

SUBSTITUTE FOR
HOUSE BILL NO. 5121

A bill to amend 1986 PA 281, entitled "The local development financing act," by amending sections 2 and 11a (MCL 125.2152 and 125.2161a), section 2 as amended by 1996 PA 270 and section 11a as amended by 1996 PA 452.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Advance" means a transfer of funds made by a municipal-
3 ity to an authority or to another person on behalf of the author-
4 ity in anticipation of repayment by the authority. Evidence of
5 the intent to repay an advance may include, but is not limited
6 to, an executed agreement to repay, provisions contained in a tax
7 increment financing plan approved prior to the advance, or a
8 resolution of the authority or the municipality.

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1 (b) "Assessed value" means 1 of the following:

2 (i) For valuations made before January 1, 1995, the state
3 equalized valuation as determined under the general property tax
4 act, ~~Act No. 206 of the Public Acts of 1893, being~~
5 ~~sections 211.1 to 211.157 of the Michigan Compiled Laws~~ 1893 PA
6 206, MCL 211.1 TO 211.157.

7 (ii) For valuations made after December 31, 1994, the tax-
8 able value as determined under section 27a of ~~Act No. 206 of the~~
9 ~~Public Acts of 1893, being section 211.27a of the Michigan~~
10 ~~Compiled Laws~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
11 211.27A.

12 (c) "Authority" means a local development finance authority
13 created pursuant to this act.

14 (d) "Authority district" means an area or areas within which
15 an authority exercises its powers.

16 (e) "Board" means the governing body of an authority.

17 (f) "Captured assessed value" means the amount in any 1 year
18 by which the current assessed value, as equalized, of the eligi-
19 ble property identified in the tax increment financing plan,
20 including the current assessed value of property for which spe-
21 cific local taxes are paid in lieu of property taxes as deter-
22 mined pursuant to subdivision (w), exceeds the initial assessed
23 value. The state tax commission shall prescribe the method for
24 calculating captured assessed value.

25 (g) "Certified industrial park" means an area of land desig-
26 nated by the department of ~~commerce~~ CONSUMER AND INDUSTRY
27 SERVICES as meeting all of the following requirements:

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- 1 (i) It contains not less than 40 acres of land.
- 2 (ii) It is zoned exclusively for use for eligible property.
- 3 (iii) It has a site plan or plat approved by the city, vil-
4 lage, or township in which the land is located.
- 5 (iv) The developer of the land agrees to comply with other
6 requirements, not inconsistent with subparagraphs (i) to (iii),
7 imposed upon property classified as a certified industrial park
8 by the department of ~~commerce~~ CONSUMER AND INDUSTRY SERVICES
9 under the certified industrial park program. Compliance with
10 these other requirements is not a prerequisite to meeting the
11 requirement of this subparagraph.
- 12 (h) "Chief executive officer" means the mayor or city man-
13 ager of a city, the president of a village, or, for other local
14 units of government or school districts, the person charged by
15 law with the supervision of the functions of the local unit of
16 government or school district.
- 17 (i) "Development plan" means that information and those
18 requirements for a development set forth in section 15.
- 19 (j) "Development program" means the implementation of a
20 development plan.
- 21 (k) "Eligible advance" means an advance made before
22 August 19, 1993.
- 23 (l) "Eligible obligation" means an obligation issued or
24 incurred by an authority or by a municipality on behalf of an
25 authority before August 19, 1993 and its subsequent refunding by
26 a qualified refunding obligation.

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1 (m) "Eligible property" means land improvements, buildings,
2 structures, and other real property, and machinery, equipment,
3 furniture, and fixtures, or any part or accessory thereof whether
4 completed or in the process of construction comprising an inte-
5 grated whole, located within an authority district, of which the
6 primary purpose and use is 1 of the following:

7 (i) The manufacture of goods or materials or the processing
8 of goods or materials by physical or chemical change.

9 (ii) Agricultural processing.

