

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 34

A bill to provide for the establishment of a corridor improvement authority; to prescribe the powers and duties of the authority; 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 and development areas in the districts; to promote the economic growth of the districts; to create a board; to prescribe the powers and duties of the board; 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; 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:

1 Sec. 1. This act shall be known and may be cited as the
2 "corridor improvement authority act".

3 Sec. 2. As used in this act:

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

11 (b) "Assessed value" means the taxable value as determined
12 under section 27a of the general property tax act, 1893 PA 206, MCL
13 211.27a.

14 (c) "Authority" means a corridor improvement authority created
15 under this act.

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

17 (e) "Business district" means an area of a municipality zoned
18 and used principally for business.

19 (f) "Captured assessed value" means the amount in any 1 year
20 by which the current assessed value of the development area,
21 including the assessed value of property for which specific local
22 taxes are paid in lieu of property taxes as determined in section
23 3(e), exceeds the initial assessed value. The state tax commission

1 shall prescribe the method for calculating captured assessed value.

2 (g) "Chief executive officer" means the mayor or city manager
3 of a city.

4 (h) "Development area" means that area described in section 5
5 to which a development plan is applicable.

6 (i) "Development plan" means that information and those
7 requirements for a development area set forth in section 21.

8 (j) "Development program" means the implementation of the
9 development plan.

10 (k) "Fiscal year" means the fiscal year of the authority.

11 (l) "Governing body" or "governing body of a municipality"
12 means the elected body of a municipality having legislative powers.

13 (m) "Initial assessed value" means the assessed value, as
14 equalized, of all the taxable property within the boundaries of the
15 development area at the time the ordinance establishing the tax
16 increment financing plan is approved, as shown by the most recent
17 assessment roll of the municipality for which equalization has been
18 completed at the time the resolution is adopted. Property exempt
19 from taxation at the time of the determination of the initial
20 assessed value shall be included as zero. For the purpose of
21 determining initial assessed value, property for which a specific
22 local tax is paid in lieu of a property tax shall not be considered
23 to be property that is exempt from taxation. The initial assessed
24 value of property for which a specific local tax was paid in lieu
25 of a property tax shall be determined as provided in section 3(e).

26 (n) "Land use plan" means a plan prepared under section 1 of
27 the city and village zoning act, 1921 PA 207, MCL 125.581, or the

1 township zoning act, 1943 PA 184, MCL 125.271 to 125.310.

2 (o) "Municipality" means 1 of the following:

3 (i) A city.

4 (ii) A village.

5 (iii) A township.

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 a street, plaza, pedestrian mall,
14 and any improvements to a street, plaza, or pedestrian mall
15 including street furniture and beautification, sidewalk, trail,
16 lighting, traffic flow modification, park, parking facility,
17 recreational facility, right of way, structure, waterway, bridge,
18 lake, pond, canal, utility line or pipe, or building, including
19 access routes designed and dedicated to use by the public
20 generally, or used by a public agency. Public facility includes an
21 improvement to a facility used by the public or a public facility
22 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
23 if the improvement complies with the barrier free design
24 requirements of the state construction code promulgated under the
25 Stille-DeRossett-Hale single state construction code act, 1972 PA
26 230, MCL 125.1501 to 125.1531.

27 (d) "Specific local tax" means a tax levied under 1974 PA 198,

1 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
2 255, MCL 207.651 to 207.668, the technology park development act,
3 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
4 211.182. The initial assessed value or current assessed value of
5 property subject to a specific local tax shall be the quotient of
6 the specific local tax paid divided by the ad valorem millage rate.
7 The state tax commission shall prescribe the method for calculating
8 the initial assessed value and current assessed value of property
9 for which a specific local 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 the
17 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 portion
22 of the captured assessed value shared with taxing jurisdictions
23 within the jurisdictional area of the authority or to a portion of
24 value of property that may be excluded from captured assessed value
25 or specific local taxes attributable to the ad valorem property
26 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 authority
3 or specific local taxes attributable to the ad valorem property
4 taxes.

5 (v) Ad valorem property taxes exempted from capture under
6 section 18(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 the
11 local governmental unit or specific taxes attributable to those ad
12 valorem property taxes.

13 Sec. 4. (1) Except as otherwise provided in this subsection, a
14 municipality may establish multiple authorities. A parcel of
15 property shall not be included in more than 1 authority created
16 under this act.

17 (2) An authority is a public body corporate which may sue and
18 be sued in any court of this state. An authority possesses all the
19 powers necessary to carry out its purpose. The enumeration of a
20 power in this act shall not be construed as a limitation upon the
21 general powers of an authority.

