

# HOUSE BILL NO. 6040

November 07, 2024, Introduced by Rep. Phil Green and referred to the Committee on Economic Development and Small Business.

A bill to amend 2018 PA 57, entitled  
"Recodified tax increment financing act,"  
by amending sections 201, 203, 301, 303, 402, 404, 523, 603, 618,  
703, 715, 803, and 814 (MCL 125.4201, 125.4203, 125.4301, 125.4303,  
125.4402, 125.4404, 125.4523, 125.4603, 125.4618, 125.4703,  
125.4715, 125.4803, and 125.4814), section 402 as amended by 2023  
PA 312.

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

- 1       Sec. 201. As used in this part:
- 2       (a) "Advance" means a transfer of funds made by a municipality

1 to an authority or to another person on behalf of the authority in  
2 anticipation of repayment by the authority. Evidence of the intent  
3 to repay an advance ~~may include,~~ **includes**, but is not limited to,  
4 an executed agreement to repay, provisions contained in a tax  
5 increment financing plan approved ~~prior to~~ **before** the advance, or a  
6 resolution of the authority or the municipality.

7 (b) "Assessed value" means 1 of the following:

8 (i) For valuations made before January 1, 1995, the state  
9 equalized valuation as determined under the general property tax  
10 act, 1893 PA 206, MCL 211.1 to 211.155.

11 (ii) For valuations made after December 31, 1994, the taxable  
12 value as determined under section 27a of the general property tax  
13 act, 1893 PA 206, MCL 211.27a.

14 (c) "Authority" means a downtown development authority created  
15 ~~pursuant to~~ **under** this part.

16 (d) "Board" means the ~~governing body of~~ **board that supervises**  
17 **and controls** an authority **under section 204**.

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

20 (f) "Captured assessed value" means the amount in any 1 year  
21 by which the current assessed value of the project area, including  
22 the assessed value of property for which specific local taxes are  
23 paid in lieu of property taxes as determined in subdivision (aa),  
24 exceeds the initial assessed value. The state tax commission shall  
25 prescribe the method for calculating captured assessed value.

26 (g) "Catalyst development project" means a project that is  
27 located in a municipality with a population greater than 600,000,  
28 is designated by the authority as a catalyst development project,  
29 and is expected to result in ~~at least~~ **not less than** \$300,000,000.00

1 of capital investment. There ~~shall~~**must not** be ~~no~~ more than 1  
2 catalyst development project designated within each authority.

3 (h) "Chief executive officer" means the mayor or city manager  
4 of a city, the president or village manager of a village, or the  
5 supervisor of a township or, if designated by the township board  
6 for purposes of this part, the township superintendent or township  
7 manager of a township.

8 (i) "Development area" means that area to which a development  
9 plan is applicable.

10 (j) "Development plan" means that information and those  
11 requirements for a development plan set forth in section 217.

12 (k) "Development program" means the implementation of the  
13 development plan.

14 (l) "Downtown district" means that part of an area in a  
15 business district that is specifically designated by ordinance of  
16 the governing body of the municipality ~~pursuant to~~**under** this part.  
17 A downtown district may include 1 or more separate and distinct  
18 geographic areas in a business district as determined by the  
19 municipality if the municipality enters into an agreement with a  
20 qualified township under section 203(7) or if the municipality is a  
21 city that surrounds another city and that other city lies between  
22 the 2 separate and distinct geographic areas. If the downtown  
23 district contains more than 1 separate and distinct geographic area  
24 in the downtown district, the separate and distinct geographic  
25 areas ~~shall be~~**are** considered 1 downtown district.

26 (m) "Eligible advance" means an advance made before August 19,  
27 1993.

28 (n) "Eligible obligation" means an obligation issued or  
29 incurred by an authority or by a municipality on behalf of an

1 authority before August 19, 1993 and its subsequent refunding by a  
 2 qualified refunding obligation. Eligible obligation includes an  
 3 authority's written agreement entered into before August 19, 1993  
 4 to pay an obligation issued after August 18, 1993 and before  
 5 December 31, 1996 by another entity on behalf of the authority.

6 (o) "Fire alarm system" means a system designed to detect and  
 7 annunciate the presence of fire, or by-products of fire. Fire alarm  
 8 system includes smoke detectors.

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

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

12 (r) "Initial assessed value" means the assessed value, as  
 13 equalized, of all the taxable property within the boundaries of the  
 14 development area ~~at the time~~ **when** the ordinance establishing the  
 15 tax increment financing plan is approved, as shown by the most  
 16 recent assessment roll of the municipality for which equalization  
 17 has been completed ~~at the time~~ **when** the resolution is adopted.