10 (iii) A high technology activity that has as its primary
11 purpose research, product development, engineering, laboratory
12 testing, or development of industrial technology. This subpara-
13 graph applies only to eligible property for which a tax increment
14 financing plan or development plan is adopted and bonds are
15 issued under this act before January 1, 1993.

16 (iv) The production of energy by the processing of goods or
17 materials by physical or chemical change by a small power produc-
18 tion facility as defined by the federal energy regulatory commis-
19 sion pursuant to the public utility regulatory policies act of
20 1978, Public Law 95-617, 92 Stat. 3117, which facility is fueled
21 primarily by biomass or wood waste. This act does not affect a
22 person's rights or liabilities under law with respect to ground-
23 water contamination described in this subparagraph. This sub-
24 paragraph applies only if all of the following requirements are
25 met:

26 (A) Tax increment revenues captured from the eligible
27 property will be used to finance, or will be pledged for debt

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1 service on tax increment bonds used to finance, a public facility
2 in or near the authority district designed to reduce, eliminate,
3 or prevent the spread of identified soil and groundwater contami-
4 nation, pursuant to law.

5 (B) The board of the authority exercising powers within the
6 authority district where the eligible property is located adopted
7 an initial tax increment financing plan between January 1, 1991
8 and May 1, 1991.

9 (C) The municipality that created the authority establishes
10 a special assessment district whereby not less than 50% of the
11 operating expenses of the public facility described in this sub-
12 paragraph will be paid for by special assessments. Not less than
13 50% of the amount specially assessed against all parcels in the
14 special assessment district shall be assessed against parcels
15 owned by parties potentially responsible for the identified
16 groundwater contamination pursuant to law.

17 (n) "Fiscal year" means the fiscal year of the authority.

18 (o) "Governing body" means the elected body having legisla-
19 tive powers of a municipality creating an authority under this
20 act.

21 (p) "Initial assessed value" means the assessed value, as
22 equalized, of the eligible property identified in the tax incre-
23 ment financing plan at the time the resolution establishing the
24 tax increment financing plan is approved as shown by the most
25 recent assessment roll for which equalization has been completed
26 at the time the resolution is adopted. Property exempt from
27 taxation at the time of the determination of the initial assessed

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1 value shall be included as zero. Property for which a specific
2 local tax is paid in lieu of property tax shall not be considered
3 exempt from taxation. The initial assessed value of property for
4 which a specific local tax was paid in lieu of property tax shall
5 be determined as provided in subdivision (w).

6 (q) "Municipality" means a city, village, or urban
7 township.

8 (r) "Obligation" means a written promise to pay, whether
9 evidenced by a contract, agreement, lease, sublease, bond, or
10 note, or a requirement to pay imposed by law. An obligation does
11 not include a payment required solely because of default upon an
12 obligation, employee salaries, or consideration paid for the use
13 of municipal offices. An obligation does not include those bonds
14 that have been economically defeased by refunding bonds issued
15 under this act. Obligation includes, but is not limited to, the
16 following:

17 (i) A requirement to pay proceeds derived from ad valorem
18 property taxes or taxes levied in lieu of ad valorem property
19 taxes.

20 (ii) A management contract or a contract for professional
21 services.

22 (iii) A payment required on a contract, agreement, bond, or
23 note if the requirement to make or assume the payment arose
24 before August 19, 1993.

25 (iv) A requirement to pay or reimburse a person for the cost
26 of insurance for, or to maintain, property subject to a lease,
27 land contract, purchase agreement, or other agreement.

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1 (v) A letter of credit, paying agent, transfer agent, bond
2 registrar, or trustee fee associated with a contract, agreement,
3 bond, or note.

