SENATE BILL No. 1202

May 13, 2004, Introduced by Senators HARDIMAN, JELINEK, KUIPERS, McMANUS, BROWN and ALLEN and referred to the Committee on Commerce and Labor.

A bill to provide for the establishment of a historical neighborhood tax increment finance authority; to prescribe the powers and duties of the authority; to correct and prevent deterioration in neighborhoods and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create a board; to prescribe the powers and duties of the board; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; and to provide for enforcement of the act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act shall be known and may be cited as the

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- 1 "historical neighborhood tax increment finance authority act".
- **2** Sec. 2. As used in this act:
- 3 (a) "Advance" means a transfer of funds made by a
- 4 municipality to an authority or to another person on behalf of
- 5 the authority in anticipation of repayment by the authority.
- 6 Evidence of the intent to repay an advance may include, but is
- 7 not limited to, an executed agreement to repay, provisions
- 8 contained in a tax increment financing plan approved prior to the
- 9 advance, or a resolution of the authority or the municipality.
- 10 (b) "Assessed value" means the taxable value as determined
- 11 under section 27a of the general property tax act, 1893 PA 206,
- **12** MCL 211.27a.
- 13 (c) "Authority" means a historical neighborhood tax increment
- 14 finance authority created under this act.
- (d) "Board" means the governing body of an authority.
- 16 (e) "Captured assessed value" means the amount in any 1 year
- 17 by which the current assessed value of the development area,
- 18 including the assessed value of property for which specific local
- 19 taxes are paid in lieu of property taxes as determined in section
- 20 3(d), exceeds the initial assessed value. The state tax
- 21 commission shall prescribe the method for calculating captured
- 22 assessed value.
- (f) "Chief executive officer" means the mayor or city manager
- 24 of a city [or the supervisor of a township].
- 25 (g) "Development area" means that area described in section 5
- 26 to which a development plan is applicable that is located inside
- 27 a historic district.

- 1 (h) "Development plan" means that information and those
- 2 requirements for a development area set forth in section 22.
- 3 (i) "Development program" means the implementation of the
- 4 development plan.
- 5 (j) "Fiscal year" means the fiscal year of the authority.
- 6 (k) "Governing body" or "governing body of a municipality"
- 7 means the elected body of a municipality having legislative
- 8 powers.
- 9 (1) "Historic district" means that term as defined in section
- 10 la of the local historic districts act, 1970 PA 169, MCL
- **11** 399.201a.
- (m) "Housing" means privately owned housing or publicly owned
- 13 housing, individual or multifamily.
- 14 (n) "Initial assessed value" means the assessed value of all
- 15 the taxable property within the boundaries of the development
- 16 area at the time the ordinance establishing the tax increment
- 17 financing plan is approved, as shown by the most recent
- 18 assessment roll of the municipality at the time the resolution is
- 19 adopted. Property exempt from taxation at the time of the
- 20 determination of the initial assessed value shall be included as
- 21 zero. For the purpose of determining initial assessed value,
- 22 property for which a specific local tax is paid in lieu of a
- 23 property tax shall not be considered to be property that is
- 24 exempt from taxation. The initial assessed value of property for
- 25 which a specific local tax was paid in lieu of a property tax
- 26 shall be determined as provided in section 3(d).
- (o) "Land use plan" means a plan prepared under section 1 of

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- 1 the city and village zoning act, 1921 PA 207, MCL 125.581.
- 2 (p) "Municipality" means a city [or township] in which a historic
 district
- 3 is located.
- 4 (q) "Residential district" means an area of a municipality
- 5 zoned and used principally for residential housing.
- 6 Sec. 3. As used in this act:
- 7 (a) "Operations" means office maintenance, including salaries
- 8 and expenses of employees, office supplies, consultation fees,
- 9 design costs, and other expenses incurred in the daily management
- 10 of the authority and planning of its activities.
- 11 (b) "Parcel" means an identifiable unit of land that is
- 12 treated as separate for valuation or zoning purposes.
- 13 (c) "Public facility" means housing, a street, plaza,
- 14 pedestrian mall, and any improvements to a street, plaza, or
- 15 pedestrian mall including street furniture and beautification,
- 16 park, parking facility, recreational facility, right of way,
- 17 structure, waterway, bridge, lake, pond, canal, utility line or
- 18 pipe, or building, including access routes designed and dedicated
- 19 to use by the public generally, or used by a public agency.
- 20 Public facility includes an improvement to a facility used by the
- 21 public or a public facility as those terms are defined in section
- 22 1 of 1966 PA 1, MCL 125.1351, if the improvement complies with
- 23 the barrier free design requirements of the state construction
- 24 code promulgated under the Stille-DeRossett-Hale single state
- 25 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.
- 26 (d) "Specific local tax" means a tax levied under 1974 PA
- 27 198, MCL 207.551 to 207.572, the commercial redevelopment act,

