

# HOUSE BILL No. 4181

February 3, 2005, Introduced by Rep. Hunter and referred to the Committee on Commerce.

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

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 1. This act shall be known and may be cited as the  
2 "neighborhood 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 neighborhood improvement authority  
15 created under this act.

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

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

23           (f) "Chief executive officer" means the mayor or city manager  
24 of a city.

25           (g) "Development area" means that area described in section 5  
26 to which a development plan is applicable.

27           (h) "Development plan" means that information and those

1 requirements for a development area set forth in section 22.

2 (i) "Development program" means the implementation of the  
3 development plan.

4 (j) "Fiscal year" means the fiscal year of the authority.

5 (k) "Governing body" or "governing body of a municipality"  
6 means the elected body of a municipality having legislative powers.

7 (l) "Housing" means privately owned housing or publicly owned  
8 housing, individual or multifamily.

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

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

24 (o) "Municipality" means a city.

25 (p) "Residential district" means an area of a municipality  
26 zoned and used principally for residential housing.

27 Sec. 3. As used in this act:

1 (a) "Operations" means office maintenance, including salaries  
2 and expenses of employees, office supplies, consultation fees,  
3 design costs, and other expenses incurred in the daily management  
4 of the authority and planning of its activities.

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

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

20 (d) "Specific local tax" means a tax levied under 1974 PA 198,  
21 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
22 255, MCL 207.651 to 207.668, the technology park development act,  
23 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to  
24 211.182. The initial assessed value or current assessed value of  
25 property subject to a specific local tax shall be the quotient of  
26 the specific local tax paid divided by the ad valorem millage rate.  
27 The state tax commission shall prescribe the method for calculating

1 the initial assessed value and current assessed value of property  
2 for which a specific local tax was paid in lieu of a property tax.

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

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

11 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
12 211.901 to 211.906.

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

14 (iii) Ad valorem property taxes attributable either to a portion  
15 of the captured assessed value shared with taxing jurisdictions  
16 within the jurisdictional area of the authority or to a portion of  
17 value of property that may be excluded from captured assessed value  
18 or specific local taxes attributable to the ad valorem property  
19 taxes.

20 (iv) Ad valorem property taxes excluded by the tax increment  
21 financing plan of the authority from the determination of the  
22 amount of tax increment revenues to be transmitted to the authority  
23 or specific local taxes attributable to the ad valorem property  
24 taxes.

25 (v) Specific local taxes attributable to the ad valorem  
26 property taxes.

27 (vi) Ad valorem property taxes specifically levied for the

1 payment of principal and interest of obligations approved by the  
2 electors or obligations pledging the unlimited taxing power of the  
3 local governmental unit or specific taxes attributable to those ad  
4 valorem property taxes.

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

9       (2) An authority is a public body corporate that may sue and  
10 be sued in any court of this state. An authority possesses all the  
11 powers necessary to carry out its purpose. The enumeration of a  
12 power in this act shall not be construed as a limitation upon the  
13 general powers of an authority.

14       Sec. 5. (1) If the governing body of a municipality determines  
15 that it is necessary for the best interests of the public to halt  
16 property value deterioration and increase property tax valuation  
17 where possible in a residential district, to eliminate the causes  
18 of that deterioration, to promote residential growth and to promote  
19 economic growth, the governing body may, by resolution, declare its  
20 intention to create and provide for the operation of an authority.

21       (2) In the resolution of intent, the governing body shall set  
22 a date for a public hearing on the adoption of a proposed ordinance  
23 creating the authority and designating the boundaries of the  
24 development area. Notice of the public hearing shall be published  
25 twice in a newspaper of general circulation in the municipality,  
26 not less than 20 or more than 40 days before the date of the  
27 hearing. Not less than 20 days before the hearing, the governing

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

21 (3) Not less than 60 days after the public hearing, if the  
22 governing body of the municipality intends to proceed with the  
23 establishment of the authority it shall adopt, by majority vote of  
24 its members, an ordinance establishing the authority and  
25 designating the boundaries of the development area within which the  
26 authority shall exercise its powers. The adoption of the ordinance  
27 is subject to any applicable statutory or charter provisions in

1 respect to the approval or disapproval by the chief executive or  
2 other officer of the municipality and the adoption of an ordinance  
3 over his or her veto. This ordinance shall be filed with the  
4 secretary of state promptly after its adoption and shall be  
5 published at least once in a newspaper of general circulation in  
6 the municipality.

