

SENATE BILL No. 34

January 25, 2005, Introduced by Senator JACOBS and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

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.

25 (g) "Chief executive officer" means the mayor or city manager

1 of a city.

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

4 (i) "Development plan" means that information and those
5 requirements for a development area set forth in section 22.

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

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

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

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

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

26 (o) "Municipality" means a city.

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 a street, plaza, pedestrian mall,
8 and any improvements to a street, plaza, or pedestrian mall
9 including street furniture and beautification, park, parking
10 facility, recreational facility, right of way, structure, waterway,
11 bridge, lake, pond, canal, utility line or pipe, or building,
12 including access routes designed and dedicated to use by the public
13 generally, or used by a public agency. Public facility includes an
14 improvement to a facility used by the public or a public facility
15 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
16 if the improvement complies with the barrier free design
17 requirements of the state construction code promulgated under the
18 Stille-DeRossett-Hale single state construction code act, 1972 PA
19 230, 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) Ad valorem property taxes exempted from capture under
26 section 18(5) or specific local taxes attributable to the ad
27 valorem property taxes.

1 (vi) Ad valorem property taxes specifically levied for the
2 payment of principal and interest of obligations approved by the
3 electors or obligations pledging the unlimited taxing power of the
4 local governmental unit or specific taxes attributable to those ad
5 valorem property taxes.

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

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

15 Sec. 5. (1) A development area shall only be established in a
16 municipality and shall comply with all of the following criteria:

17 (a) Be adjacent to a road classified as an arterial or
18 collector according to the federal highway administration manual
19 "Highway Functional Classification - Concepts, Criteria and
20 Procedures".

21 (b) Contain at least 10 contiguous parcels or at least 5
22 acres.

23 (c) The municipality's current land use plan allows commercial
24 use for all parcels in the proposed development area.

25 (d) More than 1/2 of the ground floor square footage in the
26 development area is classified as commercial real property under
27 section 34c of the general property tax act, 1893 PA 206, MCL

1 211.34c.

2 (e) Business use has been allowed under the zoning ordinance
3 or conducted in the development area for the immediately preceding
4 40 years.

5 (2) As used in this section, "business use" means a use for
6 monetary gain or other remuneration.

7 Sec. 6. (1) If the governing body of a municipality determines
8 that it is necessary for the best interests of the public to halt
9 property value deterioration and increase property tax valuation
10 where possible in a business district, to eliminate the causes of
11 that deterioration, and to promote economic growth, the governing
12 body may, by resolution, declare its intention to create and
13 provide for the operation of an authority.

14 (2) In the resolution of intent, the governing body shall set
15 a date for a public hearing on the adoption of a proposed ordinance
16 creating the authority and designating the boundaries of the
17 development area. Notice of the public hearing shall be published
18 twice in a newspaper of general circulation in the municipality,
19 not less than 20 or more than 40 days before the date of the
20 hearing. Not less than 20 days before the hearing, the governing
21 body proposing to create the authority shall also mail notice of
22 the hearing to the property taxpayers of record in the proposed
23 development area and to the governing body of each taxing
24 jurisdiction levying taxes that would be subject to capture if the
25 authority is established and a tax increment financing plan is
26 approved. Failure of a property taxpayer to receive the notice does
27 not invalidate these proceedings. Notice of the hearing shall be

1 posted in at least 20 conspicuous and public places in the proposed
2 development area not less than 20 days before the hearing. The
3 notice shall state the date, time, and place of the hearing and
4 shall describe the boundaries of the proposed development area. A
5 citizen, taxpayer, or property owner of the municipality or an
6 official from a taxing jurisdiction with millage that would be
7 subject to capture has the right to be heard in regard to the
8 establishment of the authority and the boundaries of the proposed
9 development area. The governing body of the municipality shall not
10 incorporate land into the development area not included in the
11 description contained in the notice of public hearing, but it may
12 eliminate described lands from the development area in the final
13 determination of the boundaries.

