

# HOUSE BILL No. 4554

April 10, 1989, Introduced by Reps. Pitoniak, Porreca, Joe Young, Jr., Kosteva, Martin, Jondahl, DeMars, Palamara, Bankes and Wallace and referred to the Committee on Taxation.

A bill to amend section 13 of Act No. 450 of the Public Acts of 1980, entitled as amended

"The tax increment finance authority act,"

as amended by Act No. 420 of the Public Acts of 1988, being section 125.1813 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 13 of Act No. 450 of the Public Acts of  
2 1980, as amended by Act No. 420 of the Public Acts of 1988, being  
3 section 125.1813 of the Michigan Compiled Laws, is amended to  
4 read as follows:

5 Sec. 13. (1) As used in this section and sections 14 and  
6 18:

7 (a) "Captured assessed value" means the amount in any 1 year  
8 by which the current assessed value of the development area,  
9 including the assessed value of property for which specific local

1 taxes are paid in lieu of property taxes as determined in  
2 subdivision (c), exceeds the initial assessed value. The state  
3 tax commission shall prescribe the method for calculating cap-  
4 tured assessed value.

5 (b) "Initial assessed value" means the assessed value, as  
6 equalized, of all the taxable property within the boundaries of  
7 the development area at the time the resolution establishing the  
8 tax increment financing plan is approved as shown by the most  
9 recent assessment roll of the municipality for which equalization  
10 has been completed at the time the resolution is adopted.  
11 Property exempt from taxation at the time of the determination of  
12 the initial assessed value shall be included as zero. For the  
13 purpose of determining initial assessed value, property for which  
14 a specific local tax is paid in lieu of a property tax shall not  
15 be considered property that is exempt from taxation. The initial  
16 assessed value of property for which a specific tax was paid in  
17 lieu of a property tax shall be determined as provided in  
18 subdivision (c).

19 (c) "Specific local tax" means a tax levied under Act  
20 No. 198 of the Public Acts of 1974, being sections 207.551 to  
21 207.751 of the Michigan Compiled Laws, the commercial redevelop-  
22 ment act, Act No. 255 of the Public Acts of 1978, being sections  
23 207.651 to 207.668 of the Michigan Compiled Laws, the technology  
24 park development act, Act No. 385 of the Public Acts of 1984,  
25 being sections 207.701 to 207.718 of the Michigan Compiled Laws,  
26 and Act No. 189 of the Public Acts of 1953, being sections  
27 211.181 to 211.182 of the Michigan Compiled Laws. The initial

1 assessed value or current assessed value of property subject to a  
2 specific local tax shall be the quotient of the specific local  
3 tax paid divided by the ad valorem millage rate.

4 (2) When the authority determines that it is necessary for  
5 the achievement of the purposes of this act, the authority shall  
6 prepare and submit a tax increment financing plan to the govern-  
7 ing body. The plan shall be in compliance with section 14 and  
8 shall include a development plan as provided in section 16. The  
9 plan shall also contain the following:

10 (a) A statement of the reasons that the plan will result in  
11 the development of captured assessed value that could not other-  
12 wise be expected. The reasons may include, but are not limited  
13 to, activities of the municipality, authority, or others under-  
14 taken before formulation or adoption of the plan in reasonable  
15 anticipation that the objectives of the plan would be achieved by  
16 some means.

17 (b) An estimate of the captured assessed value for each year  
18 of the plan. The plan may provide for the use of part or all of  
19 the captured assessed value, but the portion intended to be used  
20 shall be clearly stated in the plan. The authority or municipal-  
21 ity may exclude from captured assessed value growth in property  
22 value resulting solely from inflation. The plan shall set forth  
23 the method for excluding growth in property value resulting  
24 solely from inflation. ~~The percentage of taxes levied for~~  
25 ~~school operating purposes that is captured and used by the plan~~  
26 ~~shall not be greater than the plan's percentage capture and use~~  
27 ~~of taxes levied by a city, county, township, or village for~~

~~1 operating purposes. For purposes of the previous sentence, taxes~~  
~~2 levied by a county for operating purposes include only millage~~  
~~3 allocated for county or charter county purposes under the prop-~~  
~~4 erty tax limitation act, Act No. 62 of the Public Acts of 1933,~~  
~~5 being sections 211.201 to 211.217a of the Michigan Compiled~~  
~~6 Laws.~~

7 (c) The estimated tax increment revenues for each year of  
8 the plan.

9 (d) A detailed explanation of the tax increment procedure.

10 (e) The maximum amount of bonded indebtedness to be  
11 incurred.

12 (f) The amount of operating and planning expenditures of the  
13 authority and municipality, the amount of advances extended by or  
14 indebtedness incurred by the municipality, and the amount of  
15 advances by others to be repaid from tax increment revenues.

16 (g) The costs of the plan anticipated to be paid from tax  
17 increment revenues as received.

18 (h) The duration of the development plan and the tax incre-  
19 ment plan.

20 (i) An estimate of the impact of tax increment financing on  
21 the revenues of all taxing jurisdictions in which the development  
22 area is located.

23 (3) Approval of the tax increment financing plan shall be in  
24 accordance with the notice, hearing, disclosure, and approval  
25 provisions of sections 17 and 18. When the development plan is  
26 part of the tax increment financing plan, only 1 hearing and  
27 approval procedure is required for the 2 plans together.

1 (4) Before the public hearing on the tax increment financing  
2 plan, the governing body shall provide a reasonable opportunity  
3 to the taxing jurisdictions in which the development is located  
4 to express their views and recommendations regarding the tax  
5 increment financing plan. The authority shall fully inform the  
6 taxing jurisdictions about the fiscal and economic implications  
7 of the proposed tax increment financing plan. The taxing juris-  
8 dictions may present their recommendations at the public hearing  
9 on the tax increment financing plan. The authority may enter  
10 into agreements with the taxing jurisdictions and the governing  
11 body of the municipality in which the development area is located  
12 to share a portion of the captured assessed value of the  
13 district.