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

11 (5) A residential district or development area under this act  
12 shall not include an area of a municipality that is part of a  
13 residential district or a development area under the historical  
14 neighborhood tax increment finance authority act.

15 Sec. 6. If a development area is part of an area annexed to or  
16 consolidated with another municipality, the authority managing that  
17 development area shall become an authority of the annexing or  
18 consolidated municipality. Obligations of that authority incurred  
19 under a development or tax increment plan, agreements related to a  
20 development or tax increment plan, and bonds issued under this act  
21 shall remain in effect following the annexation or consolidation.

22 Sec. 7. (1) An authority shall be under the supervision and  
23 control of a board consisting of the chief executive officer of the  
24 municipality or his or her designee and not less than 5 or more  
25 than 9 members as determined by the governing body of the  
26 municipality. Members shall be appointed by the chief executive  
27 officer of the municipality, subject to approval by the governing



1 body of the municipality. Not less than a majority of the members  
2 shall be persons having an ownership or business interest in  
3 property located in the development area. At least 1 of the members  
4 shall be a resident of the development area or of an area within  
5 1/2 mile of any part of the development area. Of the members first  
6 appointed, an equal number of the members, as near as is  
7 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4  
8 years. A member shall hold office until the member's successor is  
9 appointed. After the initial appointment, each member shall serve  
10 for a term of 4 years. An appointment to fill a vacancy shall be  
11 made by the chief executive officer of the municipality for the  
12 unexpired term only. Members of the board shall serve without  
13 compensation, but shall be reimbursed for actual and necessary  
14 expenses. The chairperson of the board shall be elected by the  
15 board.

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

19 (3) The proceedings and rules of the board are subject to the  
20 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board  
21 shall adopt rules governing its procedure and the holding of  
22 regular meetings, subject to the approval of the governing body.  
23 Special meetings may be held if called in the manner provided in  
24 the rules of the board.

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

1 (5) All expense items of the authority shall be publicized  
2 monthly and the financial records shall always be open to the  
3 public.

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

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

1 designate a qualified person as acting director to perform the  
2 duties of the office. Before beginning his or her duties, the  
3 acting director shall take and subscribe to the oath, and furnish  
4 bond, as required of the director. The director shall furnish the  
5 board with information or reports governing the operation of the  
6 authority as the board requires.

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

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

19 (4) The board may retain legal counsel to advise the board in  
20 the proper performance of its duties. The legal counsel shall  
21 represent the authority in actions brought by or against the  
22 authority.

23 (5) The board may employ other personnel considered necessary  
24 by the board.

25 Sec. 9. The employees of an authority shall be eligible to  
26 participate in municipal retirement and insurance programs of the  
27 municipality as if they were civil service employees except that

1 the employees of an authority are not civil service employees.

2 Sec. 10. The board may do any of the following:

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

5 (b) Study and analyze the impact of metropolitan growth upon  
6 the development area.

7 (c) Plan and propose the construction, renovation, repair,  
8 remodeling, rehabilitation, restoration, preservation, or  
9 reconstruction of a public facility, an existing building, or a  
10 multiple-family dwelling unit which may be necessary or appropriate  
11 to the execution of a plan which, in the opinion of the board, aids  
12 in the residential growth and economic growth of the development  
13 area.

14 (d) Plan, propose, and implement an improvement to a public  
15 facility within the development area to comply with the barrier  
16 free design requirements of the state construction code promulgated  
17 under the Stille-DeRossett-Hale single state construction code act,  
18 1972 PA 230, MCL 125.1501 to 125.1531.

19 (e) Develop long-range plans, in cooperation with the agency  
20 that is chiefly responsible for planning in the municipality,  
21 designed to halt the deterioration of property values in the  
22 development area and to promote the residential growth and economic  
23 growth of the development area, and take steps as may be necessary  
24 to persuade property owners to implement the plans to the fullest  
25 extent possible.

26 (f) Implement any plan of development, including housing for  
27 low-income individuals, in the development area necessary to

1 achieve the purposes of this act in accordance with the powers of  
2 the authority granted by this act.