18 Property exempt from taxation ~~at the time of the determination of~~  
 19 **when** the initial assessed value ~~shall is determined must~~ be  
 20 included as zero. For the purpose of determining initial assessed  
 21 value, property for which a specific local tax is paid in lieu of a  
 22 property tax ~~shall is~~ not ~~be~~ considered to be property that is  
 23 exempt from taxation. The initial assessed value of property for  
 24 which a specific local tax was paid in lieu of a property tax ~~shall~~  
 25 **must** be determined as provided in subdivision (aa). ~~In the case of~~  
 26 **If** a municipality having a population of less than 35,000 ~~that~~  
 27 established an authority ~~prior to~~ **before** 1985, created a district  
 28 or districts, and approved a development plan or tax increment  
 29 financing plan or ~~amendments~~ **amendment** to a plan ~~, and which plan~~

~~or tax increment financing plan or amendments to a plan, and which~~  
~~plan~~**that** expired by its terms December 31, 1991, the initial  
 assessed value for the purpose of any plan or plan amendment  
 adopted as an extension of the expired plan ~~shall~~**must** be  
 determined as if the plan had not expired December 31, 1991. For a  
 development area designated before 1997 in which a renaissance zone  
 has subsequently been designated ~~pursuant to~~**under** the Michigan  
 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the  
 initial assessed value of the development area otherwise determined  
 under this subdivision ~~shall~~**must** be reduced by the amount by which  
 the current assessed value of the development area was reduced in  
 1997 due to the exemption of property under section 7ff of the  
 general property tax act, 1893 PA 206, MCL 211.7ff, but ~~in no case~~  
~~shall~~ the initial assessed value **must not** be less than zero.

(s) "Municipality" means a city, village, or township.

(t) "Obligation" means a written promise to pay, whether  
 evidenced by a contract, agreement, lease, sublease, bond, or note,  
 or a requirement to pay imposed by law. An obligation does not  
 include a payment required solely because of default ~~upon~~**on** an  
 obligation, employee salaries, or consideration paid for the use of  
 municipal offices. An obligation does not include those bonds that  
 have been economically defeased by refunding bonds issued under  
 this part. Obligation includes, but is not limited to, the  
 following:

(i) A requirement to pay proceeds derived from ad valorem  
 property taxes or taxes levied in lieu of ad valorem property  
 taxes.

(ii) A management contract or a contract for professional  
 services.

1           (iii) A payment required on a contract, agreement, bond, or note  
2 if the requirement to make or assume the payment arose before  
3 August 19, 1993.

4           (iv) A requirement to pay or reimburse a person for the cost of  
5 insurance for, or to maintain, property subject to a lease, land  
6 contract, purchase agreement, or other agreement.

7           (v) A letter of credit, paying agent, transfer agent, bond  
8 registrar, or trustee fee associated with a contract, agreement,  
9 bond, or note.

10          (u) "On behalf of an authority", in relation to an eligible  
11 advance made by a municipality, or an eligible obligation or other  
12 protected obligation issued or incurred by a municipality, means in  
13 anticipation that an authority would transfer tax increment  
14 revenues or reimburse the municipality from tax increment revenues  
15 in an amount sufficient to fully make payment required by the  
16 eligible advance made by the municipality, or eligible obligation  
17 or other protected obligation issued or incurred by the  
18 municipality, if the anticipation of the transfer or receipt of tax  
19 increment revenues from the authority is pursuant to or evidenced  
20 by 1 or more of the following:

21           (i) A reimbursement agreement between the municipality and an  
22 authority it established.

23           (ii) A requirement imposed by law that the authority transfer  
24 tax increment revenues to the municipality.

25           (iii) A resolution of the authority agreeing to make payments to  
26 the incorporating unit.

27           (iv) Provisions in a tax increment financing plan describing  
28 the project for which the obligation was incurred.

29           (v) "Operations" means office maintenance, including salaries

1 and expenses of employees, office supplies, consultation fees,  
2 design costs, and other expenses incurred in the daily management  
3 of the authority and planning of its activities.

4 (w) "Other protected obligation" means **any of the following:**

5 (i) A qualified refunding obligation issued to refund an  
6 obligation described in subparagraph (ii), (iii), or (iv), an  
7 obligation that is not a qualified refunding obligation that is  
8 issued to refund an eligible obligation, or a qualified refunding  
9 obligation issued to refund an obligation described in this  
10 subparagraph.