- 1 1978 PA 255, MCL 207.651 to 207.668, the technology park
- 2 development act, 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA
- 3 189, MCL 211.181 to 211.182. The initial assessed value or
- 4 current assessed value of property subject to a specific local
- 5 tax shall be the quotient of the specific local tax paid divided
- 6 by the ad valorem millage rate. The state tax commission shall
- 7 prescribe the method for calculating the initial assessed value
- 8 and current assessed value of property for which a specific local
- 9 tax was paid in lieu of a property tax.
- 10 (e) "State fiscal year" means the annual period commencing
- 11 October 1 of each year.
- 12 (f) "Tax increment revenues" means the amount of ad valorem
- 13 property taxes and specific local taxes attributable to the
- 14 application of the levy of all taxing jurisdictions upon the
- 15 captured assessed value of real and personal property in the
- 16 development area. Tax increment revenues do not include any of
- 17 the following:
- 18 (i) Taxes under the state education tax act, 1993 PA 331, MCL
- **19** 211.901 to 211.906.
- 20 (ii) Taxes levied by local or intermediate school districts.
- 21 (iii) Ad valorem property taxes attributable either to a
- 22 portion of the captured assessed value shared with taxing
- 23 jurisdictions within the jurisdictional area of the authority or
- 24 to a portion of value of property that may be excluded from
- 25 captured assessed value or specific local taxes attributable to
- 26 the ad valorem property taxes.
- 27 (iv) Ad valorem property taxes excluded by the tax increment

- 1 financing plan of the authority from the determination of the
- 2 amount of tax increment revenues to be transmitted to the
- 3 authority or specific local taxes attributable to the ad valorem
- 4 property taxes.
- $\mathbf{5}$ (v) Ad valorem property taxes exempted from capture under
- 6 section 19(5) or specific local taxes attributable to the ad
- 7 valorem property taxes.
- 8 (vi) Ad valorem property taxes specifically levied for the
- 9 payment of principal and interest of obligations approved by the
- 10 electors or obligations pledging the unlimited taxing power of
- 11 the local governmental unit or specific taxes attributable to
- 12 those ad valorem property taxes.
- Sec. 4. (1) Except as otherwise provided in this
- 14 subsection, a municipality may establish multiple authorities
- 15 inside a historic district. A parcel of property shall not be
- 16 included in more than 1 authority created under this act.
- 17 (2) An authority is a public body corporate that may sue and
- 18 be sued in any court of this state. An authority possesses all
- 19 the powers necessary to carry out its purpose. The enumeration
- 20 of a power in this act shall not be construed as a limitation
- 21 upon the general powers of an authority.
- 22 Sec. 5. (1) If the governing body of a municipality
- 23 determines that it is necessary for the best interests of the
- 24 public to halt property value deterioration and increase property
- 25 tax valuation where possible in a residential district, to
- 26 eliminate the causes of that deterioration, to promote
- 27 residential growth and to promote economic growth, the governing

- 1 body may, by resolution, declare its intention to create and
- 2 provide for the operation of an authority within the boundaries
- 3 of a historic district.
- 4 (2) In the resolution of intent, the governing body shall set
- 5 a date for a public hearing on the adoption of a proposed
- 6 ordinance creating the authority and designating the boundaries
- 7 of the development area. Notice of the public hearing shall be
- 8 published twice in a newspaper of general circulation in the
- 9 municipality, not less than 20 or more than 40 days before the
- 10 date of the hearing. Not less than 20 days before the hearing,
- 11 the governing body proposing to create the authority shall also
- 12 mail notice of the hearing to the property taxpayers of record in
- 13 the proposed development area and to the governing body of each
- 14 taxing jurisdiction levying taxes that would be subject to
- 15 capture if the authority is established and a tax increment
- 16 financing plan is approved. Failure of a property taxpayer to
- 17 receive the notice does not invalidate these proceedings. Notice
- 18 of the hearing shall be posted in at least 20 conspicuous and
- 19 public places in the proposed development area not less than 20
- 20 days before the hearing. The notice shall state the date, time,
- 21 and place of the hearing and shall describe the boundaries of the
- 22 proposed development area. A citizen, taxpayer, or property
- 23 owner of the municipality or an official from a taxing
- 24 jurisdiction with millage that would be subject to capture has
- 25 the right to be heard in regard to the establishment of the
- 26 authority and the boundaries of the proposed development area.
- 27 The governing body of the municipality shall not incorporate land