4 (s) "On behalf of an authority", in relation to an eligible
5 advance made BY A MUNICIPALITY or an eligible obligation OR OTHER
6 PROTECTED OBLIGATION issued or incurred by a municipality, means
7 in anticipation that an authority would transfer tax increment
8 revenues or reimburse the municipality from tax increment reve-
9 nues in an amount sufficient to fully make payment required by
10 the eligible obligation OR OTHER PROTECTED OBLIGATION issued or
11 incurred by the municipality, if the anticipation of the transfer
12 or receipt of tax increment revenues from the authority is pursu-
13 ant to or evidenced by 1 or more of the following:

14 (i) A reimbursement agreement between the municipality and
15 an authority it established.

16 (ii) A requirement imposed by law that the authority trans-
17 fer tax increment revenues to the municipality.

18 (iii) A resolution of the authority agreeing to make pay-
19 ments to the incorporating unit.

20 (iv) Provisions in a tax increment financing plan describing
21 the project for which the obligation was incurred.

22 (t) "Other protected obligation" means:

23 (i) A qualified refunding obligation issued to refund an
24 obligation described in subparagraph (ii) or (iii), an obligation
25 that is not a qualified refunding obligation that is issued to
26 refund an eligible obligation, or a qualified refunding

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1 obligation issued to refund an obligation described in this
2 subparagraph.

3 (ii) An obligation issued or incurred by an authority or by
4 a municipality on behalf of an authority after August 19, 1993,
5 but before December 31, 1994, to finance a project described in a
6 tax increment finance plan approved by the municipality in
7 accordance with this act before August 19, 1993, for which a con-
8 tract for final design is entered into by the municipality or
9 authority before March 1, 1994.

10 (iii) An obligation incurred by an authority or municipality
11 after August 19, 1993, to reimburse a party to a development
12 agreement entered into by a municipality or authority before
13 August 19, 1993, for a project described in a tax increment
14 financing plan approved in accordance with this act before
15 August 19, 1993, and undertaken and installed by that party in
16 accordance with the development agreement.

17 (iv) An ongoing management or professional services contract
18 with the governing body of a county which was entered into before
19 March 1, 1994 and which was preceded by a series of limited term
20 management or professional services contracts with the governing
21 body of the county, the last of which was entered into before
22 August 19, 1993.

23 (v) THAT PORTION OF A BOND ISSUED BY AN AUTHORITY, BY A
24 MUNICIPALITY ON BEHALF OF AN AUTHORITY, OR BY A COUNTY ON BEHALF
25 OF A MUNICIPALITY, AFTER AUGUST 19, 1993 AND BEFORE DECEMBER 31,
26 1996, TO FINANCE A PROJECT DESCRIBED IN A TAX INCREMENT FINANCE
27 PLAN APPROVED BY THE MUNICIPALITY UNDER THIS ACT BEFORE DECEMBER

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1 31, 1993, THAT IS PARTIALLY FUNDED BY A PUBLIC AGENCY GRANT FOR
2 WHICH A GRANT AGREEMENT IS SIGNED BEFORE DECEMBER 31, 1993. THE
3 AMOUNT OF THE OTHER PROTECTED OBLIGATION AS DEFINED IN THIS SUB-
4 PARAGRAPH, EXCLUDING INTEREST PAYMENTS, SHALL NOT EXCEED THE
5 MUNICIPALITY'S OR AUTHORITY'S REQUIRED CONTRIBUTION UNDER THE
6 GRANT.

7 (u) "Public facility" means 1 or more of the following:

8 (i) A street, road, bridge, sewer, sewage treatment facili-
9 ty, facility designed to reduce, eliminate, or prevent the spread
10 of identified soil or groundwater contamination, drainage system,
11 waterway, waterline, water storage facility, rail line, utility
12 line or pipeline, or other similar or related structure or
13 improvement, together with necessary easements for the structure
14 or improvement, owned or used by a public agency or functionally
15 connected to similar or supporting facilities owned or used by a
16 public agency, or designed and dedicated to use by, for the bene-
17 fit of, or for the protection of the health, welfare, or safety
18 of the public generally, whether or not used by a single business
19 entity, provided that any road, street, or bridge shall be con-
20 tinuously open to public access and that other facilities shall
21 be located in public easements or rights-of-way and sized to
22 accommodate reasonably foreseeable development of eligible prop-
23 erty in adjoining areas.