22 Sec. 5. A development area shall only be established in a
23 municipality and shall comply with all of the following criteria:

24 (a) Be adjacent to a road classified as an arterial or
25 collector according to the federal highway administration manual
26 "Highway Functional Classification - Concepts, Criteria and
27 Procedures".

1 (b) Contain at least 10 contiguous parcels or at least 5
2 contiguous acres.

3 (c) More than 1/2 of the existing ground floor square footage
4 in the development area is classified as commercial real property
5 under section 34c of the general property tax act, 1893 PA 206, MCL
6 211.34c.

7 (d) Residential use, commercial use, or industrial use has
8 been allowed and conducted under the zoning ordinance or conducted
9 in the entire development area, for the immediately preceding 30
10 years.

11 (e) Is presently served by municipal water and sewer.

12 (f) Zoned to allow for mixed use that includes high-density
13 residential use.

14 (g) The municipality agrees to all of the following:

15 (i) To expedite the local permitting and inspection process in
16 the development area.

17 (ii) To modify its master plan to provide for walkable
18 nonmotorized interconnections, including sidewalks and streetscapes
19 throughout the development area.

20 Sec. 6. (1) If the governing body of a municipality determines
21 that it is necessary for the best interests of the public to
22 redevelop its commercial corridors and to promote economic growth,
23 the governing body may, by resolution, declare its intention to
24 create and provide for the operation of an authority.

25 (2) In the resolution of intent, the governing body shall
26 state that the proposed development area meets the criteria in
27 section 5, set a date for a public hearing on the adoption of a

1 proposed ordinance creating the authority, and designate the
2 boundaries of the development area. Notice of the public hearing
3 shall be published twice in a newspaper of general circulation in
4 the municipality, not less than 20 or more than 40 days before the
5 date of the hearing. Not less than 20 days before the hearing, the
6 governing body proposing to create the authority shall also mail
7 notice of the hearing to the property taxpayers of record in the
8 proposed development area, to the governing body of each taxing
9 jurisdiction levying taxes that would be subject to capture if the
10 authority is established and a tax increment financing plan is
11 approved, and to the state tax commission. Failure of a property
12 taxpayer to receive the notice does not invalidate these
13 proceedings. Notice of the hearing shall be posted in at least 20
14 conspicuous and public places in the proposed development area not
15 less than 20 days before the hearing. The notice shall state the
16 date, time, and place of the hearing and shall describe the
17 boundaries of the proposed development area. A citizen, taxpayer,
18 or property owner of the municipality or an official from a taxing
19 jurisdiction with millage that would be subject to capture has the
20 right to be heard in regard to the establishment of the authority
21 and the boundaries of the proposed development area. The governing
22 body of the municipality shall not incorporate land into the
23 development area not included in the description contained in the
24 notice of public hearing, but it may eliminate described lands from
25 the development area in the final determination of the boundaries.

26 (3) Not less than 60 days after the public hearing, if the
27 governing body of the municipality intends to proceed with the

1 establishment of the authority it shall adopt, by majority vote of
2 its members, an ordinance establishing the authority and
3 designating the boundaries of the development area within which the
4 authority shall exercise its powers. The adoption of the ordinance
5 is subject to any applicable statutory or charter provisions in
6 respect to the approval or disapproval by the chief executive or
7 other officer of the municipality and the adoption of an ordinance
8 over his or her veto. This ordinance shall be filed with the
9 secretary of state promptly after its adoption and shall be
10 published at least once in a newspaper of general circulation in
11 the municipality.

12 (4) The governing body of the municipality may alter or amend
13 the boundaries of the development area to include or exclude lands
14 from the development area in the same manner as adopting the
15 ordinance creating the authority.

16 (5) A municipality that has created an authority may enter
17 into an agreement with an adjoining municipality that has created
18 an authority to jointly operate and administer those authorities
19 under an interlocal agreement under the urban cooperation act of
20 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal
21 agreement shall include, but is not limited to, a plan to
22 coordinate and expedite local inspections and permit approvals, a
23 plan to address contradictory zoning requirements, and a date
24 certain to implement all provisions of these plans. If a
25 municipality enters into an interlocal agreement under this
26 subsection, the municipality shall provide a copy of that
27 interlocal agreement to the state tax commission within 60 days of

1 entering into the interlocal agreement.

