

**MEMORANDUM**



**DATE:** September 11, 2009  
**TO:** All Interested Parties  
**FROM:** Ben Gielczyk, Fiscal Analyst  
**RE:** Community College Renaissance Zone Reimbursement Elimination

Michigan community colleges are increasingly dependent on property tax revenue as a primary source of operational funding. However, a majority of community colleges receive a reduced amount of property tax revenue due to the presence of renaissance zones within their district. Renaissance zones deprive community colleges of the ability to receive property tax revenue from businesses and residences located in the geographical boundaries of the zone. There are over 150 geographic areas in Michigan designated as renaissance zones as a way to spur new jobs, investment, and redevelopment. Businesses and residents located within the renaissance zone's geographical boundary are exempt from virtually all state and local taxes for a period of 15 years, with the tax benefits phased out in 25 percent increments over the final three years. As a way to compensate community colleges for lost property tax revenue due to renaissance zones, renaissance zone reimbursements are statutorily required under Section 12 (3) of the Michigan Renaissance Zone Act, 1996 PA 376, MCL 125.2692:

*This state shall reimburse a community college district...each year for all tax revenue lost as a result of the exemption of property under this act, based on the property's taxable value in that year, from taxes levied or collected under the general property tax act...*

The renaissance zone reimbursement for community colleges is incorporated in a single line item within the community college appropriations budget. For FY 2008-09, the renaissance zone reimbursement was increased to \$3.5 million from \$3.0 million under the assumption that the statutorily required renaissance zone reimbursements would increase by 15.0 percent. Estimated renaissance zone reimbursements for FY 2008-09 (most recent data) are as follows (Note: Henry Ford, Kirtland, North Central, Schoolcraft, and Washtenaw community colleges did not receive renaissance zone reimbursements for FY 2008-09):

<b>FY 2008-09 Community College Renaissance Zone Reimbursement Estimates</b>			
<b>College</b>	<b>Reimbursement</b>	<b>College</b>	<b>Reimbursement</b>
Alpena	\$4,956	Mid Michigan	7,046
Bay de Noc	2,656	Monroe	1,068
Delta	180,481	Montcalm	290,180
Glen Oaks	4,309	Mott	177,376
Gogebic	7,015	Muskegon	58,640
Grand Rapids	558,919	Northwestern	19,703
Jackson	135,304	Oakland	29,382
Kalamazoo Valley	40,935	St. Clair	36,891
Kellogg	148,063	Southwestern	341
Lake Michigan	415,481	Wayne County	726,953
Lansing	23,944	West Shore	77,993
Macomb	187,997		
<b>TOTAL Estimated Reimbursement</b>		<b>\$3,135,310</b>	

For FY 2009-10, both the executive recommended and house-passed budget for community colleges maintained the renaissance zone reimbursement line item at \$3.5 million. However, as part of Senate targeted budget reductions and the inability to reduce operational funding without having to use federal stimulus funds, the Senate subcommittee recommended the elimination of the renaissance zone funding and accompanying boilerplate (Sec. 404). This amounted to a \$3.5 million (1.2%) reduction to the overall community college budget.

Please call if you have questions about this information.