- 1 into the development area not included in the description
- 2 contained in the notice of public hearing, but it may eliminate
- 3 described lands from the development area in the final
- 4 determination of the boundaries.
- 5 (3) Not less than 60 days after the public hearing, if the
- 6 governing body of the municipality intends to proceed with the
- 7 establishment of the authority it shall adopt, by majority vote
- 8 of its members, an ordinance establishing the authority and
- 9 designating the boundaries of the development area within which
- 10 the authority shall exercise its powers. The adoption of the
- 11 ordinance is subject to any applicable statutory or charter
- 12 provisions in respect to the approval or disapproval by the chief
- 13 executive or other officer of the municipality and the adoption
- 14 of an ordinance over his or her veto. This ordinance shall be
- 15 filed with the secretary of state promptly after its adoption and
- 16 shall be published at least once in a newspaper of general
- 17 circulation in the municipality.
- 18 (4) The governing body of the municipality may alter or amend
- 19 the boundaries of the development area to include or exclude
- 20 lands from the development area in the same manner as adopting
- 21 the ordinance creating the authority.
- 22 Sec. 6. If a development area is part of an area annexed to
- 23 or consolidated with another municipality, the authority managing
- 24 that development area shall become an authority of the annexing
- 25 or consolidated municipality. Obligations of that authority
- 26 incurred under a development or tax increment plan, agreements
- 27 related to a development or tax increment plan, and bonds issued

- 1 under this act shall remain in effect following the annexation or
- 2 consolidation.
- 3 Sec. 7. (1) An authority shall be under the supervision and
- 4 control of a board consisting of the chief executive officer of
- 5 the municipality or his or her designee and not less than 5 or
- 6 more than 9 members as determined by the governing body of the
- 7 municipality. Members shall be appointed by the chief executive
- 8 officer of the municipality, subject to approval by the governing
- 9 body of the municipality. Not less than a majority of the
- 10 members shall be persons having an ownership or business interest
- 11 in property located in the development area. At least 1 of the
- 12 members shall be a resident of the development area or of an area
- 13 within 1/2 mile of any part of the development area. Of the
- 14 members first appointed, an equal number of the members, as near
- 15 as is practicable, shall be appointed for 1 year, 2 years, 3
- 16 years, and 4 years. A member shall hold office until the
- 17 member's successor is appointed. After the initial appointment,
- 18 each member shall serve for a term of 4 years. An appointment to
- 19 fill a vacancy shall be made by the chief executive officer of
- 20 the municipality for the unexpired term only. Members of the
- 21 board shall serve without compensation, but shall be reimbursed
- 22 for actual and necessary expenses. The chairperson of the board
- 23 shall be elected by the board.
- 24 (2) Before assuming the duties of office, a member shall
- 25 qualify by taking and subscribing to the constitutional oath of
- 26 office.
- 27 (3) The proceedings and rules of the board are subject to the

- 1 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
- 2 shall adopt rules governing its procedure and the holding of
- 3 regular meetings, subject to the approval of the governing body.
- 4 Special meetings may be held if called in the manner provided in
- 5 the rules of the board.
- **6** (4) After having been given notice and an opportunity to be
- 7 heard, a member of the board may be removed for cause by the
- 8 governing body.
- 9 (5) All expense items of the authority shall be publicized
- 10 monthly and the financial records shall always be open to the
- 11 public.
- 12 (6) A writing prepared, owned, used, in the possession of, or
- 13 retained by the board in the performance of an official function
- 14 is subject to the freedom of information act, 1976 PA 442, MCL
- **15** 15.231 to 15.246.
- 16 Sec. 8. (1) The board may employ and fix the compensation
- 17 of a director, subject to the approval of the governing body of
- 18 the municipality. The director shall serve at the pleasure of
- 19 the board. A member of the board is not eligible to hold the
- 20 position of director. Before beginning his or her duties, the
- 21 director shall take and subscribe to the constitutional oath, and
- 22 furnish bond, by posting a bond in the sum determined in the
- 23 ordinance establishing the authority payable to the authority for
- 24 use and benefit of the authority, approved by the board, and
- 25 filed with the municipal clerk. The premium on the bond shall be
- 26 considered an operating expense of the authority, payable from
- 27 funds available to the authority for expenses of operation. The

- 1 director shall be the chief executive officer of the authority.
- 2 Subject to the approval of the board, the director shall
- 3 supervise and be responsible for the preparation of plans and the
- 4 performance of the functions of the authority in the manner
- 5 authorized by this act. The director shall attend the meetings
- 6 of the board and shall provide to the board and to the governing
- 7 body of the municipality a regular report covering the activities
- 8 and financial condition of the authority. If the director is
- 9 absent or disabled, the board may designate a qualified person as
- 10 acting director to perform the duties of the office. Before
- 11 beginning his or her duties, the acting director shall take and
- 12 subscribe to the oath, and furnish bond, as required of the
- 13 director. The director shall furnish the board with information
- 14 or reports governing the operation of the authority as the board
- 15 requires.
- 16 (2) The board may employ and fix the compensation of a
- 17 treasurer, who shall keep the financial records of the authority
- 18 and who, together with the director, shall approve all vouchers
- 19 for the expenditure of funds of the authority. The treasurer
- 20 shall perform all duties delegated to him or her by the board and
- 21 shall furnish bond in an amount prescribed by the board.
- 22 (3) The board may employ and fix the compensation of a
- 23 secretary, who shall maintain custody of the official seal and of
- 24 records, books, documents, or other papers not required to be
- 25 maintained by the treasurer. The secretary shall attend meetings
- 26 of the board and keep a record of its proceedings and shall
- 27 perform other duties delegated by the board.