11 (ii) An obligation issued or incurred by an authority or by a  
12 municipality on behalf of an authority after August 19, 1993, but  
13 before December 31, 1994, to finance a project described in a tax  
14 increment finance plan approved by the municipality in accordance  
15 with this part before December 31, 1993, for which a contract for  
16 final design is entered into by or on behalf of the municipality or  
17 authority before March 1, 1994 or for which a written agreement  
18 with a developer, titled preferred development agreement, was  
19 entered into by or on behalf of the municipality or authority in  
20 July 1993.

21 (iii) An obligation incurred by an authority or municipality  
22 after August 19, 1993, to reimburse a party to a development  
23 agreement entered into by a municipality or authority before August  
24 19, 1993, for a project described in a tax increment financing plan  
25 approved in accordance with this part before August 19, 1993, and  
26 undertaken and installed by that party in accordance with the  
27 development agreement.

28 (iv) An obligation incurred by the authority evidenced by or to  
29 finance a contract to purchase real property within a development

1 area or a contract to develop that property within the development  
2 area, or both, if all of the following requirements are met:

3 (A) The authority purchased the real property in 1993.

4 (B) Before June 30, 1995, the authority enters a contract for  
5 the development of the real property located within the development  
6 area.

7 (C) In 1993, the authority or municipality on behalf of the  
8 authority received approval for a grant from both of the following:

9 (I) The department of natural resources for site reclamation  
10 of the real property.

11 (II) The department of consumer and industry services for  
12 development of the real property.

13 (v) An ongoing management or professional services contract  
14 with the governing body of a county ~~which—that~~ was entered into  
15 before March 1, 1994 and ~~which—that~~ was preceded by a series of  
16 limited term management or professional services contracts with the  
17 governing body of the county, the last of which was entered into  
18 before August 19, 1993.

19 (vi) A loan from a municipality to an authority if the loan was  
20 approved by the legislative body of the municipality on April 18,  
21 1994.

22 (vii) Funds expended to match a grant received by a  
23 municipality on behalf of an authority for sidewalk improvements  
24 from the Michigan department of transportation if the legislative  
25 body of the municipality approved the grant application on April 5,  
26 1993 and the grant was received by the municipality in June 1993.

27 (viii) For taxes captured in 1994, an obligation described in  
28 this subparagraph issued or incurred to finance a project. An  
29 obligation is considered issued or incurred to finance a project



1 described in this subparagraph only if all of the following are  
2 met:

3 (A) The obligation requires raising capital for the project or  
4 paying for the project, whether or not a borrowing is involved.

5 (B) The obligation was part of a development plan and the tax  
6 increment financing plan was approved by a municipality on May 6,  
7 1991.

8 (C) The obligation is in the form of a written memorandum of  
9 understanding between a municipality and a public utility dated  
10 October 27, 1994.

11 (D) The authority or municipality captured school taxes during  
12 1994.

13 (ix) An obligation incurred after July 31, 2012 by an  
14 authority, municipality, or other governmental unit to pay for  
15 costs associated with a catalyst development project.

16 (x) "Public facility" means a street, plaza, pedestrian mall,  
17 and any improvements to a street, plaza, or pedestrian mall  
18 including street furniture and beautification, park, parking  
19 facility, recreational facility, right-of-way, structure, waterway,  
20 bridge, lake, pond, canal, utility line or pipe, building, and  
21 access routes to any of ~~the foregoing,~~ **these places**, designed and  
22 dedicated to use by the public generally, or used by a public  
23 agency. Public facility includes an improvement to a facility used  
24 by the public or a public facility as those terms are defined in  
25 section 1 of 1966 PA 1, MCL 125.1351, which improvement is made to  
26 comply with the barrier free design requirements of the state  
27 construction code promulgated under the Stille-DeRossett-Hale  
28 single state construction code act, 1972 PA 230, MCL 125.1501 to  
29 125.1531. Public facility also includes the acquisition,

1 construction, improvement, and operation of a building owned or  
2 leased by the authority to be used as a retail business incubator.