2 Sec. 7. If a development area is part of an area annexed to or
3 consolidated with another municipality, the authority managing that
4 development area shall become an authority of the annexing or
5 consolidated municipality. Obligations of that authority incurred
6 under a development or tax increment plan, agreements related to a
7 development or tax increment plan, and bonds issued under this act
8 shall remain in effect following the annexation or consolidation.

9 Sec. 8. (1) Except as provided in subsection (7), an authority
10 shall be under the supervision and control of a board consisting of
11 the chief executive officer of the municipality or his or her
12 assignee and not less than 5 or more than 9 members as determined
13 by the governing body of the municipality. Members shall be
14 appointed by the chief executive officer of the municipality,
15 subject to approval by the governing body of the municipality. Not
16 less than a majority of the members shall be persons having an
17 ownership or business interest in property located in the
18 development area. At least 1 of the members shall be a resident of
19 the development area or of an area within 1/2 mile of any part of
20 the development area. Of the members first appointed, an equal
21 number of the members, as near as is practicable, shall be
22 appointed for 1 year, 2 years, 3 years, and 4 years. A member shall
23 hold office until the member's successor is appointed. After the
24 initial appointment, each member shall serve for a term of 4 years.
25 An appointment to fill a vacancy shall be made by the chief
26 executive officer of the municipality for the unexpired term only.
27 Members of the board shall serve without compensation, but shall be

1 reimbursed for actual and necessary expenses. The chairperson of
2 the board shall be elected by the board.

3 (2) Before assuming the duties of office, a member shall
4 qualify by taking and subscribing to the constitutional oath of
5 office.

6 (3) The proceedings and rules of the board are subject to the
7 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
8 shall adopt rules governing its procedure and the holding of
9 regular meetings, subject to the approval of the governing body.
10 Special meetings may be held if called in the manner provided in
11 the rules of the board.

12 (4) After having been given notice and an opportunity to be
13 heard, a member of the board may be removed for cause by the
14 governing body.

15 (5) All expense items of the authority shall be publicized
16 monthly and the financial records shall always be open to the
17 public.

18 (6) A writing prepared, owned, used, in the possession of, or
19 retained by the board in the performance of an official function is
20 subject to the freedom of information act, 1976 PA 442, MCL 15.231
21 to 15.246.

22 (7) If the boundaries of the development area are the same as
23 those of a business improvement district established under 1961 PA
24 120, MCL 125.981 to 125.990m, the governing body of the
25 municipality may provide that the members of the board of the
26 authority shall be the members of the board of the business
27 improvement district and 1 person shall be a resident of the

1 development area or of an area within 1/2 mile of any part of the
2 development area.

3 Sec. 9. (1) The board may employ and fix the compensation of a
4 director, subject to the approval of the governing body of the
5 municipality. The director shall serve at the pleasure of the
6 board. A member of the board is not eligible to hold the position
7 of director. Before beginning his or her duties, the director shall
8 take and subscribe to the constitutional oath, and furnish bond, by
9 posting a bond in the sum determined in the ordinance establishing
10 the authority payable to the authority for use and benefit of the
11 authority, approved by the board, and filed with the municipal
12 clerk. The premium on the bond shall be considered an operating
13 expense of the authority, payable from funds available to the
14 authority for expenses of operation. The director shall be the
15 chief executive officer of the authority. Subject to the approval
16 of the board, the director shall supervise and be responsible for
17 the preparation of plans and the performance of the functions of
18 the authority in the manner authorized by this act. The director
19 shall attend the meetings of the board and shall provide to the
20 board and to the governing body of the municipality a regular
21 report covering the activities and financial condition of the
22 authority. If the director is absent or disabled, the board may
23 designate a qualified person as acting director to perform the
24 duties of the office. Before beginning his or her duties, the
25 acting director shall take and subscribe to the oath, and furnish
26 bond, as required of the director. The director shall furnish the
27 board with information or reports governing the operation of the

1 authority as the board requires.

2 (2) The board may employ and fix the compensation of a
3 treasurer, who shall keep the financial records of the authority
4 and who, together with the director, shall approve all vouchers for
5 the expenditure of funds of the authority. The treasurer shall
6 perform all duties delegated to him or her by the board and shall
7 furnish bond in an amount prescribed by the board.

8 (3) The board may employ and fix the compensation of a
9 secretary, who shall maintain custody of the official seal and of
10 records, books, documents, or other papers not required to be
11 maintained by the treasurer. The secretary shall attend meetings of
12 the board and keep a record of its proceedings and shall perform
13 other duties delegated by the board.