- 1 (4) The board may retain legal counsel to advise the board in
- 2 the proper performance of its duties. The legal counsel shall
- 3 represent the authority in actions brought by or against the
- **4** authority.
- 5 (5) The board may employ other personnel considered necessary
- 6 by the board.
- 7 Sec. 9. The employees of an authority shall be eligible to
- 8 participate in municipal retirement and insurance programs of the
- 9 municipality as if they were civil service employees except that
- 10 the employees of an authority are not civil service employees.
- 11 Sec. 10. The board may do any of the following:
- 12 (a) Prepare an analysis of economic changes taking place in
- 13 the development area.
- 14 (b) Study and analyze the impact of metropolitan growth upon
- 15 the development area.
- (c) Plan and propose the construction, renovation, repair,
- 17 remodeling, rehabilitation, restoration, preservation, or
- 18 reconstruction of a public facility, an existing building, or a
- 19 multiple-family dwelling unit which may be necessary or
- 20 appropriate to the execution of a plan which, in the opinion of
- 21 the board, aids in the residential growth and economic growth of
- 22 the development area.
- 23 (d) Plan, propose, and implement an improvement to a public
- 24 facility within the development area to comply with the barrier
- 25 free design requirements of the state construction code
- 26 promulgated under the Stille-DeRossett-Hale single state
- 27 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

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- 1 (e) Develop long-range plans, in cooperation with the [historic district commission for the historic district and the] agency
- 2 that is chiefly responsible for planning in the municipality,
- 3 designed to halt the deterioration of property values in the
- 4 development area and to promote the residential growth and
- 5 economic growth of the development area, and take steps as may be
- 6 necessary to persuade property owners to implement the plans to
- 7 the fullest extent possible.
- 8 (f) Implement any plan of development, including housing for
- 9 low-income individuals, in the development area necessary to
- 10 achieve the purposes of this act in accordance with the powers of
- 11 the authority granted by this act.
- 12 (g) Make and enter into contracts necessary or incidental to
- 13 the exercise of its powers and the performance of its duties.
- 14 (h) Acquire by purchase or otherwise, on terms and conditions
- 15 and in a manner the authority considers proper or own, convey, or
- 16 otherwise dispose of, or lease as lessor or lessee, land and
- 17 other property, real or personal, or rights or interests in the
- 18 property, that the authority determines is reasonably necessary
- 19 to achieve the purposes of this act, and to grant or acquire
- 20 licenses, easements, and options.
- (i) Improve land and construct, reconstruct, rehabilitate,
- 22 restore and preserve, equip, clear, improve, maintain, repair,
- 23 and operate any public facility, building, including
- 24 multiple-family dwellings, and any necessary or desirable
- 25 appurtenances to those buildings, within the development area for
- 26 the use, in whole or in part, of any public or private person or
- 27 corporation, or a combination thereof.

- 1 (j) Fix, charge, and collect fees, rents, and charges for the
- 2 use of any facility, building, or property under its control or
- 3 any part of the facility, building, or property, and pledge the
- 4 fees, rents, and charges for the payment of revenue bonds issued
- 5 by the authority.
- 6 (k) Lease, in whole or in part, any facility, building, or
- 7 property under its control.
- 8 (1) Accept grants and donations of property, labor, or other
- 9 things of value from a public or private source.
- (m) Acquire and construct public facilities.
- 11 Sec. 11. The authority is an instrumentality of a political
- 12 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.
- 13 Sec. 12. A municipality may acquire private property under
- 14 1911 PA 149, MCL 213.21 to 213.25, or the uniform condemnation
- 15 procedures act, 1980 PA 87, MCL 213.51 to 213.75, for the
- 16 purposes of transfer to the authority, and may transfer the
- 17 property to the authority for use in an approved development, on
- 18 terms and conditions it considers appropriate, and the taking,
- 19 transfer, and use shall be considered necessary for public
- 20 purposes and for the benefit of the public.
- 21 Sec. 13. (1) The activities of the authority shall be
- 22 financed from 1 or more of the following sources:
- (a) Donations to the authority for the performance of its
- 24 functions.
- (b) Money borrowed and to be repaid as authorized by sections
- **26** 15 and 16.
- (c) Revenues from any property, building, or facility owned,