3 (y) "Qualified refunding obligation" means an obligation  
4 issued or incurred by an authority or by a municipality on behalf  
5 of an authority to refund an obligation if 1 or more of the  
6 following apply:

7 (i) The obligation is issued to refund a qualified refunding  
8 obligation issued in November 1997 and any subsequent refundings of  
9 that obligation issued before January 1, 2010 or the obligation is  
10 issued to refund a qualified refunding obligation issued on May 15,  
11 1997 and any subsequent refundings of that obligation issued before  
12 January 1, 2010 in an authority in which 1 parcel or group of  
13 parcels under common ownership represents 50% or more of the  
14 taxable value captured within the tax increment finance district  
15 and that will ultimately provide for ~~at least~~ **not less than** a 40%  
16 reduction in the taxable value of the property as part of a  
17 negotiated settlement as a result of an appeal filed with the state  
18 tax tribunal. Qualified refunding obligations issued under this  
19 subparagraph are not subject to the requirements of section 611 of  
20 the revised municipal finance act, 2001 PA 34, MCL 141.2611, if  
21 issued before January 1, 2010. The duration of the development  
22 program described in the tax increment financing plan relating to  
23 the qualified refunding obligations issued under this subparagraph  
24 is ~~hereby~~ extended to 1 year after the final date of maturity of  
25 the qualified refunding obligations.

26 (ii) The refunding obligation meets both of the following:

27 (A) The net present value of the principal and interest to be  
28 paid on the refunding obligation, including the cost of issuance,  
29 will be less than the net present value of the principal and

1 interest to be paid on the obligation being refunded, as calculated  
2 using a method approved by the department of treasury.

3 (B) The net present value of the sum of the tax increment  
4 revenues described in subdivision (cc) (ii) and the distributions  
5 under section 213b to repay the refunding obligation will not be  
6 greater than the net present value of the sum of the tax increment  
7 revenues described in subdivision (cc) (ii) and the distributions  
8 under section 213b to repay the obligation being refunded, as  
9 calculated using a method approved by the department of treasury.

10 (iii) The obligation is issued to refund an other protected  
11 obligation issued as a capital appreciation bond delivered to the  
12 Michigan municipal bond authority on December 21, 1994 and any  
13 subsequent refundings of that obligation issued before January 1,  
14 2012. Qualified refunding obligations issued under this  
15 subparagraph are not subject to the requirements of section 305(2),  
16 (3), (5), and (6), ~~section 501~~, ~~section 503~~, or ~~section 611~~ of the  
17 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,  
18 141.2503, and 141.2611, if issued before January 1, 2012. The  
19 duration of the development program described in the tax increment  
20 financing plan relating to the qualified refunding obligations  
21 issued under this subparagraph is extended to 1 year after the  
22 final date of maturity of the qualified refunding obligations. The  
23 obligation may be payable through the year 2025 at an interest rate  
24 not exceeding the maximum rate permitted by law, notwithstanding  
25 the bond maturity dates contained in the notice of intent to issue  
26 bonds published by the municipality. An obligation issued under  
27 this subparagraph is a qualified refunding obligation only to the  
28 extent that revenues described in subdivision (cc) (ii) and  
29 distributions under section 213b to repay the qualified refunding

1 obligation do not exceed \$750,000.00.

2 (iv) The obligation is issued to refund a qualified refunding  
3 obligation issued on February 13, 2008, and any subsequent  
4 refundings of that obligation, issued before December 31, 2018.  
5 Qualified refunding obligations issued under this subparagraph are  
6 not subject to the requirements of section 305(2), (3), (5), and  
7 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA  
8 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of  
9 the development program described in the tax increment financing  
10 plan relating to the qualified refunding obligations issued under  
11 this subparagraph is extended to 1 year after the final date of  
12 maturity of the qualified refunding obligations. Revenues described  
13 in subdivision (cc) (ii) and distributions made under section 213b in  
14 excess of the amount needed for current year debt service on an  
15 obligation issued under this subparagraph may be paid to the  
16 authority to the extent necessary to pay future years' debt service  
17 on the obligation as determined by the board.

18 (z) "Qualified township" means a township that meets all of  
19 the following requirements:

20 (i) Was not eligible to create an authority ~~prior to~~ **before**  
21 January 3, 2005.

22 (ii) Adjoins a municipality that previously created an  
23 authority.

24 (iii) Along with the adjoining municipality that previously  
25 created an authority, is a member of the same joint planning  
26 commission under the joint municipal planning act, 2003 PA 226, MCL  
27 125.131 to 125.143.

