

Legislative Analysis



JOINT CORRIDOR IMPROVEMENT AUTHORITY

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House Bill 5142

Sponsor: Rep. Mark Ouimet

Committee: Local, Intergovernmental, and Regional Affairs

Complete to 11-9-11

A SUMMARY OF HOUSE BILL 5142 AS INTRODUCED 11-1-11

House Bill 5142 would amend the Corridor Improvement Authority Act to provide for joint corridor improvement authorities.

The Corridor Improvement Act, as enacted in 2005, allowed municipalities (defined to mean a city, village, or township) to create special authorities to redevelop commercial corridors ("development areas") that are at least 30 years old and promote economic growth. A corridor improvement authority is to be created and operated in a manner similar to a downtown development authority. Once created, a corridor improvement authority can establish a tax increment finance plan, levy a special assessment, and issue revenue bonds and notes. It cannot levy an ad valorem tax. Tax increment financing plans of corridor improvement authorities cannot capture state and local school taxes (except for special authorities dealing with transit-related development). Also, a municipality that has created an authority may enter into an agreement with an adjoining municipality that has created an authority to jointly operate and administer those authorities under an interlocal agreement under the Urban Cooperation Act of 1967.

House Bill 5142 would specify that a city, village, or township could, by resolution, join with one or more cities, villages, or townships to create a joint authority under the act.

The bill specifies that if two or more cities, villages, or townships created a joint authority, then the board of that authority would consist of three individuals appointed by each participating city, village, or township. Like current board members serving on municipal corridor boards, they would be appointed by the chief executive officer of the municipality, serve without compensation, and at least a majority would have to be people having an ownership or business interest in property that is located in the development area. Further and under the bill, each of the individuals would be appointed for terms of two-years, three-years, and four-years.

As is now the case for municipal corridor authorities, the board members of a joint municipal corridor authority, by a majority vote, could identify a development area; capture the annual incremental increase in property tax revenue from the taxable value of the properties there; and use those funds to make improvements within the boundaries of the development area. Under the law, the board may, among other things, prepare analyses of economic changes taking place in the development area, including the impact of metropolitan growth; plan and propose construction, renovation, repair, or restoration of a

public facility; improve a public facility to comply with the barrier free design requirements of the state construction code; develop long-range plans; make and enter into contracts; acquire or lease land; collect fees or rents for the use of facilities; accept grants and donations of property and labor; conduct market research and public relations campaigns; and contract for broadband service and wireless technology service in the development area. House Bill 5142 would retain all of these provisions.

MCL 125.2872 et al.

FISCAL IMPACT:

The impact on local revenues would depend on the number and nature of the joint authorities created by local units. They cannot levy an ad valorem tax. Corridor improvement authorities cannot capture state and local school taxes (except for special authorities dealing with transit-related development).

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