- 1 leased, licensed, or operated by the authority or under its
- 2 control, subject to the limitations imposed upon the authority by
- 3 trusts or other agreements.
- 4 (d) Proceeds of a tax increment financing plan established
- 5 under sections 17 to 19.
- 6 (e) Proceeds from a special assessment district created as
- 7 provided by law.
- 8 (f) Money obtained from other sources approved by the
- 9 governing body of the municipality or otherwise authorized by law
- 10 for use by the authority or the municipality to finance a
- 11 development program.
- 12 (2) Money received by the authority and not covered under
- 13 subsection (1) shall immediately be deposited to the credit of
- 14 the authority, subject to disbursement under this act. Except as
- 15 provided in this act, the municipality shall not obligate itself,
- 16 and shall not be obligated, to pay any sums from public funds,
- 17 other than money received by the municipality under this section,
- 18 for or on account of the activities of the authority.
- 19 Sec. 14. The municipality may at the request of the
- 20 authority borrow money and issue its notes under the revised
- 21 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in
- 22 anticipation of collection of the ad valorem tax authorized in
- 23 this section.
- 24 Sec. 15. The authority may borrow money and issue its
- 25 negotiable revenue bonds under the revenue bond act of 1933, 1933
- 26 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
- 27 authority are not a debt of the municipality unless the

- 1 municipality by majority vote of the members of its governing
- 2 body pledges its full faith and credit to support the authority's
- 3 revenue bonds. Revenue bonds issued by the authority are never a
- 4 debt of the state.
- 5 Sec. 16. (1) The authority may with approval of the local
- 6 governing body borrow money and issue its revenue bonds or notes
- 7 to finance all or part of the costs of acquiring or constructing
- 8 property in connection with either of the following:
- 9 (a) The implementation of a development plan in the
- 10 development area.
- 11 (b) The refund, or refund in advance, of bonds or notes
- 12 issued under this section.
- 13 (2) Any of the following may be financed by the issuance of
- 14 revenue bonds or notes:
- (a) The cost of purchasing, acquiring, constructing,
- 16 improving, enlarging, extending, or repairing property in
- 17 connection with the implementation of a development plan in the
- 18 development area.
- 19 (b) Any engineering, architectural, legal, accounting, or
- 20 financial expenses.
- 21 (c) The costs necessary or incidental to the borrowing of
- 22 money.
- (d) Interest on the bonds or notes during the period of
- 24 construction.
- 25 (e) A reserve for payment of principal and interest on the
- 26 bonds or notes.
- 27 (f) A reserve for operation and maintenance until sufficient

- 1 revenues have developed.
- 2 (3) The authority may secure the bonds and notes by mortgage,
- 3 assignment, or pledge of the property and any money, revenues, or
- 4 income received in connection with the property.
- 5 (4) A pledge made by the authority is valid and binding from
- 6 the time the pledge is made. The money or property pledged by
- 7 the authority immediately is subject to the lien of the pledge
- 8 without a physical delivery, filing, or further act. The lien of
- 9 a pledge is valid and binding against parties having claims of
- 10 any kind in tort, contract, or otherwise, against the authority,
- 11 whether or not the parties have notice of the lien. Neither the
- 12 resolution, the trust agreement, nor any other instrument by
- 13 which a pledge is created must be filed or recorded to be
- 14 enforceable.
- 15 (5) Bonds or notes issued under this section are exempt from
- 16 all taxation in this state except inheritance and transfer taxes,
- 17 and the interest on the bonds or notes is exempt from all
- 18 taxation in this state, notwithstanding that the interest may be
- 19 subject to federal income tax.
- 20 (6) The municipality is not liable on bonds or notes of the
- 21 authority issued under this section, and the bonds or notes are
- 22 not a debt of the municipality. The bonds or notes shall contain
- 23 on their face a statement to that effect.
- 24 (7) The bonds and notes of the authority may be invested in
- 25 by all public officers, state agencies and political
- 26 subdivisions, insurance companies, banks, savings and loan
- 27 associations, investment companies, and fiduciaries and trustees,

- 1 and may be deposited with and received by all public officers and
- **2** the agencies and political subdivisions of this state for any
- 3 purpose for which the deposit of bonds is authorized.
- 4 Sec. 17. (1) If the authority determines that it is
- 5 necessary for the achievement of the purposes of this act, the
- 6 authority shall prepare and submit a tax increment financing plan
- 7 to the governing body of the municipality. The plan shall
- 8 include a development plan as provided in section 19, a detailed
- 9 explanation of the tax increment procedure, the maximum amount of
- 10 bonded indebtedness to be incurred, and the duration of the
- 11 program, and shall be in compliance with section 18. The plan
- 12 shall contain a statement of the estimated impact of tax
- 13 increment financing on the assessed values of all taxing
- 14 jurisdictions in which the development area is located. The plan
- 15 may provide for the use of part or all of the captured assessed
- 16 value, but the portion intended to be used by the authority shall
- 17 be clearly stated in the tax increment financing plan. The
- 18 authority or municipality may exclude from captured assessed
- 19 value growth in property value resulting solely from inflation.
- 20 The plan shall set forth the method for excluding growth in
- 21 property value resulting solely from inflation.
- 22 (2) Approval of the tax increment financing plan shall comply
- 23 with the notice, hearing, and disclosure provisions of section
- 24 21. If the development plan is part of the tax increment
- 25 financing plan, only 1 hearing and approval procedure is required
- 26 for the 2 plans together.
- 27 (3) Before the public hearing on the tax increment financing