28 (aa) "Specific local tax" means a tax levied under 1974 PA  
29 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978

PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax ~~shall be~~ **is** the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

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

(cc) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions ~~upon-on~~ the captured assessed value of real and personal property in the development area, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than ~~the-this~~ state pursuant ~~to-under~~ the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts ~~upon-on~~ the captured assessed value of real and personal property in the development area for any purpose authorized by this part.

(ii) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of ~~the-this~~ state pursuant ~~to-under~~ the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts ~~upon-on~~ the captured assessed value of real and personal property in the development area in an amount equal to the

1 amount necessary, without regard to subparagraph (i), to repay  
2 eligible advances, eligible obligations, and other protected  
3 obligations.

4 (iii) Tax increment revenues do not include any of the  
5 following:

6 (A) Ad valorem property taxes attributable either to a portion  
7 of the captured assessed value shared with taxing jurisdictions  
8 within the jurisdictional area of the authority or to a portion of  
9 value of property that may be excluded from captured assessed value  
10 or specific local taxes attributable to ~~such~~**those** ad valorem  
11 property taxes.

12 (B) Ad valorem property taxes excluded by the tax increment  
13 financing plan of the authority from the determination of the  
14 amount of tax increment revenues to be transmitted to the authority  
15 or specific local taxes attributable to ~~such~~**those** ad valorem  
16 property taxes.

17 (C) Ad valorem property taxes exempted from capture under  
18 section 203(3) or specific local taxes attributable to ~~such~~**those**  
19 ad valorem property taxes.

20 (D) Ad valorem property taxes levied under 1 or more of the  
21 following or specific local taxes attributable to those ad valorem  
22 property taxes:

23 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161  
24 to 123.1183.

25 (II) The art institute authorities act, 2010 PA 296, MCL  
26 123.1201 to 123.1229.

27 **(E)** ~~(III)~~ Except as otherwise provided in section 203(3), ad  
28 valorem property taxes or specific local taxes attributable to  
29 those ad valorem property taxes levied for a separate millage for

1 public library purposes approved by the electors after December 31,  
2 2016.

3 (F) Except as otherwise provided in section 203(3), ad valorem  
4 property taxes or specific local taxes attributable to those ad  
5 valorem property taxes levied for a separate millage for a specific  
6 purpose not described in sub-subparagraphs (A) to (E) approved by  
7 the electors. For purposes of this sub-subparagraph, a separate  
8 millage for a specific purpose does not include a millage approved  
9 by the electors under section 34d(11) of the general property tax  
10 act, 1893 PA 206, MCL 211.34d.

11 (iv) The amount of tax increment revenues authorized to be  
12 included under subparagraph (ii) or (v), and required to be  
13 transmitted to the authority under section ~~214(1)~~, **215(1)**, from ad  
14 valorem property taxes and specific local taxes attributable to the  
15 application of the levy of the state education tax act, 1993 PA  
16 331, MCL 211.901 to 211.906, a local school district or an  
17 intermediate school district ~~upon~~**on** the captured assessed value of  
18 real and personal property in a development area ~~shall~~**must** be  
19 determined separately for the levy by ~~the~~**this** state, each school  
20 district, and each intermediate school district as the product of  
21 sub-subparagraphs (A) and (B):

22 (A) The percentage that the total ad valorem taxes and  
23 specific local taxes available for distribution by law to ~~the~~**this**  
24 state, **a** local school district, or **an** intermediate school district,  
25 respectively, bears to the aggregate amount of ad valorem millage  
26 taxes and specific taxes available for distribution by law to ~~the~~  
27 **this** state, each local school district, and each intermediate  
28 school district.

29 (B) The maximum amount of ad valorem property taxes and

specific local taxes considered tax increment revenues under subparagraph (ii) or (v).

(v) Tax increment revenues include ad valorem property taxes and specific local taxes, in an annual amount and for each year approved by the state treasurer, attributable to the levy by this state under the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and by local or intermediate school districts, ~~upon-on~~ the captured assessed value of real and personal property in the development area of an authority established in a city with a population of 600,000 or more to pay for, or reimburse an advance for, not more than \$8,000,000.00 for the demolition of buildings or structures on public or privately owned property within a development area that commences in 2005, or to pay the annual principal of or interest on an obligation, the terms of which are approved by the state treasurer, issued by an authority, or by a city on behalf of an authority, to pay not more than \$8,000,000.00 of the costs to demolish buildings or structures on public or privately owned property within a development area that commences in 2005.

