



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

Senate Bill 239 (as enrolled)
House Bill 4300 (as enrolled)
Sponsors: Senator Tom George (S.B. 239)
Representative Lorence Wenke (H.B. 4300)
Senate Committee: Local, Urban and State Affairs
House Committee: Local Government and Urban Policy

PUBLIC ACT 94 of 2003
PUBLIC ACT 122 of 2003

Date Completed: 9-2-03

RATIONALE

Kalamazoo County has been exploring ways to assist, directly or indirectly, economic development projects within the county. The county proposed to use a portion of its general fund to make loans or grants to a nonprofit corporation (which would in turn provide loans for private sector projects), or directly to a local unit of government within the county for the local unit to assist business development or expansion. Reportedly, the county was advised by outside legal counsel that there was no statutory authority for it to contribute general funds, either indirectly through a nonprofit corporation, or directly to a local unit, for private sector economic development projects. Some people believe that a county should be allowed to loan or grant general fund revenue for such purposes.

taxes approved by a vote of the people for economic development. A county must establish an application process for proposals to receive a grant or loan. The awarding of a grant or loan must be made at a public hearing of the county board of commissioners. A grant or loan contract must require a report to the board regarding the recipient's activities and the degree to which the recipient has met the stated public purpose of the funding.

MCL 46.11 (S.B. 239)
123.872 (H.B. 4300)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

CONTENT

Senate Bill 239 amended Public Act 156 of 1851, which prescribes the powers and duties of county boards of commissioners, to allow a county board of commissioners to grant or loan funds to a nonprofit corporation organized for the purpose of providing loans for private sector economic development initiatives.

House Bill 4300 amended Public Act 380 of 1913, which regulates gifts of property to local units of government, to allow a county to grant or loan funds to a township, city, or village located in the county, for the purpose of encouraging and assisting businesses to locate and expand within the county.

Under both bills, a grant or loan may not be derived from ad valorem taxes except for

Supporting Argument

Kalamazoo County apparently has been hit hard by business relocation in recent years. In an effort to foster economic growth, the county has looked for ways to use its resources to promote business development. The county, however, did not have statutory authority to use general fund revenue for loans and grants to nonprofit corporations or local units to assist and encourage business location or expansion, as the county proposed to do. By granting counties the explicit statutory authority to make such loans and grants, the bills give counties an optional tool for economic development that they previously did not possess.

Legislative Analyst: George Towne

FISCAL IMPACT

The bills will have no fiscal impact on State government and a minimal fiscal impact on local government.

Fiscal Analyst: David Zin

A0304\s239ea

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.