14 (3) Not less than 60 days after the public hearing, if the
15 governing body of the municipality intends to proceed with the
16 establishment of the authority it shall adopt, by majority vote of
17 its members, an ordinance establishing the authority and
18 designating the boundaries of the development area within which the
19 authority shall exercise its powers. The adoption of the ordinance
20 is subject to any applicable statutory or charter provisions in
21 respect to the approval or disapproval by the chief executive or
22 other officer of the municipality and the adoption of an ordinance
23 over his or her veto. This ordinance shall be filed with the
24 secretary of state promptly after its adoption and shall be
25 published at least once in a newspaper of general circulation in
26 the municipality.

27 (4) The governing body of the municipality may alter or amend

1 the boundaries of the development area to include or exclude lands
2 from the development area in the same manner as adopting the
3 ordinance creating the authority.

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

11 Sec. 8. (1) Except as provided in subsections (7), (8), and
12 (9), an authority shall be under the supervision and control of a
13 board consisting of the chief executive officer of the municipality
14 or his or her assignee and not less than 5 or more than 9 members
15 as determined by the governing body of the municipality. Members
16 shall be appointed by the chief executive officer of the
17 municipality, subject to approval by the governing body of the
18 municipality. Not less than a majority of the members shall be
19 persons having an ownership or business interest in property
20 located in the development area. At least 1 of the members shall be
21 a resident of the development area or of an area within 1/2 mile of
22 any part of the development area. Of the members first appointed,
23 an equal number of the members, as near as is practicable, shall be
24 appointed for 1 year, 2 years, 3 years, and 4 years. A member shall
25 hold office until the member's successor is appointed. After the
26 initial appointment, each member shall serve for a term of 4 years.
27 An appointment to fill a vacancy shall be made by the chief

1 executive officer of the municipality for the unexpired term only.
2 Members of the board shall serve without compensation, but shall be
3 reimbursed for actual and necessary expenses. The chairperson of
4 the board shall be elected by the board.

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

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

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

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

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

24 (7) By ordinance, the governing body of a municipality that
25 has a population of less than 5,000 may have the municipality's
26 planning commission created under section 2 of 1931 PA 285, MCL
27 125.32, serve as the board provided for in subsection (1).

1 (8) If the boundaries of the development area are the same as
2 those of a business improvement district established under 1961 PA
3 120, MCL 125.981 to 125.990m, the governing body of the
4 municipality may provide that the members of the board of the
5 authority shall be the members of the board of the business
6 improvement district and 1 person shall be a resident of the
7 development area or of an area within 1/2 mile of any part of the
8 development area.

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

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

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

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

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

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

26 Sec. 10. The employees of an authority shall be eligible to
27 participate in municipal retirement and insurance programs of the

1 municipality as if they were civil service employees except that
2 the employees of an authority are not civil service employees.

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

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

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

8 (c) Plan and propose the construction, renovation, repair,
9 remodeling, rehabilitation, restoration, preservation, or
10 reconstruction of a public facility, an existing building, or a
11 multiple-family dwelling unit which may be necessary or appropriate
12 to the execution of a plan which, in the opinion of the board, aids
13 in the economic growth of the development 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 economic growth of the
23 development area, and take steps as may be necessary to persuade
24 property owners to implement the plans to the fullest extent
25 possible.

26 (f) Implement any plan of development in the development area
27 necessary to achieve the purposes of this act in accordance with

1 the powers of the authority granted by this act.

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

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

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

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

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

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

26 (m) Acquire and construct public facilities.

27 (n) Conduct market research and public relations campaigns,

1 develop, coordinate, and conduct retail and institutional
2 promotions, and sponsor special events and related activities.

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

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

12 Sec. 14. (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) Proceeds of a tax imposed under section 15.

17 (c) Money borrowed and to be repaid as authorized by sections
18 16 and 17.

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

23 (e) Proceeds of a tax increment financing plan established
24 under sections 18 to 20.

25 (f) Proceeds from a special assessment district created as
26 provided by law.

27 (g) Money obtained from other sources approved by the

1 governing body of the municipality or otherwise authorized by law
2 for use by the authority or the municipality to finance a
3 development program.

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

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

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

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

25 Sec. 17. (1) The authority may with approval of the local
26 governing body borrow money and issue its revenue bonds or notes to
27 finance all or part of the costs of acquiring or constructing

1 property in connection with either of the following:

2 (a) The implementation of a development plan in the
3 development area.