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- 1 plan, the governing body shall provide a reasonable opportunity
- 2 to the taxing jurisdictions levying taxes subject to capture to
- 3 meet with the governing body. The authority shall fully inform
- 4 the taxing jurisdictions of the fiscal and economic implications
- 5 of the proposed development area. The taxing jurisdictions may
- 6 present their recommendations at the public hearing on the tax
- 7 increment financing plan. The authority may enter into
- 8 agreements with the taxing jurisdictions and the governing body
- 9 of the municipality in which the development area is located to
- 10 share a portion of the captured assessed value of the development
- 11 area.
- 12 (4) A tax increment financing plan may be modified if the
- 13 modification is approved by the governing body upon notice and
- 14 after public hearings and agreements as are required for approval
- 15 of the original plan.
- 16 (5) Not more than 60 days after the public hearing, the
- 17 governing body in a taxing jurisdiction levying ad valorem
- 18 property taxes that would otherwise be subject to capture may
- 19 exempt its taxes from capture by adopting a resolution to that
- 20 effect and filing a copy with the clerk of the municipality
- 21 proposing to create the authority. [In the event that the governing body levies a separate mileage for public library purposes, at the request of the public library board, that separate mileage shall be exempt from the capture.] The resolution shall take
- 22 effect when filed with the clerk and remains effective until a
- 23 copy of a resolution rescinding that resolution is filed with
- 24 that clerk.
- 25 Sec. 18. (1) The municipal and county treasurers shall
- 26 transmit tax increment revenues to the authority.
- 27 (2) The authority shall expend the tax increment revenues

- 1 received for the development program only under the terms of the
- 2 tax increment financing plan. Unused funds shall revert
- 3 proportionately to the respective taxing bodies. Tax increment
- 4 revenues shall not be used to circumvent existing property tax
- 5 limitations. The governing body of the municipality may abolish
- 6 the tax increment financing plan if it finds that the purposes
- 7 for which it was established are accomplished. However, the tax
- 8 increment financing plan shall not be abolished until the
- 9 principal of, and interest on, bonds issued under section 19 have
- 10 been paid or funds sufficient to make the payment have been
- 11 segregated.
- 12 (3) Annually the authority shall submit to the governing body
- 13 of the municipality and the state tax commission a report on the
- 14 status of the tax increment financing account. The report shall
- 15 include the following:
- 16 (a) The amount and source of revenue in the account.
- 17 (b) The amount in any bond reserve account.
- 18 (c) The amount and purpose of expenditures from the account.
- 19 (d) The amount of principal and interest on any outstanding
- 20 bonded indebtedness.
- (e) The initial assessed value of the project area.
- 22 (f) The captured assessed value retained by the authority.
- 23 (g) The tax increment revenues received.
- (h) The number of public facilities developed.
- (i) The amount of public housing created or improved.
- 26 (j) The number of jobs created as a result of the
- 27 implementation of the tax increment financing plan.

- 1 (k) Any additional information the governing body considers
- 2 necessary.
- 3 Sec. 19. (1) The municipality may by resolution of its
- 4 governing body and subject to voter approval authorize, issue,
- 5 and sell general obligation bonds subject to the limitations set
- 6 forth in this subsection to finance the development program of
- 7 the tax increment financing plan and shall pledge its full faith
- 8 and credit for the payment of the bonds. The municipality may
- 9 pledge as additional security for the bonds any money received by
- 10 the authority or the municipality under section 13. The bonds
- 11 are subject to the revised municipal finance act, 2001 PA 34,
- 12 MCL 141.2101 to 141.2821. Before the municipality may authorize
- 13 the borrowing, the authority shall submit an estimate of the
- 14 anticipated tax increment revenues and other revenue available
- 15 under section 13 to be available for payment of principal and
- 16 interest on the bonds, to the governing body of the
- 17 municipality. This estimate shall be approved by the governing
- 18 body of the municipality by resolution adopted by majority vote
- 19 of the members of the governing body in the resolution
- 20 authorizing the bonds. If the governing body of the municipality
- 21 adopts the resolution authorizing the bonds, the estimate of the
- 22 anticipated tax increment revenues and other revenue available
- 23 under section 13 to be available for payment of principal and
- 24 interest on the bonds shall be conclusive for purposes of this
- 25 section. The bonds issued under this subsection shall be
- 26 considered a single series for the purposes of the revised
- 27 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

