

URBAN TOWNSHIP DEFINITION

Senate Bill 780 as passed by the Senate First Analysis (2-4-04)

Sponsor: Sen. Nancy Cassis
1st House Committee: Commerce
**2nd House Committee: Local Government
and Urban Policy**
**Senate Committee: Natural Resources
and Environmental Affairs**

THE APPARENT PROBLEM:

Under the Local Development Financing Act, a city, village, or urban township may establish a local development finance authority to “capture” revenue from property tax millage that is levied on increased property values, within the boundaries of the authority. (Other taxing jurisdictions that would be affected are given 60 days to opt in or opt out.) Under the law, the local development finance authority must invest the revenue in public facilities, or infrastructure, for that property, such as roads, or water and sewer services. The act allows the capture of property taxes only from property that will be (or is being) used for manufacturing and agricultural processing, and from property within certified technology parks.

Two rural townships in northern Oakland County located near the border of Genesee County along the I-75 corridor—Holly Township and Groveland Township—jointly wish to turn two adjacent gravel pits separated by the townships’ border into a certified technology park. Currently there are four owners of the site which covers about 440 acres, including Groveland Township which owns one parcel containing about 200 acres that were abandoned to the township by a company prevented from opening a toxic landfill on the site. According to testimony by the township supervisors, gravel was mined at the site before the 1970’s, long before the local units of government had land reclamation ordinances that would have required the mining operations to restore the land after mining stopped. Long vacant, the site looks extremely distressed—what one township supervisor described as a moonscape; another as a vast tract of pillaged property. Despite the ugliness of the site, there is no known contamination, and very little standing water. The site is near a good road network, rests on an aquifer, and could be provided with water and sewer

service from a Genesee County line that operates about three miles away.

Under the act, however, the Holly and Groveland Townships are not considered an entity that may establish a local development finance authority (sometimes called a LDFA). It has been suggested that the law be amended to revise the definition of “urban township” in order to accommodate these townships.

THE CONTENT OF THE BILL:

The bill would amend the Local Development Financing Act to expand the definition of “urban township”.

Currently, the act defines “urban township” as a township that meets at least one of four sets of criteria. Although the four sets vary in terms of the criteria they include, each set takes into account the township and county population, and the date the township adopted a master zoning plan or established a local development finance authority.

The bill would add a fifth category to the definition, as follows: a township that is located in a county with a population of one million or more (that is to say, Oakland and Wayne Counties, according to 2002 U.S. Census Bureau data); has a written agreement with an adjoining township to develop one or more public facilities on contiguous property located in both townships; and, has a master plan in effect.

MCL 125.2152

HOUSE COMMITTEE ACTION:

The members of the Committee on Local Government and Urban Policy reported out the Senate-passed version of the bill without amendments.

FISCAL IMPLICATIONS:

The Senate Fiscal Agency notes that bill would increase both expenses and revenues for the local units affected by an unknown amount. As provided in the act, the increased revenues would be limited to defray the increased expenses. (SFA analysis dated 1-7-04)

ARGUMENTS:**For:**

Representatives of Oakland County's Holly and Groveland Townships, in which the gravel pits affected by this bill are located, say the site is an eyesore and an economic liability. They claim that the townships could turn it into a revenue-producing asset, if they were allowed to take advantage of the opportunities open to urban municipalities under the act. The two townships are rural and do not currently have the resources to develop the site. The new category the bill would add to the law is specific to the area in question; thus, the bill would facilitate economic development but would not open up other parts of the state to potential sprawl. In addition, enabling the townships to develop the site as a certified technology park would prevent it from being used for less desirable purposes, such as a landfill or a prison.

Against:

This sounds like a good project, but rather than amend the Local Financing Development Act, it would be wiser to develop this project under the Brownfields Development Act, or the Obsolete Property Act. In contrast to those acts, the Local Financing Development Act was designed to provide infrastructure to urban redevelopment projects. To extend that act's purpose to include projects like this one, opens-up the likelihood of lost agricultural land around a high-tech park, and encourages greater sprawl in rural areas.

Response:

The Michigan Economic Development Corporation has advised the Holly and Groveland Township supervisors that this land cannot be developed under either the Brownfields or Obsolete Property acts, because the land does not meet the criteria. The

MEDC notes that this amendment to the LDFA is very narrowly crafted and intended to allow only this single project.

Reply:

The ideal way to handle these kinds of projects in rural areas would be to develop a statute and complementary policies to allow for "commerce centers"—a concept first put forward by the state's Land-Use Leadership Report published in August 2003, in order to control urban sprawl. Further, a comprehensive review of the development and redevelopment tools now available to local governments is being undertaken by the MEDC, and smart growth recommendations will be included in the Grow Michigan Proposal, which is scheduled for release during Spring 2004

POSITIONS:

The Holly and Groveland Township supervisors testified in favor of the bill. (2-3-04)

The Michigan Townships Association testified in favor of the bill. (2-3-04)

The Michigan Economic Development Corporation is neutral on the bill. (2-3-04)

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.