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

5 (h) Acquire by purchase or otherwise, on terms and conditions  
6 and in a manner the authority considers proper or own, convey, or  
7 otherwise dispose of, or lease as lessor or lessee, land and other  
8 property, real or personal, or rights or interests in the property,  
9 that the authority determines is reasonably necessary to achieve  
10 the purposes of this act, and to grant or acquire licenses,  
11 easements, and options.

12 (i) Improve land and construct, reconstruct, rehabilitate,  
13 restore and preserve, equip, clear, improve, maintain, repair, and  
14 operate any public facility, building, including multiple-family  
15 dwellings, and any necessary or desirable appurtenances to those  
16 buildings, within the development area for the use, in whole or in  
17 part, of any public or private person or corporation, or a  
18 combination thereof.

19 (j) Fix, charge, and collect fees, rents, and charges for the  
20 use of any facility, building, or property under its control or any  
21 part of the facility, building, or property, and pledge the fees,  
22 rents, and charges for the payment of revenue bonds issued by the  
23 authority.

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

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

1 (m) Acquire and construct public facilities.

2 Sec. 11. The authority is an instrumentality of a political  
3 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

4 Sec. 12. A municipality may acquire private property under  
5 1911 PA 149, MCL 213.21 to 213.25, or the uniform condemnation  
6 procedures act, 1980 PA 87, MCL 213.51 to 213.75, for the purposes  
7 of transfer to the authority, and may transfer the property to the  
8 authority for use in an approved development, on terms and  
9 conditions it considers appropriate, and the taking, transfer, and  
10 use shall be considered necessary for public purposes and for the  
11 benefit of the public.

12 Sec. 13. (1) The activities of the authority shall be financed  
13 from 1 or more of the following sources:

14 (a) Donations to the authority for the performance of its  
15 functions.

16 (b) Money borrowed and to be repaid as authorized by sections  
17 15 and 16.

18 (c) Revenues from any property, building, or facility owned,  
19 leased, licensed, or operated by the authority or under its  
20 control, subject to the limitations imposed upon the authority by  
21 trusts or other agreements.

22 (d) Proceeds of a tax increment financing plan established  
23 under sections 17 to 19.

24 (e) Proceeds from a special assessment district created as  
25 provided by law.

26 (f) Money obtained from other sources approved by the  
27 governing body of the municipality or otherwise authorized by law

1 for use by the authority or the municipality to finance a  
2 development program.

3 (2) Money received by the authority and not covered under  
4 subsection (1) shall immediately be deposited to the credit of the  
5 authority, subject to disbursement under this act. Except as  
6 provided in this act, the municipality shall not obligate itself,  
7 and shall not be obligated, to pay any sums from public funds,  
8 other than money received by the municipality under this section,  
9 for or on account of the activities of the authority.

10 Sec. 14. The municipality may at the request of the authority  
11 borrow money and issue its notes under the revised municipal  
12 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation  
13 of collection of the ad valorem tax authorized in this section.

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

22 Sec. 16. (1) The authority may with approval of the local  
23 governing body borrow money and issue its revenue bonds or notes to  
24 finance all or part of the costs of acquiring or constructing  
25 property in connection with either of the following:

26 (a) The implementation of a development plan in the  
27 development area.

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

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

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

9 (b) Any engineering, architectural, legal, accounting, or  
10 financial expenses.

11 (c) The costs necessary or incidental to the borrowing of  
12 money.

13 (d) Interest on the bonds or notes during the period of  
14 construction.

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

17 (f) A reserve for operation and maintenance until sufficient  
18 revenues have developed.

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

22 (4) A pledge made by the authority is valid and binding from  
23 the time the pledge is made. The money or property pledged by the  
24 authority immediately is subject to the lien of the pledge without  
25 a physical delivery, filing, or further act. The lien of a pledge  
26 is valid and binding against parties having claims of any kind in  
27 tort, contract, or otherwise, against the authority, whether or not



1 the parties have notice of the lien. Neither the resolution, the  
2 trust agreement, nor any other instrument by which a pledge is  
3 created must be filed or recorded to be enforceable.

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

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

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

20 Sec. 17. (1) If the authority determines that it is necessary  
21 for the achievement of the purposes of this act, the authority  
22 shall prepare and submit a tax increment financing plan to the  
23 governing body of the municipality. The plan shall include a  
24 development plan as provided in section 19, a detailed explanation  
25 of the tax increment procedure, the maximum amount of bonded  
26 indebtedness to be incurred, and the duration of the program, and  
27 shall be in compliance with section 18. The plan shall contain a

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

11 (2) Approval of the tax increment financing plan shall comply  
12 with the notice, hearing, and disclosure provisions of section 21.  
13 If the development plan is part of the tax increment financing  
14 plan, only 1 hearing and approval procedure is required for the 2  
15 plans together.

