the exterior of a site listed on the State Register of Historic Sites and the National Register of Historic Places, that was owned by a DDA, or for which a DDA financed the acquisition, rehabilitation, or demolition.

Under the Act, when changes to the exterior of a registered historic site are proposed, a DDA must refer the proposed changes for review to the applicable historic district commission created under the Local Historic Districts Act or the Department of History, Arts, and Libraries (which no longer exists). The bill would delete this requirement. Under the bill, before making or approving a permanent change to the exterior of a registered historic site owned by a DDA, or for which a DDA financed the acquisition, rehabilitation, or demolition, that was subject to the Local Historic Districts Act, the DDA would have to refer all proposed changes to the local historic district commission in which the site was located. Through December 31, 2018, if the site were not located in a local historic district created under the Local Historic Districts Act, the DDA would have to refer all proposed changes to the State Historic Preservation Office (SHPO).

If the SHPO determined that a DDA violated the bill's review requirement by demolishing a facility, building, or structure, the authority would be liable for a civil fine of \$30,000. The fine would have to be paid to SHPO, which would have to use the money to create and operate a program that provided grants to nonprofit historic preservation organizations and to cities, villages, and townships for historic preservation purposes. The Office could retain 5% of the fine for the costs of administering the grant program or the actual costs associated with administering the grant, whichever was less.

Senate Bill 22 (S-2) would amend the State Housing Development Authority Act to require the State Historic Preservation Office to review proposed exterior changes to a registered historic site that was not situated in a local historic district, and that was owned by a DDA, or for which a DDA financed the acquisition, rehabilitation, or demolition. The SHPO would have to forward its response to the DDA at least 30 days after receiving the referral for review. For proposed changes that provided for a structure's demolition, the DDA could not proceed unless the SHPO approved the demolition. If the SHPO did not approve a demolition, the DDA could appeal the decision in the same manner as for sites located within a local historic district. The bill also would statutorily establish the SHPO within the Michigan State Housing Development Authority (where it currently is located).

MCL 125.1679 (S.B. 21)
Proposed MCL 125.1459d & 125.1459e (S.B. 22)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would increase the costs of the State Historic Preservation Office within the Michigan State Housing Development Authority by an unknown amount. It would require the SHPO to review additional projects and respond within 30 days. The number of additional projects that would be added by the bills is unknown. No additional resources would be provided for this activity. It is possible that the SHPO would require additional staff to meet the deadline. The Office is funded by State Restricted and Federal revenue.

The potential impact on local government is indeterminate. Downtown development authorities would require approvals on a larger number of properties, which could increase local costs. The authorities potentially would see a cost reduction from the proposed 30-day timeline for SHPO review.

The bill would impose a civil fine of \$30,000 on a DDA that demolished a historic structure without approval. The civil fine would be paid to the SHPO for a grant program to support nonprofit historic preservation organizations and to cities, villages, or townships for historic preservation activities. The grants would be targeted to the community where the violation occurred. The Office could keep up to 5% of the civil fine revenue for actual administrative costs of the grant program. The revenue from civil fines would be held in the grant program fund. The balance in this fund would not lapse to the General Fund, but would carry forward from year to year.

Date Completed: 11-6-13

Fiscal Analyst: Elizabeth Pratt

Floor\sb21

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.