



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



BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5254 (Substitute H-1 as passed by the House)
Sponsor: Representative Neal Nitz
House Committee: Commerce
Senate Committee: Commerce and Labor

Date Completed: 12-11-03

CONTENT

The bill would amend the Michigan Broadband Development Authority Act to require that priority be given to the application of any broadband developer who applied to develop broadband capability within a "recovery zone" designated in the Michigan Renaissance Zone Act (pursuant to Senate Bill 825). The bill is tie-barred to Senate Bill 825.

Under the Broadband Development Authority Act, the Authority may assist, through financing, the expansion of broadband infrastructure services; may make loans to, and enter into joint arrangements with, broadband developers and operators; and must establish a seed capital loan program to make loans to persons planning to apply to the Authority for financing of broadband infrastructure.

(Senate Bill 825 would allow the Michigan Strategic Fund (MSF) board to designate up to 20 tool and die renaissance recovery zones in the State in one or more cities, villages, or townships that consented to the creation of a recovery zone within their boundaries. A recovery zone would have renaissance zone status for up to 15 years, as determined by the Strategic Fund board. A zone could consist only of one or more parcels of property owned by one or more tool and die businesses and used primarily for tool and die business operations. To be a qualified tool and die business, a business would have to have fewer than 50 employees, have the proper classification in the North American Industrial Classification System (NAICS), and have entered into a qualified collaboration agreement approved by the MSF with other business entities in the appropriate NAICS classification.

Businesses and residents in renaissance zones are exempt from the single business tax, the six-mill State education tax, local real and personal property taxes, specific taxes levied in lieu of property taxes, and the Detroit utility users tax, as well as State and city income taxes.)

MCL 484.3207

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The cost to the Broadband Development Authority for making these loans would depend on the number of loans provided to companies located in a recovery zone. As the Authority is funded from a restricted source, there would be no impact on the General Fund.

Fiscal Analyst: Maria Tyszkiewicz

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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.