24 (ii) The acquisition and disposal of real and personal prop-
25 erty or an interest in that property, demolition of structures,
26 site preparation, relocation costs, building rehabilitation, and
27 all administrative costs related to a public facility, including,

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1 but not limited to, architect's, engineer's, legal, and
2 accounting fees as contained in the resolution establishing the
3 district's development plan.

4 (iii) An improvement to a facility used by the public or a
5 public facility as those terms are defined in section 1 of ~~Act~~
6 ~~No. 1 of the Public Acts of 1966, being section 125.1351 of the~~
7 ~~Michigan Compiled Laws~~ 1966 PA 1, MCL 125.1351, which improve-
8 ment is made to comply with the barrier free design requirements
9 of the state construction code promulgated under the state con-
10 struction code act of 1972, ~~Act No. 230 of the Public Acts of~~
11 ~~1972, being sections 125.1501 to 125.1531 of the Michigan~~
12 ~~Compiled Laws~~ 1972 PA 230, MCL 125.1501 TO 125.1531.

13 (v) "Qualified refunding obligation" means an obligation
14 issued or incurred by an authority or by a municipality on behalf
15 of an authority to refund an obligation if the refunding obliga-
16 tion meets both of the following:

17 (i) The net present value of the principal and interest to
18 be paid on the refunding obligation, including the cost of issu-
19 ance, will be less than the net present value of the principal
20 and interest to be paid on the obligation being refunded, as cal-
21 culated using a method approved by the department of treasury.

22 (ii) The net present value of the sum of the tax increment
23 revenues described in subdivision (y)(ii) and the distributions
24 under section 11a to repay the refunding obligation will not be
25 greater than the net present value of the sum of the tax incre-
26 ment revenues described in subdivision (y)(ii) and the
27 distributions under section 11a to repay the obligation being

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1 refunded, as calculated using a method approved by the department
2 of treasury.

3 (w) "Specific local taxes" means a tax levied under ~~Act~~
4 ~~No. 198 of the Public Acts of 1974, being sections 207.551 to~~
5 ~~207.572 of the Michigan Compiled Laws~~ 1974 PA 198, MCL 207.551
6 TO 207.572, the commercial redevelopment act, ~~Act No. 255 of the~~
7 ~~Public Acts of 1978, being sections 207.651 to 207.668 of the~~
8 ~~Michigan Compiled Laws~~ 1978 PA 255, MCL 207.651 TO 207.668, the
9 enterprise zone act, ~~Act No. 224 of the Public Acts of 1985,~~
10 ~~being sections 125.2101 to 125.2123 of the Michigan Compiled~~
11 ~~Laws, Act No. 189 of the Public Acts of 1953, being sections~~
12 ~~211.181 to 211.182 of the Michigan Compiled Laws~~ 1985 PA 224,
13 MCL 125.2101 TO 125.2123, 1953 PA 189, MCL 211.181 TO 211.182,
14 and the technology park development act, ~~Act No. 385 of the~~
15 ~~Public Acts of 1984, being sections 207.701 to 207.718 of the~~
16 ~~Michigan Compiled Laws~~ 1984 PA 385, MCL 207.701 TO 207.718. The
17 initial assessed value or current assessed value of property
18 subject to a specific local tax is the quotient of the specific
19 local tax paid divided by the ad valorem millage rate. However,
20 after 1993, the state tax commission shall prescribe the method
21 for calculating the initial assessed value and current assessed
22 value of property for which a specific local tax was paid in lieu
23 of a property tax.

24 (x) "State fiscal year" means the annual period commencing
25 October 1 of each year.