14 (4) The board may retain legal counsel to advise the board in
15 the proper performance of its duties. The legal counsel shall
16 represent the authority in actions brought by or against the
17 authority.

18 (5) The board may employ other personnel considered necessary
19 by the board.

20 Sec. 10. The employees of an authority shall be eligible to
21 participate in municipal retirement and insurance programs of the
22 municipality as if they were civil service employees except that
23 the employees of an authority are not civil service employees.

24 Sec. 11. The board may do any of the following:

25 (a) Prepare an analysis of economic changes taking place in
26 the development area.

27 (b) Study and analyze the impact of metropolitan growth upon

1 the development area.

2 (c) Plan and propose the construction, renovation, repair,
3 remodeling, rehabilitation, restoration, preservation, or
4 reconstruction of a public facility, an existing building, or a
5 multiple-family dwelling unit which may be necessary or appropriate
6 to the execution of a plan which, in the opinion of the board, aids
7 in the economic growth of the development area.

8 (d) Plan, propose, and implement an improvement to a public
9 facility within the development area to comply with the barrier
10 free design requirements of the state construction code promulgated
11 under the Stille-DeRossett-Hale single state construction code act,
12 1972 PA 230, MCL 125.1501 to 125.1531.

13 (e) Develop long-range plans, in cooperation with the agency
14 that is chiefly responsible for planning in the municipality,
15 designed to halt the deterioration of property values in the
16 development area and to promote the economic growth of the
17 development area, and take steps as may be necessary to persuade
18 property owners to implement the plans to the fullest extent
19 possible.

20 (f) Implement any plan of development in the development area
21 necessary to achieve the purposes of this act in accordance with
22 the powers of the authority granted by this act.

23 (g) Make and enter into contracts necessary or incidental to
24 the exercise of its powers and the performance of its duties.

25 (h) Acquire by purchase or otherwise, on terms and conditions
26 and in a manner the authority considers proper or own, convey, or
27 otherwise dispose of, or lease as lessor or lessee, land and other

1 property, real or personal, or rights or interests in the property,
2 that the authority determines is reasonably necessary to achieve
3 the purposes of this act, and to grant or acquire licenses,
4 easements, and options.

5 (i) Improve land and construct, reconstruct, rehabilitate,
6 restore and preserve, equip, improve, maintain, repair, and operate
7 any building, including multiple-family dwellings, and any
8 necessary or desirable appurtenances to those buildings, within the
9 development area for the use, in whole or in part, of any public or
10 private person or corporation, or a combination thereof.

11 (j) Fix, charge, and collect fees, rents, and charges for the
12 use of any facility, building, or property under its control or any
13 part of the facility, building, or property, and pledge the fees,
14 rents, and charges for the payment of revenue bonds issued by the
15 authority.

16 (k) Lease, in whole or in part, any facility, building, or
17 property under its control.

18 (l) Accept grants and donations of property, labor, or other
19 things of value from a public or private source.

20 (m) Acquire and construct public facilities.

21 (n) Conduct market research and public relations campaigns,
22 develop, coordinate, and conduct retail and institutional
23 promotions, and sponsor special events and related activities.

24 (o) Contract for broadband service and wireless technology
25 service in a development area.

26 Sec. 12. The authority is an instrumentality of a political
27 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

1 Sec. 13. A municipality may acquire private property under
2 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to
3 the authority, and may transfer the property to the authority for
4 use in an approved development, on terms and conditions it
5 considers appropriate, and the taking, transfer, and use shall be
6 considered necessary for public purposes and for the benefit of the
7 public.

8 Sec. 14. (1) The activities of the authority shall be financed
9 from 1 or more of the following sources:

10 (a) Donations to the authority for the performance of its
11 functions.

12 (b) Money borrowed and to be repaid as authorized by sections
13 16 and 17.

14 (c) Revenues from any property, building, or facility owned,
15 leased, licensed, or operated by the authority or under its
16 control, subject to the limitations imposed upon the authority by
17 trusts or other agreements.

18 (d) Proceeds of a tax increment financing plan established
19 under sections 18 to 20.

20 (e) Proceeds from a special assessment district created as
21 provided by law.

22 (f) Money obtained from other sources approved by the
23 governing body of the municipality or otherwise authorized by law
24 for use by the authority or the municipality to finance a
25 development program.

26 (2) Money received by the authority and not covered under
27 subsection (1) shall immediately be deposited to the credit of the

1 authority, subject to disbursement under this act. Except as
2 provided in this act, the municipality shall not obligate itself,
3 and shall not be obligated, to pay any sums from public funds,
4 other than money received by the municipality under this section,
5 for or on account of the activities of the authority.

