

**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
24 shall prescribe the method for calculating captured assessed value.

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

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

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

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

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

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

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

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

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

1 (i) A city.

2 (ii) A village.

3 (iii) A township.

4 Sec. 3. As used in this act:

5 (a) "Operations" means office maintenance, including salaries
6 and expenses of employees, office supplies, consultation fees,
7 design costs, and other expenses incurred in the daily management
8 of the authority and planning of its activities.

9 (b) "Parcel" means an identifiable unit of land that is
10 treated as separate for valuation or zoning purposes.

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

25 (d) "Specific local tax" means a tax levied under 1974 PA 198,
26 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
27 255, MCL 207.651 to 207.668, the technology park development act,

1 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
2 211.182. The initial assessed value or current assessed value of
3 property subject to a specific local tax shall be the quotient of
4 the specific local tax paid divided by the ad valorem millage rate.
5 The state tax commission shall prescribe the method for calculating
6 the initial assessed value and current assessed value of property
7 for which a specific local tax was paid in lieu of a property tax.

8 (e) "State fiscal year" means the annual period commencing
9 October 1 of each year.

10 (f) "Tax increment revenues" means the amount of ad valorem
11 property taxes and specific local taxes attributable to the
12 application of the levy of all taxing jurisdictions upon the
13 captured assessed value of real and personal property in the
14 development area. Tax increment revenues do not include any of the
15 following:

16 (i) Taxes under the state education tax act, 1993 PA 331, MCL
17 211.901 to 211.906.

18 (ii) Taxes levied by local or intermediate school districts.

19 (iii) Ad valorem property taxes attributable either to a portion
20 of the captured assessed value shared with taxing jurisdictions
21 within the jurisdictional area of the authority or to a portion of
22 value of property that may be excluded from captured assessed value
23 or specific local taxes attributable to the ad valorem property
24 taxes.

25 (iv) Ad valorem property taxes excluded by the tax increment
26 financing plan of the authority from the determination of the
27 amount of tax increment revenues to be transmitted to the authority

1 or specific local taxes attributable to the ad valorem property
2 taxes.

3 (v) Ad valorem property taxes exempted from capture under
4 section 18(5) or specific local taxes attributable to the ad
5 valorem property taxes.

6 (vi) Ad valorem property taxes specifically levied for the
7 payment of principal and interest of obligations approved by the
8 electors or obligations pledging the unlimited taxing power of the
9 local governmental unit or specific taxes attributable to those ad
10 valorem property taxes.

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

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

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

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

26 (b) Contain at least 10 contiguous parcels or at least 5
27 contiguous acres.

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

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

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

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

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

13 (i) To expedite the local permitting and inspection process in
14 the development area.

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

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

23 (2) In the resolution of intent, the governing body shall
24 state that the proposed development area meets the criteria in
25 section 5, set a date for a public hearing on the adoption of a
26 proposed ordinance creating the authority, and designate the
27 boundaries of the development area. Notice of the public hearing

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

24 (3) Not less than 60 days after the public hearing, if the
25 governing body of the municipality intends to proceed with the
26 establishment of the authority it shall adopt, by majority vote of
27 its members, an ordinance establishing the authority and

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

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

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

27 Sec. 7. If a development area is part of an area annexed to or

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

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

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

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

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

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

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

20 (7) If the boundaries of the development area are the same as
21 those of a business improvement district established under 1961 PA
22 120, MCL 125.981 to 125.990m, the governing body of the
23 municipality may provide that the members of the board of the
24 authority shall be the members of the board of the business
25 improvement district and 1 person shall be a resident of the
26 development area or of an area within 1/2 mile of any part of the
27 development area.

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

27 (2) The board may employ and fix the compensation of a

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

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

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

16 (5) The board may employ other personnel considered necessary
17 by the board.

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

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

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

25 (b) Study and analyze the impact of metropolitan growth upon
26 the development area.

27 (c) Plan and propose the construction, renovation, repair,

1 remodeling, rehabilitation, restoration, preservation, or
2 reconstruction of a public facility, an existing building, or a
3 multiple-family dwelling unit which may be necessary or appropriate
4 to the execution of a plan which, in the opinion of the board, aids
5 in the economic growth of the development area.

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

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

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

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

23 (h) Acquire by purchase or otherwise, on terms and conditions
24 and in a manner the authority considers proper or own, convey, or
25 otherwise dispose of, or lease as lessor or lessee, land and other
26 property, real or personal, or rights or interests in the property,
27 that the authority determines is reasonably necessary to achieve

1 the purposes of this act, and to grant or acquire licenses,
2 easements, and options.