26 (y) "Tax increment revenues" means the amount of ad valorem
27 property taxes and specific local taxes attributable to the

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1 application of the levy of all taxing jurisdictions upon the
2 capture assessed value of real and personal property in the
3 development area, subject to the following requirements:

4 (i) Tax increment revenues include ad valorem property taxes
5 and specific local taxes attributable to the application of the
6 levy of all taxing jurisdictions other than the state pursuant to
7 the state education tax act, ~~Act No. 331 of the Public Acts of~~
8 ~~1993, being sections 211.901 to 211.906 of the Michigan Compiled~~
9 ~~Laws~~ 1993 PA 331, MCL 211.901 TO 211.906, and local or interme-
10 diate school districts upon the captured assessed value of real
11 and personal property in the development area for any purpose
12 authorized by this act.

13 (ii) Tax increment revenues include ad valorem property
14 taxes and specific local taxes attributable to the application of
15 the levy of the state pursuant to ~~Act No. 331 of the Public Acts~~
16 ~~of 1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO
17 211.906, and local or intermediate school districts upon the cap-
18 tured assessed value of real and personal property in the devel-
19 opment area in an amount equal to the amount necessary, without
20 regard to subparagraph (i), to repay eligible advances, eligible
21 obligations, and other protected obligations.

22 (iii) Tax increment revenues do not include any of the
23 following:

24 (A) Ad valorem property taxes or specific local taxes
25 attributable either to a portion of the captured assessed value
26 shared with taxing jurisdictions within the jurisdictional area

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1 of the authority or to a portion of value of property that may be
2 excluded from captured assessed value.

3 (B) Ad valorem property taxes and specific local taxes
4 attributable to ad valorem property taxes excluded by the tax
5 increment financing plan of the authority from the determination
6 of the amount of tax increment revenues to be transmitted to the
7 authority.

8 (C) Ad valorem property taxes exempted from capture under
9 section 4(3) or specific local taxes attributable to such ad
10 valorem property taxes.

11 (D) Ad valorem property taxes specifically levied for the
12 payment of principal and interest of obligations approved by the
13 electors or obligations pledging the unlimited taxing power of
14 the local governmental unit or specific local taxes attributable
15 to such ad valorem property taxes.

16 (iv) The amount of tax increment revenues authorized to be
17 included under subparagraph (iii), and required to be transmitted
18 to the authority under section 13(1), from ad valorem property
19 taxes and specific local taxes attributable to the application of
20 the levy of the state education tax act, 1993 PA 331, MCL 211.901
21 TO 211.906, a local school district or an intermediate school
22 district upon the captured assessed value of real and personal
23 property in a development area shall be determined separately for
24 the levy by the state, each school district, and each intermedi-
25 ate school district as the product of sub-subparagraphs (A) and
26 (B):

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1 (A) The percentage which the total ad valorem taxes and
2 specific local taxes available for distribution by law to the
3 state, local school district, or intermediate school district,
4 respectively, bears to the aggregate amount of ad valorem millage
5 taxes and specific taxes available for distribution by law to the
6 state, each local school district, and each intermediate school
7 district.

8 (B) The maximum amount of ad valorem property taxes and spe-
9 cific local taxes considered tax increment revenues under sub-
10 paragraph (ii).

11 (z) "Urban township" means a township that meets all of the
12 following requirements:

13 (i) Has a population of 20,000 or more, or has a population
14 of 10,000 or more but is located in a county with a population of
15 400,000 or more.

16 (ii) Adopted a master zoning plan before February 1, 1987.

17 (iii) Provides sewer, water, and other public services to
18 all or a part of the township.

19 Sec. 11a. (1) If the amount of tax increment revenues lost
20 as a result of the reduction of taxes levied by local school dis-
21 tricts for school operating purposes required by the millage lim-
22 itations under section 1211 of the revised school code, ~~Act~~
23 ~~No. 451 of the Public Acts of 1976, being section 380.1211 of the~~
24 ~~Michigan Compiled Laws~~ 1976 PA 451, MCL 380.1211, reduced by the
25 amount of tax increment revenues received from the capture of
26 taxes levied under or attributable to the state education tax
27 act, ~~Act No. 331 of the Public Acts of 1993, being~~

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1 ~~sections 211.901 to 211.906 of the Michigan Compiled Laws~~ 1993
2 PA 331, MCL 211.901 TO 211.906, will cause the tax increment rev-
3 enues received in a fiscal year by an authority under section 13
4 to be insufficient to repay an eligible advance or to pay an eli-
5 gible obligation, the legislature shall appropriate and distrib-
6 ute to the authority the amount described in subsection (5).

