



Summary of Draft Legislation

Amendment to the Brownfield Redevelopment Financing Act

Successful redevelopment of brownfields must be a component of any community's plan for creating vibrant downtowns, creating jobs, and re-purposing historic buildings. The Brownfield Redevelopment Financing Act is a critical component supporting the safe reuse of contaminated or blighted properties in Michigan.

The Brownfield Redevelopment Financing Act (1996 PA 381) has been amended several times since it was created in 1996 with updates that have served to keep Michigan's brownfield program at the forefront nationally. The Act authorizes local units of government to establish Brownfield Redevelopment Authorities. An Authority may approve redevelopment plans to allow future local taxes generated from the property to be captured and used to repay costs incurred for activities necessary to prepare the site for reuse. In addition, the Authority may also request approval from the Department of Environmental Quality (DEQ) and from the Michigan Strategic Fund (MSF) to also capture state school taxes to provide reimbursement for the environmental and site preparation eligible activities.

This draft legislation contains modifications that will extend the program, increase flexibility and the eligible activities for the local units of government, streamline the process at the state and local level, and provide data to better track program metrics. Specifically, the amendment will:

- Eliminate the sunset date of January 1, 2013, to extend the program and continue to support local governments in getting vacant, contaminated and blighted properties back on the tax rolls, creating jobs, and leveraging private investment in Michigan communities.
- Create a new state Brownfield Redevelopment Fund in the Department of Treasury. The Fund will provide long term, sustainable grant and loan funding available for future brownfield projects statewide. Brownfield projects that capture state school tax revenue will annually provide an amount equal to 3 mills of the State Education Tax to capitalize the Fund.

Transparency in reporting:

- The DEQ and MSF will be required to post program data quarterly on agency websites.
- The agencies will continue to report annually to the legislature, however, the report will provide more meaningful program information.
- Report to the public and the legislature using metrics that document the number of redevelopment projects utilizing the tools provided under the Brownfield Redevelopment Act, and also track the actual amount of state school taxes captured by communities for projects, the number of new jobs created by the brownfield projects, and the increase in property values.
- Reports will include data on actual jobs created and the amount of private investment leveraged by each project.

- The DEQ and the MSF will collaborate to provide a single report covering both environmental and non-environmental tax increment financing projects approved for state school tax capture.

Streamline the process and reduce the time required for state approval:

- Allow a community to public notice brownfield activities using their current locally required process; eliminates the extra notice requirements unique to this Act.
- Reduce the time required for the Michigan Strategic Fund approval of projects under \$500,000 by allowing the Chairman of the MSF to approve them on behalf of the Strategic Fund Board.
- Streamline the process by allowing the Michigan Economic Development Corporation to approve state school tax financing for eligible activities conducted before a Brownfield Plan is approved.

Increase efficiency at the local and state level:

- Encourage regional cooperation of Authorities by providing financial incentives to Authorities that enter into collaborative agreements with neighboring communities.

Increase flexibility and the eligible activities for local units of government/authorities:

- Allow additional activities as eligible for reimbursement with school taxes (e.g. use of funds to build multi-level and underground public or private parking structures and for urban storm water management).
- Encourage developers to undertake and be reimbursed (with both local and school taxes) for preliminary environmental assessment activities by eliminating the requirement for DEQ pre-approval of those tasks.

Also:

- Note: Local school districts are not negatively impacted by the capture of state school tax revenue for brownfield projects for two reasons: (1) the state school tax revenue does not include local school millages such as sinking funds, only the taxes that are paid to the state; the local school district continues to receive the per pupil funding amount from the state; and (2) only the net increase in tax revenue resulting from the new development is used for the brownfield project.
- Increase program effectiveness by increasing the funding for grants and loans to local units of government for brownfield redevelopment projects.
- Designate the MSF as the oversight entity consistent with the recent elimination of the Michigan Economic Growth Authority.
- Allows for Authorities to submit a "Combined Brownfield Plan" rather than a Brownfield Plan and separate "Work Plans" for a project.
- Establishes that Authorities will no longer pay the cost for the Agency review of work plans after December 31, 2012.