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

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

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

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

18 (m) Acquire and construct public facilities.

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

22 (o) Contract for broadband service and wireless technology
23 service in a development area.

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

26 Sec. 13. A municipality may acquire private property under
27 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to

1 the authority, and may transfer the property to the authority for
2 use in an approved development, on terms and conditions it
3 considers appropriate, and the taking, transfer, and use shall be
4 considered necessary for public purposes and for the benefit of the
5 public.

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

8 (a) Donations to the authority for the performance of its
9 functions.

10 (b) Money borrowed and to be repaid as authorized by sections
11 16 and 17.

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

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

18 (e) Proceeds from a special assessment district created as
19 provided by law.

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

24 (2) Money received by the authority and not covered under
25 subsection (1) shall immediately be deposited to the credit of the
26 authority, subject to disbursement under this act. Except as
27 provided in this act, the municipality shall not obligate itself,

1 and shall not be obligated, to pay any sums from public funds,
2 other than money received by the municipality under this section,
3 for or on account of the activities of the authority.

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

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

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

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

22 (a) The implementation of a development plan in the
23 development area.

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

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

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

5 (b) Any engineering, architectural, legal, accounting, or
6 financial expenses.

7 (c) The costs necessary or incidental to the borrowing of
8 money.

9 (d) Interest on the bonds or notes during the period of
10 construction.

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

13 (f) A reserve for operation and maintenance until sufficient
14 revenues have developed.

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

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

27 (5) Bonds or notes issued under this section are exempt from

1 all taxation in this state except inheritance and transfer taxes,
2 and the interest on the bonds or notes is exempt from all taxation
3 in this state, notwithstanding that the interest may be subject to
4 federal income tax.

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

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

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

1 intended to be used by the authority shall be clearly stated in the
2 tax increment financing plan. The authority or municipality may
3 exclude from captured assessed value growth in property value
4 resulting solely from inflation. The plan shall set forth the
5 method for excluding growth in property value resulting solely from
6 inflation.

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

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

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

27 (5) Not more than 60 days after the public hearing, the

1 governing body in a taxing jurisdiction levying ad valorem property
2 taxes that would otherwise be subject to capture may exempt its
3 taxes from capture by adopting a resolution to that effect and
4 filing a copy with the clerk of the municipality proposing to
5 create the authority. The resolution shall take effect when filed
6 with the clerk and remains effective until a copy of a resolution
7 rescinding that resolution is filed with that clerk.

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

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

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

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

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

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

1 (d) The amount of principal and interest on any outstanding
2 bonded indebtedness.

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

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

5 (g) The tax increment revenues received.

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

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

10 (j) Any additional information the governing body considers
11 necessary.

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

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

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

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

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

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

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

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

25 (c) A description of existing improvements in the development
26 area to be demolished, repaired, or altered, a description of any
27 repairs and alterations, and an estimate of the time required for

1 completion.

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

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

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

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

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

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

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

24 (k) The procedures for bidding for the leasing, purchasing, or
25 conveying in any manner of all or a portion of the development upon
26 its completion, if there is no express or implied agreement between
27 the authority and persons, natural or corporate, that all or a

1 portion of the development will be leased, sold, or conveyed in any
2 manner to those persons.

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

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

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

26 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
27 213.332.

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

4 (q) A schedule to periodically evaluate the effectiveness of
5 the development plan.

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

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

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

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

26 (b) A statement that maps, plats, and a description of the
27 development plan, including the method of relocating families and

1 individuals who may be displaced from the area, are available for
2 public inspection at a place designated in the notice.

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

5 (d) Other information that the governing body considers
6 appropriate.

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

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

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

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

27 (c) The proposed method of financing the development is

1 feasible and the authority has the ability to arrange the
2 financing.

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

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

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

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

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

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

19 Sec. 25. (1) The director of the authority shall submit a
20 budget to the board for the operation of the authority for each
21 fiscal year before the beginning of the fiscal year. The budget
22 shall be prepared in the manner and contain the information
23 required of municipal departments. After review by the board, the
24 budget shall be submitted to the governing body. The governing body
25 must approve the budget before the board may adopt the budget.
26 Unless authorized by the governing body or this act, funds of the
27 municipality shall not be included in the budget of the authority.

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

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

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

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

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

24 (2) The state tax commission may promulgate rules necessary
25 for the administration of this act under the administrative
26 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.