6 Sec. 15. (1) An authority with the approval of the governing
7 body may levy a special assessment as provided by law.

8 (2) The municipality may at the request of the authority
9 borrow money and issue its notes under the revised municipal
10 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
11 of collection of the ad valorem tax authorized in this section.

12 Sec. 16. The authority may, with approval of the local
13 governing body, borrow money and issue its negotiable revenue bonds
14 under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
15 141.140. Revenue bonds issued by the authority are not a debt of
16 the municipality unless the municipality by majority vote of the
17 members of its governing body pledges its full faith and credit to
18 support the authority's revenue bonds. Revenue bonds issued by the
19 authority are never a debt of the state.

20 Sec. 17. (1) The authority may with approval of the local
21 governing body borrow money and issue its revenue bonds or notes to
22 finance all or part of the costs of acquiring or constructing
23 property in connection with either of the following:

24 (a) The implementation of a development plan in the
25 development area.

26 (b) The refund, or refund in advance, of bonds or notes issued
27 under this section.

1 (2) Any of the following may be financed by the issuance of
2 revenue bonds or notes:

3 (a) The cost of purchasing, acquiring, constructing,
4 improving, enlarging, extending, or repairing property in
5 connection with the implementation of a development plan in the
6 development area.

7 (b) Any engineering, architectural, legal, accounting, or
8 financial expenses.

9 (c) The costs necessary or incidental to the borrowing of
10 money.

11 (d) Interest on the bonds or notes during the period of
12 construction.

13 (e) A reserve for payment of principal and interest on the
14 bonds or notes.

15 (f) A reserve for operation and maintenance until sufficient
16 revenues have developed.

17 (3) The authority may secure the bonds and notes by mortgage,
18 assignment, or pledge of the property and any money, revenues, or
19 income received in connection with the property.

20 (4) A pledge made by the authority is valid and binding from
21 the time the pledge is made. The money or property pledged by the
22 authority immediately is subject to the lien of the pledge without
23 a physical delivery, filing, or further act. The lien of a pledge
24 is valid and binding against parties having claims of any kind in
25 tort, contract, or otherwise, against the authority, whether or not
26 the parties have notice of the lien. Neither the resolution, the
27 trust agreement, nor any other instrument by which a pledge is

1 created must be filed or recorded to be enforceable.

2 (5) Bonds or notes issued under this section are exempt from
3 all taxation in this state except inheritance and transfer taxes,
4 and the interest on the bonds or notes is exempt from all taxation
5 in this state, notwithstanding that the interest may be subject to
6 federal income tax.

7 (6) The municipality is not liable on bonds or notes of the
8 authority issued under this section, and the bonds or notes are not
9 a debt of the municipality. The bonds or notes shall contain on
10 their face a statement to that effect.

11 (7) The bonds and notes of the authority may be invested in by
12 all public officers, state agencies and political subdivisions,
13 insurance companies, banks, savings and loan associations,
14 investment companies, and fiduciaries and trustees, and may be
15 deposited with and received by all public officers and the agencies
16 and political subdivisions of this state for any purpose for which
17 the deposit of bonds is authorized.

18 Sec. 18. (1) If the authority determines that it is necessary
19 for the achievement of the purposes of this act, the authority
20 shall prepare and submit a tax increment financing plan to the
21 governing body of the municipality. The plan shall include a
22 development plan as provided in section 21, a detailed explanation
23 of the tax increment procedure, the maximum amount of bonded
24 indebtedness to be incurred, and the duration of the program, and
25 shall be in compliance with section 19. The plan shall contain a
26 statement of the estimated impact of tax increment financing on the
27 assessed values of all taxing jurisdictions in which the

1 development area is located. The plan may provide for the use of
2 part or all of the captured assessed value, but the portion
3 intended to be used by the authority shall be clearly stated in the
4 tax increment financing plan. The authority or municipality may
5 exclude from captured assessed value growth in property value
6 resulting solely from inflation. The plan shall set forth the
7 method for excluding growth in property value resulting solely from
8 inflation.

9 (2) Approval of the tax increment financing plan shall comply
10 with the notice, hearing, and disclosure provisions of section 22.
11 If the development plan is part of the tax increment financing
12 plan, only 1 hearing and approval procedure is required for the 2
13 plans together.