- 1 (2) By resolution of its governing body, the authority may
- 2 authorize, issue, and sell tax increment bonds subject to the
- 3 limitations set forth in this subsection to finance the
- 4 development program of the tax increment financing plan. The tax
- 5 increment bonds issued by the authority under this subsection
- 6 shall pledge solely the tax increment revenues of a development
- 7 area in which the project is located or a development area from
- 8 which tax increment revenues may be used for this project, or
- 9 both. In addition or in the alternative, the bonds issued by the
- 10 authority under this subsection may be secured by any other
- 11 revenues identified in section 13 as sources of financing for
- 12 activities of the authority that the authority shall specifically
- 13 pledge in the resolution. However, the full faith and credit of
- 14 the municipality shall not be pledged to secure bonds issued
- 15 under this subsection. The bond issue may include a sum
- 16 sufficient to pay interest on the tax increment bonds until full
- 17 development of tax increment revenues from the project and also a
- 18 sum to provide a reasonable reserve for payment of principal and
- 19 interest on the bonds. The resolution authorizing the bonds
- 20 shall create a lien on the tax increment revenues and other
- 21 revenues pledged by the resolution that shall be a statutory lien
- 22 and shall be a first lien subject only to liens previously
- 23 created. The resolution may provide the terms upon which
- 24 additional bonds may be issued of equal standing and parity of
- 25 lien as to the tax increment revenues and other revenues pledged
- 26 under the resolution. Bonds issued under this subsection that
- 27 pledge revenue received under section 14 for repayment of the

- 1 bonds are subject to the revised municipal finance act, 2001
- 2 PA 34, MCL 141.2101 to 141.2821.
- 3 Sec. 20. (1) If a board decides to finance a project in a
- 4 development area by the use of revenue bonds as authorized in
- 5 section 15 or tax increment financing as authorized in sections
- 6 17, 18, and 19, it shall prepare a development plan.
- 7 (2) The development plan shall contain all of the following:
- 8 (a) The designation of boundaries of the development area in
- 9 relation to highways, streets, streams, or otherwise.
- 10 (b) The location and extent of existing streets and other
- 11 public facilities within the development area, designating the
- 12 location, character, and extent of the categories of public and
- 13 private land uses then existing and proposed for the development
- 14 area, including residential, recreational, commercial,
- 15 industrial, educational, and other uses, and including a legal
- 16 description of the development area.
- 17 (c) A description of existing improvements in the development
- 18 area to be demolished, repaired, or altered, a description of any
- 19 repairs and alterations, and an estimate of the time required for
- 20 completion.
- 21 (d) The location, extent, character, and estimated cost of
- 22 the improvements including rehabilitation contemplated for the
- 23 development area and an estimate of the time required for
- 24 completion.
- 25 (e) A statement of the construction or stages of construction
- 26 planned, and the estimated time of completion of each stage.
- 27 (f) A description of any parts of the development area to be

- 1 left as open space and the use contemplated for the space.
- 2 (g) A description of any portions of the development area
- 3 that the authority desires to sell, donate, exchange, or lease to
- 4 or from the municipality and the proposed terms.
- 5 (h) A description of desired zoning changes and changes in
- 6 streets, street levels, intersections, or utilities.
- 7 (i) An estimate of the cost of the development, a statement
- 8 of the proposed method of financing the development, and the
- 9 ability of the authority to arrange the financing.
- 10 (j) Designation of the person or persons, natural or
- 11 corporate, to whom all or a portion of the development is to be
- 12 leased, sold, or conveyed in any manner and for whose benefit the
- 13 project is being undertaken if that information is available to
- 14 the authority.
- 15 (k) The procedures for bidding for the leasing, purchasing,
- 16 or conveying in any manner of all or a portion of the development
- 17 upon its completion, if there is no express or implied agreement
- 18 between the authority and persons, natural or corporate, that all
- 19 or a portion of the development will be leased, sold, or conveyed
- 20 in any manner to those persons.
- (l) Estimates of the number of persons residing in the
- 22 development area and the number of families and individuals to be
- 23 displaced. If occupied residences are designated for acquisition
- 24 and clearance by the authority, a development plan shall include
- 25 a survey of the families and individuals to be displaced,
- 26 including their income and racial composition, a statistical
- 27 description of the housing supply in the community, including the

- 1 number of private and public units in existence or under
- 2 construction, the condition of those units in existence, the
- 3 number of owner-occupied and renter-occupied units, the annual
- 4 rate of turnover of the various types of housing and the range of
- 5 rents and sale prices, an estimate of the total demand for
- 6 housing in the community, and the estimated capacity of private
- 7 and public housing available to displaced families and
- 8 individuals.
- 9 (m) A plan for establishing priority for the relocation of
- 10 persons displaced by the development in any residential housing
- 11 in the development area.
- 12 (n) Provision for the costs of relocating persons displaced
- 13 by the development and financial assistance and reimbursement of
- 14 expenses, including litigation expenses and expenses incident to
- 15 the transfer of title, in accordance with the standards and
- 16 provisions of the uniform relocation assistance and real property
- 17 acquisition policies act of 1970, Public Law 91-646, 84
- **18** Stat. 1894.
- 19 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
- 20 213.332.
- 21 (p) The requirement that amendments to an approved
- 22 development plan or tax increment plan must be submitted by the
- 23 authority to the governing body for approval or rejection.
- 24 (q) Other material that the authority, local public agency,
- 25 or governing body considers pertinent.
- 26 Sec. 21. (1) The governing body, before adoption of an
- 27 ordinance approving a development plan or tax increment financing