(vi) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the levy by this state under the state education tax act, 1993 PA 331, MCL ~~211.201-211.901~~ 211.901 to 211.906, and by local or intermediate school districts ~~which~~ **that** were levied on or after July 1, 2010, ~~upon-on~~ the captured assessed value of real and personal property in the development area of an authority established in a city with a population of 600,000 or more to pay for, or reimburse an advance for, costs associated with the land acquisition, preliminary site work, and construction of a catalyst development project.



1       Sec. 203. (1) ~~When~~**If** the governing body of a municipality  
2 determines that it is necessary for the best interests of the  
3 public to halt property value deterioration and increase property  
4 tax valuation where possible in its business district, to eliminate  
5 the causes of that deterioration, and to promote economic growth,  
6 the governing body may, by resolution, declare its intention to  
7 create and provide for the operation of an authority.

8       (2) In the resolution of intent, the governing body shall set  
9 a date for the holding of a public hearing on the adoption of a  
10 proposed ordinance creating the authority and designating the  
11 boundaries of the downtown district. Notice of the public hearing  
12 ~~shall~~**must** be published twice in a newspaper of general circulation  
13 in the municipality, not less than 20 or more than 40 days before  
14 the date of the hearing. Not less than 20 days before the hearing,  
15 the governing body proposing to create the authority shall also  
16 mail notice of the hearing to the property taxpayers of record in  
17 the proposed district and for a public hearing to be held after  
18 February 15, 1994 to the governing body of each taxing jurisdiction  
19 levying taxes that would be subject to capture if the authority is  
20 established and a tax increment financing plan is approved.  
21 Beginning June 1, 2005, the notice of hearing within the time frame  
22 described in this subsection ~~shall~~**must** be mailed by certified mail  
23 to the governing body of each taxing jurisdiction levying taxes  
24 that would be subject to capture if the authority is established  
25 and a tax increment financing plan is approved. Failure of a  
26 property taxpayer to receive the notice ~~shall~~**does** not invalidate  
27 these proceedings. Notice of the hearing ~~shall~~**must** be posted in at  
28 least 20 conspicuous and public places in the proposed downtown  
29 district not less than 20 days before the hearing. The notice ~~shall~~

1 ~~shall~~**must** state the date, time, and place of the hearing, and ~~shall~~**must**  
2 describe the boundaries of the proposed downtown district. A  
3 citizen, taxpayer, or property owner of the municipality or an  
4 official from a taxing jurisdiction with millage that would be  
5 subject to capture has the right to be heard in regard to the  
6 establishment of the authority and the boundaries of the proposed  
7 downtown district. The governing body of the municipality shall not  
8 incorporate land into the downtown district not included in the  
9 description contained in the notice of public hearing, but it may  
10 eliminate described lands from the downtown district in the final  
11 determination of the boundaries.

12 (3) Not more than 60 days after a public hearing held after  
13 February 15, 1994, the governing body of a taxing jurisdiction  
14 levying ad valorem property taxes that would otherwise be subject  
15 to capture may exempt its taxes from capture by adopting a  
16 resolution to that effect and filing a copy with the clerk of the  
17 municipality proposing to create the authority. The resolution  
18 takes effect when filed with that clerk and remains effective until  
19 a copy of a resolution rescinding that resolution is filed with  
20 that clerk. If a separate millage for public library purposes was  
21 levied before January 1, 2017, and all obligations and other  
22 protected obligations of the authority are paid, then the levy is  
23 exempt from capture under this part, unless the library board or  
24 commission allows all or a portion of its taxes levied to be  
25 included as tax increment revenues and subject to capture under  
26 this part under the terms of a written agreement between the  
27 library board or commission and the authority. The written  
28 agreement ~~shall~~**must** be filed with the clerk of the municipality.  
29 However, if a separate millage for public library purposes was

1 levied before January 1, 2017, and the authority alters or amends  
 2 the boundaries of a downtown district or extends the duration of  
 3 the existing finance plan, then the library board or commission  
 4 may, not later than 60 days after a public hearing is held under  
 5 this subsection, exempt all or a portion of its taxes from capture  
 6 by adopting a resolution to that effect and filing a copy with the  
 7 clerk of the municipality that created the authority. For ad  
 8 valorem property taxes or specific local taxes attributable to  
 9 those ad valorem property taxes levied for a separate millage for  
 10 public library purposes approved by the electors after December 31,  
 11 2016, a library board or commission may allow all or a portion of  
 12 its taxes levied to be included as tax increment revenues and  
 13 subject to capture under this part under the terms of a written  
 14 agreement between the library board or commission and the  
 15 authority. The written agreement ~~shall~~**must** be filed with the clerk  
 16 of the municipality. However, if the library was created under  
 17 section 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or  
 18 established under 1869 LA 233, then any action of the library board  
 19 or commission under this subsection ~~shall~~**must** have the concurrence  
 20 of the chief executive officer of the city that created the library  
 21 to be effective, and, if the action of the library board or  
 22 commission involves any bond issued by this state or a state  
 23 agency, the concurrence of the state treasurer. **An authority**  
 24 **created before the effective date of the amendatory act that added**  
 25 **this sentence may capture taxes described in section 201(cc) (iii) (F)**  
 26 **if both of the following requirements are met:**

