

# HOUSE BILL No. 4629

April 13, 1989, Introduced by Reps. Martin, Gilmer, Jondahl, DeMars and Pitoniak and referred to the Committee on Taxation.

A bill to amend section 14 of Act No. 197 of the Public Acts of 1975, entitled as amended

"An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; and to prescribe the powers and duties of certain state officials,"

as amended by Act No. 425 of the Public Acts of 1988, being section 125.1664 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 14 of Act No. 197 of the Public Acts of  
2 1975, as amended by Act No. 425 of the Public Acts of 1988, being

1 section 125.1664 of the Michigan Compiled Laws, is amended to  
2 read as follows:

3 Sec. 14. (1) As used in this section and section 15:

4 (a) "Captured assessed value" means the amount in any 1 year  
5 by which the current assessed value of the project area, includ-  
6 ing the assessed value of property for which specific local taxes  
7 are paid in lieu of property taxes as determined in subdivision  
8 (c), exceeds the initial assessed value. The state tax commis-  
9 sion shall prescribe the method for calculating captured assessed  
10 value.

11 (b) "Initial assessed value" means the assessed value, as  
12 equalized, of all the taxable property within the boundaries of  
13 the development area at the time the ordinance establishing the  
14 tax increment financing plan is approved, as shown by the most  
15 recent assessment roll of the municipality for which equalization  
16 has been completed at the time the resolution is adopted.  
17 Property exempt from taxation at the time of the determination of  
18 the initial assessed value shall be included as zero. For the  
19 purpose of determining initial assessed value, property for which  
20 a specific local tax is paid in lieu of a property tax, shall not  
21 be considered to be property ~~which~~ THAT is exempt from  
22 taxation. The initial assessed value of property for which a  
23 specific tax was paid in lieu of a property tax shall be deter-  
24 mined as provided in subdivision (c).

25 (c) "Specific local tax" means a tax levied under Act  
26 No. 198 of the Public Acts of 1974, being sections 207.551 to  
27 207.751 of the Michigan Compiled Laws, the commercial

1 redevelopment act, Act No. 255 of the Public Acts of 1978, being  
2 sections 207.651 to 207.668 of the Michigan Compiled Laws, the  
3 technology park development act, Act No. 385 of the Public Acts  
4 of 1984, being sections 207.701 to 207.718 of the Michigan  
5 Compiled Laws, and Act No. 189 of the Public Acts of 1953, being  
6 sections 211.181 to 211.182 of the Michigan Compiled Laws. The  
7 initial assessed value or current assessed value of property  
8 subject to a specific local tax shall be the quotient of the spe-  
9 cific local tax paid divided by the ad valorem millage rate.

10       (2) When the authority determines that it is necessary for  
11 the achievement of the purposes of this act, the authority shall  
12 prepare and submit a tax increment financing plan to the govern-  
13 ing body of the municipality. The plan shall include a develop-  
14 ment plan as provided in section 17, a detailed explanation of  
15 the tax increment procedure, the maximum amount of bonded indebt-  
16 edness to be incurred, and the duration of the program, and shall  
17 be in compliance with section 15. The plan shall contain a  
18 statement of the estimated impact of tax increment financing on  
19 the assessed values of all taxing jurisdictions in which the  
20 development area is located. The plan may provide for the use of  
21 part or all of the captured assessed value, but the portion  
22 intended to be used by the authority shall be clearly stated in  
23 the tax increment financing plan. The authority or municipality  
24 may exclude from captured assessed value growth in property value  
25 resulting solely from inflation. The plan shall set forth the  
26 method for excluding growth in property value resulting solely  
27 from inflation.

1       (3) The percentage of taxes levied for school operating  
2 purposes that is captured and used by the TAX INCREMENT FINANCING  
3 plan shall not be greater than the plan's percentage capture and  
4 use of taxes levied by a city, county, township, or village for  
5 operating purposes. For purposes of the previous sentence, taxes  
6 levied by a county for operating purposes include only millage  
7 allocated for county or charter county purposes under the prop-  
8 erty tax limitation act, Act No. 62 of the Public Acts of 1933,  
9 being sections 211.201 to 211.217a of the Michigan Compiled  
10 Laws. THE LIMITATION OF THIS SUBSECTION DOES NOT APPLY TO THE  
11 PORTION OF THE CAPTURED ASSESSED VALUE SHARED WITH A COUNTY PUR-  
12 SUANT TO AN AGREEMENT ENTERED INTO BEFORE 1989. IF A PORTION OF  
13 THE CAPTURED ASSESSED VALUE WAS SHARED WITH A CITY, TOWNSHIP, OR  
14 VILLAGE IN 1988, FOR TAX YEARS 1989 THROUGH 1991, A PLAN MAY  
15 SHARE WITH THE CITY, VILLAGE, OR TOWNSHIP THE GREATER OF THE  
16 AMOUNT ALLOWED BY THE LIMITATION OF THIS SUBSECTION OR THE FOL-  
17 LOWING APPLICABLE AMOUNT:

18       (A) FOR THE 1989 TAX YEAR, 100% OF THE DOLLAR AMOUNT SHARED  
19 WITH THE CITY, TOWNSHIP, OR VILLAGE IN 1988.

20       (B) FOR THE 1990 TAX YEAR, 2/3 OF THE DOLLAR AMOUNT SHARED  
21 WITH THE CITY, TOWNSHIP, OR VILLAGE IN 1988.

22       (C) FOR THE 1991 TAX YEAR, 1/3 OF THE DOLLAR AMOUNT SHARED  
23 WITH THE CITY, TOWNSHIP, OR VILLAGE IN 1988.

24       (4) ~~-(3)-~~ Approval of the tax increment financing plan shall  
25 be pursuant to the notice, hearing, and disclosure provisions of  
26 section 18. If the development plan is part of the tax increment

1 financing plan, only 1 hearing and approval procedure is required  
2 for the 2 plans together.

3       (5) ~~-(4)-~~ Before the public hearing on the tax increment  
4 financing plan, the governing body shall provide a reasonable  
5 opportunity to the members of the county board of commissioners  
6 of a county in which any portion of the development area is  
7 located and to the members of the school board of any school dis-  
8 trict in which any portion of the development area is located to  
9 meet with the governing body. The authority shall fully inform  
10 members of the county boards of commissioners and of the school  
11 boards of the fiscal and economic implications of the proposed  
12 development area. The members of the county boards of commis-  
13 sioners and of the school boards may present their recommenda-  
14 tions at the public hearing on the tax increment financing plan.  
15 The authority may enter into agreements with the county board of  
16 commissioners, the school boards, and the governing body of the  
17 municipality in which the development area is located to share a  
18 portion of the captured assessed value of the district.

19       (6) ~~-(5)-~~ A tax increment financing plan may be modified if  
20 the modification is approved by the governing body upon notice  
21 and after public hearings and agreements as are required for  
22 approval of the original plan.