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

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

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

12 (b) Any engineering, architectural, legal, accounting, or
13 financial expenses.

14 (c) The costs necessary or incidental to the borrowing of
15 money.

16 (d) Interest on the bonds or notes during the period of
17 construction.

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

20 (f) A reserve for operation and maintenance until sufficient
21 revenues have developed.

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

25 (4) A pledge made by the authority is valid and binding from
26 the time the pledge is made. The money or property pledged by the
27 authority immediately is subject to the lien of the pledge without

1 a physical delivery, filing, or further act. The lien of a pledge
2 is valid and binding against parties having claims of any kind in
3 tort, contract, or otherwise, against the authority, whether or not
4 the parties have notice of the lien. Neither the resolution, the
5 trust agreement, nor any other instrument by which a pledge is
6 created must be filed or recorded to be enforceable.

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

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

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

23 Sec. 18. (1) If the authority determines that it is necessary
24 for the achievement of the purposes of this act, the authority
25 shall prepare and submit a tax increment financing plan to the
26 governing body of the municipality. The plan shall include a
27 development plan as provided in section 20, a detailed explanation

1 of the tax increment procedure, the maximum amount of bonded
2 indebtedness to be incurred, and the duration of the program, and
3 shall be in compliance with section 19. The plan shall contain a
4 statement of the estimated impact of tax increment financing on the
5 assessed values of all taxing jurisdictions in which the
6 development area is located. The plan may provide for the use of
7 part or all of the captured assessed value, but the portion
8 intended to be used by the authority shall be clearly stated in the
9 tax increment financing plan. The authority or municipality may
10 exclude from captured assessed value growth in property value
11 resulting solely from inflation. The plan shall set forth the
12 method for excluding growth in property value resulting solely from
13 inflation.

14 (2) Approval of the tax increment financing plan shall comply
15 with the notice, hearing, and disclosure provisions of section 22.
16 If the development plan is part of the tax increment financing
17 plan, only 1 hearing and approval procedure is required for the 2
18 plans together.

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

1 which the development area is located to share a portion of the
2 captured assessed value of the development area.

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

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

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

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

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

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

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

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

8 (d) The amount of principal and interest on any outstanding
9 bonded indebtedness.

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

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

12 (g) The tax increment revenues received.

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

15 (i) Any additional information the governing body considers
16 necessary.

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

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

15 (2) By resolution of its governing body, the authority may
16 authorize, issue, and sell tax increment bonds subject to the
17 limitations set forth in this subsection to finance the development
18 program of the tax increment financing plan. The tax increment
19 bonds issued by the authority under this subsection shall pledge
20 solely the tax increment revenues of a development area in which
21 the project is located or a development area from which tax
22 increment revenues may be used for this project, or both. In
23 addition or in the alternative, the bonds issued by the authority
24 under this subsection may be secured by any other revenues
25 identified in section 14 as sources of financing for activities of
26 the authority that the authority shall specifically pledge in the
27 resolution. However, the full faith and credit of the municipality

1 shall not be pledged to secure bonds issued under this subsection.
2 The bond issue may include a sum sufficient to pay interest on the
3 tax increment bonds until full development of tax increment
4 revenues from the project and also a sum to provide a reasonable
5 reserve for payment of principal and interest on the bonds. The
6 resolution authorizing the bonds shall create a lien on the tax
7 increment revenues and other revenues pledged by the resolution
8 that shall be a statutory lien and shall be a first lien subject
9 only to liens previously created. The resolution may provide the
10 terms upon which additional bonds may be issued of equal standing
11 and parity of lien as to the tax increment revenues and other
12 revenues pledged under the resolution. Bonds issued under this
13 subsection that pledge revenue received under section 15 for
14 repayment of the bonds are subject to the revised municipal finance
15 act, 2001 PA 34, MCL 141.2101 to 141.2821.

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

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

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

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

1 educational, and other uses, and including a legal description of
2 the development area.

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

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

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

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

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

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

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

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

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

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

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

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

1 provisions of the uniform relocation assistance and real property
2 acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894.

3 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
4 213.332.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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