7 (2) Not less than 30 days before the first day of a fiscal
8 year, an authority eligible to retain tax increment revenues from
9 taxes levied by a local or intermediate school district or this
10 state or to receive a distribution under this section for that
11 fiscal year shall file a claim with the department of treasury.
12 The claim shall include the following information:

13 (a) The property tax millage rates levied in 1993 by local
14 school districts within the jurisdictional area of the authority
15 for school operating purposes.

16 (b) The property tax millage rates expected to be levied by
17 local school districts within the jurisdictional area of the
18 authority for school operating purposes for that fiscal year.

19 (c) The tax increment revenues estimated to be received by
20 the authority for that fiscal year based upon actual property tax
21 levies of all taxing jurisdictions within the jurisdictional area
22 of the authority plus any tax increment revenues the authority
23 would have received for the fiscal year from property that is
24 exempt from taxation pursuant to the Michigan renaissance zone
25 act, ~~Act No. 376 of the Public Acts of 1996, being~~
26 ~~sections 125.2681 to 125.2696 of the Michigan Compiled Laws~~ 1996

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1 PA 376, MCL 125.2681 TO 125.2696, based on the property's taxable
2 value at the time the zone is designated.

3 (d) The tax increment revenues the authority estimates it
4 would have received for that fiscal year if property taxes were
5 levied by local school districts within the jurisdictional area
6 of the authority for school operating purposes at the millage
7 rates described in subdivision (a) and if no property taxes were
8 levied by this state under ~~Act No. 331 of the Public Acts of~~
9 ~~1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO
10 211.906.

11 (e) A list and documentation of eligible obligations ~~, AND~~
12 eligible advances ~~, and other protected obligations~~ and the
13 payments due on each of those eligible obligations ~~, OR eligi-~~
14 ble advances ~~, or other protected obligations~~ in that fiscal
15 year, and the total amount of all the payments due on those eli-
16 gible obligations ~~, AND eligible advances~~ ~~, and other pro-~~
17 ~~tected obligations~~ in that fiscal year.

18 (f) The amount of money, other than tax increment revenues,
19 estimated to be received in that fiscal year by the authority
20 that is primarily pledged to, and to be used for, the payment of
21 an eligible obligation or the repayment of an eligible advance.
22 That amount shall not include excess tax increment revenues of
23 the authority that are permitted by law to be retained by the
24 authority for purposes that further the development program.
25 However, that amount shall include money to be obtained from
26 sources authorized by law, which law is enacted on or after

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1 December 1, 1993, for use by the municipality or authority to
2 finance a development project.

3 (g) The amount of a distribution received pursuant to this
4 act for a fiscal year in excess of or less than the distribution
5 that would have been required if calculated upon actual tax
6 increment revenues received for that fiscal year.

7 (H) A LIST AND DOCUMENTATION OF OTHER PROTECTED OBLIGATIONS
8 AND THE PAYMENTS DUE ON EACH OF THOSE OTHER PROTECTED OBLIGATIONS
9 IN THAT FISCAL YEAR, AND THE TOTAL AMOUNT OF ALL THE PAYMENTS DUE
10 ON THOSE OTHER PROTECTED OBLIGATIONS IN THAT FISCAL YEAR.

11 (3) For the fiscal year that commences after September 30,
12 1993 and before October 1, 1994, an authority may make a claim
13 with all information required by subsection (2) at any time after
14 March 15, 1994.