14 (3) Before the public hearing on the tax increment financing
15 plan, the governing body shall provide a reasonable opportunity to
16 the taxing jurisdictions levying taxes subject to capture to meet
17 with the governing body. The authority shall fully inform the
18 taxing jurisdictions of the fiscal and economic implications of the
19 proposed development area. The taxing jurisdictions may present
20 their recommendations at the public hearing on the tax increment
21 financing plan. The authority may enter into agreements with the
22 taxing jurisdictions and the governing body of the municipality in
23 which the development area is located to share a portion of the
24 captured assessed value of the development area.

25 (4) A tax increment financing plan may be modified if the
26 modification is approved by the governing body upon notice and
27 after public hearings and agreements as are required for approval

1 of the original plan.

2 (5) Not more than 60 days after the public hearing, the
3 governing body in a taxing jurisdiction levying ad valorem property
4 taxes that would otherwise be subject to capture may exempt its
5 taxes from capture by adopting a resolution to that effect and
6 filing a copy with the clerk of the municipality proposing to
7 create the authority. The resolution shall take effect when filed
8 with the clerk and remains effective until a copy of a resolution
9 rescinding that resolution is filed with that clerk.

10 Sec. 19. (1) The municipal and county treasurers shall
11 transmit tax increment revenues to the authority.

12 (2) The authority shall expend the tax increment revenues
13 received for the development program only under the terms of the
14 tax increment financing plan. Unused funds shall revert
15 proportionately to the respective taxing bodies. Tax increment
16 revenues shall not be used to circumvent existing property tax
17 limitations. The governing body of the municipality may abolish the
18 tax increment financing plan if it finds that the purposes for
19 which it was established are accomplished. However, the tax
20 increment financing plan shall not be abolished until the principal
21 of, and interest on, bonds issued under section 20 have been paid
22 or funds sufficient to make the payment have been segregated.

23 (3) Annually the authority shall submit to the governing body
24 of the municipality and the state tax commission a report on the
25 status of the tax increment financing account. The report shall
26 include the following:

27 (a) The amount and source of revenue in the account.

1 (b) The amount in any bond reserve account.

2 (c) The amount and purpose of expenditures from the account.

3 (d) The amount of principal and interest on any outstanding
4 bonded indebtedness.

5 (e) The initial assessed value of the project area.

6 (f) The captured assessed value retained by the authority.

7 (g) The tax increment revenues received.

8 (h) The increase in the state equalized valuation as a result
9 of the implementation of the tax increment financing plan.

10 (i) The type and cost of capital improvements made in the
11 development area.

12 (j) Any additional information the governing body considers
13 necessary.

14 Sec. 20. (1) The municipality may by resolution of its
15 governing body and subject to voter approval authorize, issue, and
16 sell general obligation bonds subject to the limitations set forth
17 in this subsection to finance the development program of the tax
18 increment financing plan and shall pledge its full faith and credit
19 for the payment of the bonds. The municipality may pledge as
20 additional security for the bonds any money received by the
21 authority or the municipality under section 14. The bonds are
22 subject to the revised municipal finance act, 2001 PA 34, MCL
23 141.2101 to 141.2821. Before the municipality may authorize the
24 borrowing, the authority shall submit an estimate of the
25 anticipated tax increment revenues and other revenue available
26 under section 14 to be available for payment of principal and
27 interest on the bonds, to the governing body of the municipality.

1 This estimate shall be approved by the governing body of the
2 municipality by resolution adopted by majority vote of the members
3 of the governing body in the resolution authorizing the bonds. If
4 the governing body of the municipality adopts the resolution
5 authorizing the bonds, the estimate of the anticipated tax
6 increment revenues and other revenue available under section 14 to
7 be available for payment of principal and interest on the bonds
8 shall be conclusive for purposes of this section. The bonds issued
9 under this subsection shall be considered a single series for the
10 purposes of the revised municipal finance act, 2001 PA 34, MCL
11 141.2101 to 141.2821.