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

27 (4) A tax increment financing plan may be modified if the

1 modification is approved by the governing body upon notice and  
2 after public hearings and agreements as are required for approval  
3 of the original plan.

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

12 Sec. 18. (1) The municipal and county treasurers shall  
13 transmit tax increment revenues to the authority.

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

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

1 include the following:

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

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

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

5 (d) The amount of principal and interest on any outstanding  
6 bonded indebtedness.

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

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

9 (g) The tax increment revenues received.

10 (h) The number of public facilities developed.

11 (i) The amount of public housing created or improved.

12 (j) The number of jobs created as a result of the  
13 implementation of the tax increment financing plan.

14 (k) Any additional information the governing body considers  
15 necessary.

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

1 under section 13 to be available for payment of principal and  
2 interest on the bonds, to the governing body of the municipality.  
3 This estimate shall be approved by the governing body of the  
4 municipality by resolution adopted by majority vote of the members  
5 of the governing body in the resolution authorizing the bonds. If  
6 the governing body of the municipality adopts the resolution  
7 authorizing the bonds, the estimate of the anticipated tax  
8 increment revenues and other revenue available under section 13 to  
9 be available for payment of principal and interest on the bonds  
10 shall be conclusive for purposes of this section. The bonds issued  
11 under this subsection shall be considered a single series for the  
12 purposes of the revised municipal finance act, 2001 PA 34, MCL  
13 141.2101 to 141.2821.

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

1 The bond issue may include a sum sufficient to pay interest on the  
2 tax increment bonds until full development of tax increment  
3 revenues from the project and also a sum to provide a reasonable  
4 reserve for payment of principal and interest on the bonds. The  
5 resolution authorizing the bonds shall create a lien on the tax  
6 increment revenues and other revenues pledged by the resolution  
7 that shall be a statutory lien and shall be a first lien subject  
8 only to liens previously created. The resolution may provide the  
9 terms upon which additional bonds may be issued of equal standing  
10 and parity of lien as to the tax increment revenues and other  
11 revenues pledged under the resolution. Bonds issued under this  
12 subsection that pledge revenue received under section 14 for  
13 repayment of the bonds are subject to the revised municipal finance  
14 act, 2001 PA 34, MCL 141.2101 to 141.2821.

15 Sec. 20. (1) If a board decides to finance a project in a  
16 development area by the use of revenue bonds as authorized in  
17 section 15 or tax increment financing as authorized in sections 17,  
18 18, and 19, it shall prepare a development plan.

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

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

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

1 the development area.

2 (c) A description of existing improvements in the development  
3 area to be demolished, repaired, or altered, a description of any  
4 repairs and alterations, and an estimate of the time required for  
5 completion.

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

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

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

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

17 (h) A description of desired zoning changes and changes in  
18 streets, street levels, intersections, or utilities.

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

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

27 (k) The procedures for bidding for the leasing, purchasing, or

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

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

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

23 (n) Provision for the costs of relocating persons displaced by  
24 the development and financial assistance and reimbursement of  
25 expenses, including litigation expenses and expenses incident to  
26 the transfer of title, in accordance with the standards and  
27 provisions of the uniform relocation assistance and real property



1 acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894.

2 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to  
3 213.332.

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

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

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

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

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

27 (b) A statement that maps, plats, and a description of the

1 development plan, including the method of relocating families and  
2 individuals who may be displaced from the area, are available for  
3 public inspection at a place designated in the notice.

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

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

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

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

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

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

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

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

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

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

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

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

17 Sec. 23. A person to be relocated under this act shall be  
18 given not less than 90 days' written notice to vacate unless  
19 modified by court order issued for good cause and after a hearing.

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

1 municipality shall not be included in the budget of the authority.

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

7 Sec. 25. An authority that has completed the purposes for  
8 which it was organized shall be dissolved by ordinance of the  
9 governing body. The property and assets of the authority remaining  
10 after the satisfaction of the obligations of the authority belong  
11 to the municipality.

12 Sec. 26. (1) The state tax commission may institute  
13 proceedings to compel enforcement of this act.

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