- 1 plan, shall hold a public hearing on the development plan.
- 2 Notice of the time and place of the hearing shall be given by
- 3 publication twice in a newspaper of general circulation
- 4 designated by the municipality, the first of which shall be not
- 5 less than 20 days before the date set for the hearing. Notice of
- 6 the hearing shall be posted in at least 20 conspicuous and public
- 7 places in the development area not less than 20 days before the
- 8 hearing. Notice shall also be mailed to all property taxpayers
- 9 of record in the development area and to the governing body of
- 10 each taxing jurisdiction levying taxes that would be subject to
- 11 capture if the tax increment financing plan is approved not less
- 12 than 20 days before the hearing.
- 13 (2) Notice of the time and place of hearing on a development
- 14 plan shall contain all of the following:
- 15 (a) A description of the proposed development area in
- 16 relation to highways, streets, streams, or otherwise.
- 17 (b) A statement that maps, plats, and a description of the
- 18 development plan, including the method of relocating families and
- 19 individuals who may be displaced from the area, are available for
- 20 public inspection at a place designated in the notice.
- 21 (c) A statement that all aspects of the development plan will
- 22 be open for discussion at the public hearing.
- 23 (d) Other information that the governing body considers
- 24 appropriate.
- 25 (3) At the time set for the hearing, the governing body shall
- 26 provide an opportunity for interested persons to speak and shall
- 27 receive and consider communications in writing. The hearing

- 1 shall provide the fullest opportunity for expression of opinion,
- **2** for argument on the merits, and for consideration of documentary
- 3 evidence pertinent to the development plan. The governing body
- 4 shall make and preserve a record of the public hearing, including
- 5 all data presented at the hearing.
- 6 Sec. 22. The governing body after a public hearing on the
- 7 development plan or the tax increment financing plan, or both,
- 8 with notice given under section 21, shall determine whether the
- 9 development plan or tax increment financing plan constitutes a
- 10 public purpose. If it determines that the development plan or
- 11 tax increment financing plan constitutes a public purpose, it
- 12 shall by ordinance approve or reject the plan, or approve it with
- 13 modification, based on the following considerations:
- 14 (a) The findings and recommendations of a development area
- 15 citizens council, if a development area citizens council was
- 16 formed.
- 17 (b) The plan meets the requirements under section 20(2).
- 18 (c) The proposed method of financing the development is
- 19 feasible and the authority has the ability to arrange the
- 20 financing.
- 21 (d) The development is reasonable and necessary to carry out
- 22 the purposes of this act.
- (e) The land included within the development area to be
- 24 acquired is reasonably necessary to carry out the purposes of the
- 25 plan and of this act in an efficient and economically
- 26 satisfactory manner.
- 27 (f) The development plan is in reasonable accord with the

- 1 land use plan of the municipality.
- 2 (g) Public services, such as fire and police protection and
- 3 utilities, are or will be adequate to service the project area.
- 4 (h) Changes in zoning, streets, street levels, intersections,
- 5 and utilities are reasonably necessary for the project and for
- 6 the municipality.
- 7 Sec. 23. A person to be relocated under this act shall be
- 8 given not less than 90 days' written notice to vacate unless
- 9 modified by court order issued for good cause and after a
- 10 hearing.
- 11 Sec. 24. (1) The director of the authority shall submit a
- 12 budget to the board for the operation of the authority for each
- 13 fiscal year before the beginning of the fiscal year. The budget
- 14 shall be prepared in the manner and contain the information
- 15 required of municipal departments. After review by the board,
- 16 the budget shall be submitted to the governing body. The
- 17 governing body must approve the budget before the board may adopt
- 18 the budget. Unless authorized by the governing body or this act,
- 19 funds of the municipality shall not be included in the budget of
- 20 the authority.
- 21 (2) The governing body of the municipality may assess a
- 22 reasonable pro rata share of the funds for the cost of handling
- 23 and auditing the funds against the funds of the authority, other
- 24 than those committed, which shall be paid annually by the board
- 25 pursuant to an appropriate item in its budget.
- 26 Sec. 25. An authority that has completed the purposes for
- 27 which it was organized shall be dissolved by ordinance of the

- 1 governing body. The property and assets of the authority
- 2 remaining after the satisfaction of the obligations of the
- 3 authority belong to the municipality.
- 4 Sec. 26. (1) The state tax commission may institute
- 5 proceedings to compel enforcement of this act.
- 6 (2) The state tax commission may promulgate rules necessary
- 7 for the administration of this act under the administrative
- 8 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

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