12 (2) By resolution of its governing body, the authority may
13 authorize, issue, and sell tax increment bonds subject to the
14 limitations set forth in this subsection to finance the development
15 program of the tax increment financing plan. The tax increment
16 bonds issued by the authority under this subsection shall pledge
17 solely the tax increment revenues of a development area in which
18 the project is located or a development area from which tax
19 increment revenues may be used for this project, or both. In
20 addition or in the alternative, the bonds issued by the authority
21 under this subsection may be secured by any other revenues
22 identified in section 14 as sources of financing for activities of
23 the authority that the authority shall specifically pledge in the
24 resolution. However, the full faith and credit of the municipality
25 shall not be pledged to secure bonds issued under this subsection.
26 The bond issue may include a sum sufficient to pay interest on the
27 tax increment bonds until full development of tax increment

1 revenues from the project and also a sum to provide a reasonable
2 reserve for payment of principal and interest on the bonds. The
3 resolution authorizing the bonds shall create a lien on the tax
4 increment revenues and other revenues pledged by the resolution
5 that shall be a statutory lien and shall be a first lien subject
6 only to liens previously created. The resolution may provide the
7 terms upon which additional bonds may be issued of equal standing
8 and parity of lien as to the tax increment revenues and other
9 revenues pledged under the resolution. Bonds issued under this
10 subsection that pledge revenue received under section 15 for
11 repayment of the bonds are subject to the revised municipal finance
12 act, 2001 PA 34, MCL 141.2101 to 141.2821.

13 Sec. 21. (1) If a board decides to finance a project in a
14 development area by the use of revenue bonds as authorized in
15 section 16 or tax increment financing as authorized in sections 18,
16 19, and 20, it shall prepare a development plan.

17 (2) The development plan shall contain all of the following:

18 (a) The designation of boundaries of the development area in
19 relation to highways, streets, streams, or otherwise.

20 (b) The location and extent of existing streets and other
21 public facilities within the development area, designating the
22 location, character, and extent of the categories of public and
23 private land uses then existing and proposed for the development
24 area, including residential, recreational, commercial, industrial,
25 educational, and other uses, and including a legal description of
26 the development area.

27 (c) A description of existing improvements in the development

1 area to be demolished, repaired, or altered, a description of any
2 repairs and alterations, and an estimate of the time required for
3 completion.

4 (d) The location, extent, character, and estimated cost of the
5 improvements including rehabilitation contemplated for the
6 development area and an estimate of the time required for
7 completion.

8 (e) A statement of the construction or stages of construction
9 planned, and the estimated time of completion of each stage.

10 (f) A description of any parts of the development area to be
11 left as open space and the use contemplated for the space.

12 (g) A description of any portions of the development area that
13 the authority desires to sell, donate, exchange, or lease to or
14 from the municipality and the proposed terms.

15 (h) A description of desired zoning changes and changes in
16 streets, street levels, intersections, traffic flow modifications,
17 or utilities.

18 (i) An estimate of the cost of the development, a statement of
19 the proposed method of financing the development, and the ability
20 of the authority to arrange the financing.

21 (j) Designation of the person or persons, natural or
22 corporate, to whom all or a portion of the development is to be
23 leased, sold, or conveyed in any manner and for whose benefit the
24 project is being undertaken if that information is available to the
25 authority.

26 (k) The procedures for bidding for the leasing, purchasing, or
27 conveying in any manner of all or a portion of the development upon

1 its completion, if there is no express or implied agreement between
2 the authority and persons, natural or corporate, that all or a
3 portion of the development will be leased, sold, or conveyed in any
4 manner to those persons.

5 (l) Estimates of the number of persons residing in the
6 development area and the number of families and individuals to be
7 displaced. If occupied residences are designated for acquisition
8 and clearance by the authority, a development plan shall include a
9 survey of the families and individuals to be displaced, including
10 their income and racial composition, a statistical description of
11 the housing supply in the community, including the number of
12 private and public units in existence or under construction, the
13 condition of those units in existence, the number of owner-occupied
14 and renter-occupied units, the annual rate of turnover of the
15 various types of housing and the range of rents and sale prices, an
16 estimate of the total demand for housing in the community, and the
17 estimated capacity of private and public housing available to
18 displaced families and individuals.

19 (m) A plan for establishing priority for the relocation of
20 persons displaced by the development in any new housing in the
21 development area.

22 (n) Provision for the costs of relocating persons displaced by
23 the development and financial assistance and reimbursement of
24 expenses, including litigation expenses and expenses incident to
25 the transfer of title, in accordance with the standards and
26 provisions of the uniform relocation assistance and real property
27 acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894.

1 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
2 213.332.

3 (p) The requirement that amendments to an approved development
4 plan or tax increment plan must be submitted by the authority to
5 the governing body for approval or rejection.

6 (q) A schedule to periodically evaluate the effectiveness of
7 the development plan.

8 (r) Other material that the authority, local public agency, or
9 governing body considers pertinent.