27 (a) The taxes were levied before the effective date of the  
 28 amendatory act that added this subdivision.

29 (b) The authority has obligations that are unpaid.

1 (4) Not less than 60 days after the public hearing, if the  
2 governing body of the municipality intends to proceed with the  
3 establishment of the authority, it shall adopt, by majority vote of  
4 its members, an ordinance establishing the authority and  
5 designating the boundaries of the downtown district within which  
6 the authority ~~shall~~**may** exercise its powers. The adoption of the  
7 ordinance is subject to any applicable statutory or charter  
8 provisions in respect to the approval or disapproval by the chief  
9 executive or other officer of the municipality and the adoption of  
10 an ordinance over ~~his or her~~**that officer's** veto. This ordinance  
11 ~~shall~~**must** be filed with the secretary of state promptly after its  
12 adoption and ~~shall~~**must** be published at least once in a newspaper  
13 of general circulation in the municipality.

14 (5) The governing body of the municipality may alter or amend  
15 the boundaries of the downtown district to include or exclude lands  
16 from the downtown district pursuant to the same requirements for  
17 adopting the ordinance creating the authority.

18 (6) A municipality that has created an authority may enter  
19 into an agreement with an adjoining municipality that has created  
20 an authority to jointly operate and administer those authorities  
21 under an interlocal agreement under the urban cooperation act of  
22 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

23 (7) A municipality that has created an authority may enter  
24 into an agreement with a qualified township to operate its  
25 authority in a downtown district in the qualified township under an  
26 interlocal agreement under the urban cooperation act of 1967, 1967  
27 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement  
28 between the municipality and the qualified township ~~shall~~**must**  
29 provide for, but is not limited to, all of the following:

- 1 (a) Size and makeup of the board.  
2 (b) Determination and modification of downtown district,  
3 business district, and development area.  
4 (c) Modification of development area and development plan.  
5 (d) Issuance and repayment of obligations.  
6 (e) Capture of taxes.  
7 (f) Notice, hearing, and exemption of taxes from capture  
8 provisions described in this section.

9 Sec. 301. As used in this part:

10 (a) "Advance" means a transfer of funds made by a municipality  
11 to an authority or to another person on behalf of the authority.  
12 Evidence of the intent to repay an advance is required and ~~may~~  
13 ~~include,~~ **includes**, but is not limited to, an executed agreement to  
14 repay, provisions contained in a tax increment financing plan  
15 approved before the advance or before August 14, 1993, or a  
16 resolution of the authority or the municipality.

17 (b) "Assessed value" means 1 of the following:

18 (i) For valuations made before January 1, 1995, the state  
19 equalized valuation as determined under the general property tax  
20 act, 1893 PA 206, MCL 211.1 to 211.155.

21 (ii) For valuations made after December 31, 1994, taxable value  
22 as determined under section 27a of the general property tax act,  
23 1893 PA 206, MCL 211.27a.

24 (c) "Authority" means a tax increment finance authority  
25 created under this part.

26 (d) "Authority district" means that area within which an  
27 authority exercises its powers and within which 1 or more  
28 development areas may exist.

29 (e) "Board" means the ~~governing body of~~ **board that supervises**

1 **and controls** an authority **under section 304.**

2 (f) "Captured assessed value" means the amount in any 1 year  
3 by which the current assessed value of the development area,  
4 including the assessed value of property for which specific local  
5 taxes are paid in lieu of property taxes as determined in  
6 subdivision (w), exceeds the initial assessed value. The state tax  
7 commission shall prescribe the method for calculating captured  
8 assessed value.

9 (g) "Chief executive officer" means the mayor or city manager  
10 of a city, the president of a village, or the supervisor of a  
11 township.

12 (h) "Development area" means that area to which a development  
13 plan is applicable.