Attachment

c: Mitch Bean, HFA Director  
Mary Ann Cleary, HFA Deputy Director

**Community Colleges FY 2009-10**

Community College	FY 2008-09 YTD*	FY 2009-10 EXECUTIVE		FY 2009-10 House Passed			FY 2009-10 Senate Subcommittee		
		TOTAL	Percent Change	Stimulus/ ITW Base Adjustment	TOTAL	Percent Change	Adjustments	TOTAL	Percent Change
Alpena	5,126,100	5,126,100	0.0%	(7,900)	5,118,200	-0.2%	0	5,126,100	0.0%
Bay de Noc	5,178,400	5,178,400	0.0%	500	5,178,900	0.0%	0	5,178,400	0.0%
Delta	13,751,600	13,751,600	0.0%	(49,400)	13,702,200	-0.4%	0	13,751,600	0.0%
Glen Oaks	2,304,800	2,304,800	0.0%	(8,700)	2,296,100	-0.4%	0	2,304,800	0.0%
Gogebic	4,275,200	4,275,200	0.0%	5,300	4,280,500	0.1%	0	4,275,200	0.0%
Grand Rapids	17,219,800	17,219,800	0.0%	52,300	17,272,100	0.3%	0	17,219,800	0.0%
Henry Ford	20,898,900	20,898,900	0.0%	(64,800)	20,834,100	-0.3%	0	20,898,900	0.0%
Jackson	11,542,300	11,542,300	0.0%	(16,300)	11,526,000	-0.1%	0	11,542,300	0.0%
Kalamazoo	11,888,600	11,888,600	0.0%	(22,500)	11,866,100	-0.2%	0	11,888,600	0.0%
Kellogg	9,311,800	9,311,800	0.0%	(10,900)	9,300,900	-0.1%	0	9,311,800	0.0%
Kirtland	2,842,800	2,842,800	0.0%	1,000	2,843,800	0.0%	0	2,842,800	0.0%
Lake Michigan	5,012,100	5,012,100	0.0%	(7,400)	5,004,700	-0.1%	0	5,012,100	0.0%
Lansing	29,762,500	29,762,500	0.0%	(7,000)	29,755,500	0.0%	0	29,762,500	0.0%
Macomb	31,773,900	31,773,900	0.0%	(106,800)	31,667,100	-0.3%	0	31,773,900	0.0%
Mid Michigan	4,289,200	4,289,200	0.0%	127,600	4,416,800	3.0%	0	4,289,200	0.0%
Monroe	4,142,800	4,142,800	0.0%	800	4,143,600	0.0%	0	4,142,800	0.0%
Montcalm	2,981,600	2,981,600	0.0%	700	2,982,300	0.0%	0	2,981,600	0.0%
Mott	15,016,400	15,016,400	0.0%	(21,200)	14,995,200	-0.1%	0	15,016,400	0.0%
Muskegon	8,518,600	8,518,600	0.0%	15,200	8,533,800	0.2%	0	8,518,600	0.0%
North Central	2,893,600	2,893,600	0.0%	104,900	2,998,500	3.6%	0	2,893,600	0.0%
Northwestern	8,682,000	8,682,000	0.0%	104,600	8,786,600	1.2%	0	8,682,000	0.0%
Oakland	20,133,700	20,133,700	0.0%	(50,200)	20,083,500	-0.2%	0	20,133,700	0.0%
St. Clair	6,729,800	6,729,800	0.0%	(2,600)	6,727,200	0.0%	0	6,729,800	0.0%
Schoolcraft	11,767,000	11,767,000	0.0%	600	11,767,600	0.0%	0	11,767,000	0.0%
Southwestern	6,276,900	6,276,900	0.0%	(15,600)	6,261,300	-0.2%	0	6,276,900	0.0%
Washtenaw	12,149,000	12,149,000	0.0%	(3,000)	12,146,000	0.0%	0	12,149,000	0.0%
Wayne County	15,889,900	15,889,900	0.0%	(41,200)	15,848,700	-0.3%	0	15,889,900	0.0%
West Shore	2,198,500	2,198,500	0.0%	22,000	2,220,500	1.0%	0	2,198,500	0.0%
<b>SUBTOTAL: OPERATIONS*</b>	<b>\$292,557,800</b>	<b>\$292,557,800</b>	<b>0.0%</b>	<b>0</b>	<b>292,557,800</b>	<b>0.0%</b>	<b>\$0</b>	<b>\$292,557,800</b>	<b>0.0%</b>
<b>GRANTS:</b>									
At Risk	3,322,700	3,322,700	0.0%	0	3,322,700	0.0%	0	3,322,700	0.0%
Renaissance Zone	3,480,000	3,480,000	0.0%	0	3,480,000	0.0%	(3,480,000)	0	-100.0%
Workforce Development Grants (ARRA) - Federal	0	0	0.0%	97,000,000	97,000,000		0	0	
<b>TOTAL</b>	<b>\$299,360,500</b>	<b>\$299,360,500</b>	<b>0.0%</b>	<b>\$97,000,000</b>	<b>\$396,360,500</b>	<b>32.4%</b>	<b>(\$3,480,000)</b>	<b>\$295,880,500</b>	<b>-1.2%</b>
<b>GF/GP</b>	<b>\$299,360,500</b>	<b>\$299,360,500</b>	<b>0.0%</b>	<b>\$0</b>	<b>\$299,360,500</b>	<b>0.0%</b>	<b>(\$3,480,000)</b>	<b>\$295,880,500</b>	<b>-1.2%</b>

Note: "Percent Change" reflects the percentage change from FY 2008-09.

\*As of June 1, 2009