10 Sec. 22. (1) The governing body, before adoption of an
11 ordinance approving a development plan or tax increment financing
12 plan, shall hold a public hearing on the development plan. Notice
13 of the time and place of the hearing shall be given by publication
14 twice in a newspaper of general circulation designated by the
15 municipality, the first of which shall be not less than 20 days
16 before the date set for the hearing. Notice of the hearing shall be
17 posted in at least 20 conspicuous and public places in the
18 development area not less than 20 days before the hearing. Notice
19 shall also be mailed to all property taxpayers of record in the
20 development area and to the governing body of each taxing
21 jurisdiction levying taxes that would be subject to capture if the
22 tax increment financing plan is approved not less than 20 days
23 before the hearing.

24 (2) Notice of the time and place of hearing on a development
25 plan shall contain all of the following:

26 (a) A description of the proposed development area in relation
27 to highways, streets, streams, or otherwise.

1 (b) A statement that maps, plats, and a description of the
2 development plan, including the method of relocating families and
3 individuals who may be displaced from the area, are available for
4 public inspection at a place designated in the notice.

5 (c) A statement that all aspects of the development plan will
6 be open for discussion at the public hearing.

7 (d) Other information that the governing body considers
8 appropriate.

9 (3) At the time set for the hearing, the governing body shall
10 provide an opportunity for interested persons to speak and shall
11 receive and consider communications in writing. The hearing shall
12 provide the fullest opportunity for expression of opinion, for
13 argument on the merits, and for consideration of documentary
14 evidence pertinent to the development plan. The governing body
15 shall make and preserve a record of the public hearing, including
16 all data presented at the hearing.

17 Sec. 23. The governing body after a public hearing on the
18 development plan or the tax increment financing plan, or both, with
19 notice given under section 22, shall determine whether the
20 development plan or tax increment financing plan constitutes a
21 public purpose. If it determines that the development plan or tax
22 increment financing plan constitutes a public purpose, it shall by
23 ordinance approve or reject the plan, or approve it with
24 modification, based on the following considerations:

25 (a) The findings and recommendations of a development area
26 citizens council, if a development area citizens council was
27 formed.

1 (b) The plan meets the requirements under section 20(2).

2 (c) The proposed method of financing the development is
3 feasible and the authority has the ability to arrange the
4 financing.

5 (d) The development is reasonable and necessary to carry out
6 the purposes of this act.

7 (e) The land included within the development area to be
8 acquired is reasonably necessary to carry out the purposes of the
9 plan and of this act in an efficient and economically satisfactory
10 manner.

11 (f) The development plan is in reasonable accord with the land
12 use plan of the municipality.

13 (g) Public services, such as fire and police protection and
14 utilities, are or will be adequate to service the project area.

15 (h) Changes in zoning, streets, street levels, intersections,
16 and utilities are reasonably necessary for the project and for the
17 municipality.

18 Sec. 24. A person to be relocated under this act shall be
19 given not less than 90 days' written notice to vacate unless
20 modified by court order issued for good cause and after a hearing.

21 Sec. 25. (1) The director of the authority shall submit a
22 budget to the board for the operation of the authority for each
23 fiscal year before the beginning of the fiscal year. The budget
24 shall be prepared in the manner and contain the information
25 required of municipal departments. After review by the board, the
26 budget shall be submitted to the governing body. The governing body
27 must approve the budget before the board may adopt the budget.

1 Unless authorized by the governing body or this act, funds of the
2 municipality shall not be included in the budget of the authority.

3 (2) The governing body of the municipality may assess a
4 reasonable pro rata share of the funds for the cost of handling and
5 auditing the funds against the funds of the authority, other than
6 those committed, which shall be paid annually by the board pursuant
7 to an appropriate item in its budget.

8 Sec. 26. (1) A public facility, building, or structure that is
9 determined by the municipality to have significant historical
10 interests shall be preserved in a manner considered necessary by
11 the municipality in accordance with laws relative to the
12 preservation of historical sites.

13 (2) An authority shall refer all proposed changes to the
14 exterior of sites listed on the state register of historic sites
15 and the national register of historic places to the applicable
16 historic district commission created under the local historic
17 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the
18 department of history, arts, and libraries for review.

19 Sec. 27. An authority that has completed the purposes for
20 which it was organized shall be dissolved by ordinance of the
21 governing body. The property and assets of the authority remaining
22 after the satisfaction of the obligations of the authority belong
23 to the municipality.

24 Sec. 28. (1) The state tax commission may institute
25 proceedings to compel enforcement of this act.

26 (2) The state tax commission may promulgate rules necessary
27 for the administration of this act under the administrative

1 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.