15 (4) After review and verification of claims submitted pursu-
16 ant to this section, amounts appropriated by the state in compli-
17 ance with this act shall be distributed as 2 equal payments on
18 March 1 and September 1 after receipt of a claim. An authority
19 shall allocate a distribution it receives for an eligible obliga-
20 tion issued on behalf of a municipality to the municipality.

21 (5) Subject to subsections (6) and (7), the aggregate amount
22 to be appropriated and distributed pursuant to this section to an
23 authority shall be the sum of the amounts determined pursuant to
24 subdivisions (a) and (b) minus the amount determined pursuant to
25 subdivision (c), as follows:

26 (a) The amount by which the tax increment revenues the
27 authority would have received for the fiscal year, if property

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1 taxes were levied by local school districts on property,
2 including property that is exempt from taxation pursuant to ~~Act~~
3 ~~No. 376 of the Public Acts of 1996~~ THE MICHIGAN RENAISSANCE ZONE
4 ACT, 1996 PA 376, MCL 125.2681 TO 125.2696, based on the
5 property's taxable value at the time the zone is designated, for
6 school operating purposes at the millage rates described in
7 subsection (2)(a) and if no property taxes were levied under ~~Act~~
8 ~~No. 331 of the Public Acts of 1993~~ THE STATE EDUCATION TAX ACT,
9 1993 PA 331, MCL 211.901 TO 211.906, exceed the sum of tax incre-
10 ment revenues the authority actually received for the fiscal year
11 plus any tax increment revenues the authority would have received
12 for the fiscal year from property that is exempt from taxation
13 pursuant to ~~Act No. 376 of the Public Acts of 1996~~ THE MICHIGAN
14 RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2681 TO 125.2696,
15 based on the property's taxable value at the time the zone is
16 designated.

17 (b) A shortfall required to be reported pursuant to
18 subsection (2)(g) that had not previously increased a
19 distribution.

20 (c) An excess amount required to be reported pursuant to
21 subsection (2)(g) that had not previously decreased a
22 distribution.

23 (6) The amount distributed under subsection (5) shall not
24 exceed the difference between the amount described in
25 subsection (2)(e) and the sum of the amounts described in
26 subsection (2)(c) and (f).

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1 (7) If, based upon the tax increment financing plan in
2 effect on August 19, 1993, the payment due on eligible
3 obligations or eligible advances anticipates the use of excess
4 prior year tax increment revenues permitted by law to be retained
5 by the authority, and if the sum of the amounts described in
6 subsection (2)(c) and (f) plus the amount to be distributed under
7 subsections (5) and (6) is less than the amount described in
8 subsection (2)(e), the amount to be distributed under subsections
9 (5) and (6) shall be increased by the amount of the shortfall.
10 However, the amount authorized to be distributed pursuant to this
11 section shall not exceed that portion of the cumulative differ-
12 ence, for each preceding fiscal year, between the amount that
13 could have been distributed pursuant to subsection (5) and the
14 amount actually distributed pursuant to subsections (5) and (6)
15 and this subsection.

16 (8) A distribution under this section replacing tax incre-
17 ment revenues pledged by an authority or a municipality is
18 subject to the lien of the pledge, whether or not there has been
19 physical delivery of the distribution.

20 (9) Obligations for which distributions are made pursuant to
21 this section are not a debt or liability of this state; do not
22 create or constitute an indebtedness, liability, or obligation of
23 this state; and are not and do not constitute a pledge of the
24 faith and credit of this state.

25 (10) Not later than July 1 of each year, the authority shall
26 certify to the local tax collecting treasurer the amount of the
27 distribution required under subsection (5), calculated without

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1 regard to the receipt of tax increment revenues attributable to
2 local or intermediate school district operating taxes or attrib-
3 utable to taxes levied under ~~Act No. 331 of the Public Acts of~~
4 ~~1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO
5 211.906.

6 (11) Calculations of distributions under this section and
7 claims reports required to be made under subsection (2) shall be
8 made on the basis of each development area of the authority.