14 (i) "Development area citizens council" or "council" means  
15 that advisory body established ~~pursuant to~~ **under** section ~~20-320.~~

16 (j) "Development plan" means that information and those  
17 requirements for a development set forth in section ~~16-316.~~

18 (k) "Development program" means the implementation of the  
19 development plan.

20 (l) "Eligible advance" means an advance made before August 19,  
21 1993.

22 (m) "Eligible obligation" means an obligation issued or  
23 incurred by an authority or by a municipality on behalf of an  
24 authority before August 19, 1993 and its subsequent refunding by a  
25 qualified refunding obligation. Eligible obligation includes an  
26 authority's written agreement entered into before August 19, 1993  
27 to pay an obligation issued after August 18, 1993 and before  
28 December 31, 1996 by another entity on behalf of the authority.  
29 Eligible obligation also includes an ongoing management contract or

1 contract for professional services or development services that was  
 2 entered into by the authority or a municipality on behalf of the  
 3 authority in 1991, and related similar written agreements executed  
 4 before 1984, if the 1991 agreement both provides for automatic  
 5 annual renewal and incorporates by reference the prior related  
 6 agreements. ~~; however,~~ **However**, receipt by an authority of tax  
 7 increment revenues authorized under subdivision (aa) ~~(ii) in order to~~  
 8 pay costs arising under those contracts ~~shall be~~ **is** limited to **the**  
 9 **following:**

10 (i) For taxes levied before July 1, 2005, the amount permitted  
 11 to be received by an authority for an eligible obligation as  
 12 provided in this part.

13 (ii) For taxes levied after June 30, 2005 and before July 1,  
 14 2006, \$3,000,000.00.

15 (iii) For taxes levied after June 30, 2006 and before July 1,  
 16 2007, \$3,000,000.00.

17 (iv) For taxes levied after June 30, 2007 and before July 1,  
 18 2008, \$3,000,000.00.

19 (v) For taxes levied after June 30, 2008 and before July 1,  
 20 2009, \$3,000,000.00.

21 (vi) For taxes levied after June 30, 2009 and before July 1,  
 22 2010, \$3,000,000.00.

23 (vii) For taxes levied after June 30, 2010 and before July 1,  
 24 2011, \$2,650,000.00.

25 (viii) For taxes levied after June 30, 2011 and before July 1,  
 26 2012, \$2,400,000.00.

27 (ix) For taxes levied after June 30, 2012 and before July 1,  
 28 2013, \$2,125,000.00.

29 (x) For taxes levied after June 30, 2013 and before July 1,

1 2014, \$1,500,000.00.

2 (xi) For taxes levied after June 30, 2014 and before July 1,  
3 2015, \$1,150,000.00.

4 (xii) For taxes levied after June 30, 2015, \$0.00.

5 (n) "Fiscal year" means the fiscal year of the authority.

6 (o) "Governing body" means the elected body of a municipality  
7 having legislative powers.

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

22 (q) "Municipality" means a city.

23 (r) "Obligation" means a written promise to pay, whether  
24 evidenced by a contract, agreement, lease, sublease, bond, or note,  
25 or a requirement to pay imposed by law. An obligation does not  
26 include a payment required solely because of default ~~upon on~~ an  
27 obligation, employee salaries, or consideration paid for the use of  
28 municipal offices. An obligation does not include those bonds that  
29 have been economically defeased by refunding bonds issued under



1 this part. Obligation includes, but is not limited to, the  
2 following:

3 (i) A requirement to pay proceeds derived from ad valorem  
4 property taxes or taxes levied in lieu of ad valorem property  
5 taxes.

6 (ii) A management contract or a contract for professional  
7 services.

8 (iii) A payment required on a contract, agreement, bond, or note  
9 if the requirement to make or assume the payment arose before  
10 August 19, 1993.

11 (iv) A requirement to pay or reimburse a person for the cost of  
12 insurance for, or to maintain, property subject to a lease, land  
13 contract, purchase agreement, or other agreement.

14 (v) A letter of credit, paying agent, transfer agent, bond  
15 registrar, or trustee fee associated with a contract, agreement,  
16 bond, or note.

17 (s) "On behalf of an authority", in relation to an eligible  
18 advance made by a municipality, or an eligible obligation or other  
19 protected obligation issued or incurred by a municipality, means in  
20 anticipation that an authority would transfer tax increment  
21 revenues or reimburse the municipality from tax increment revenues  
22 in an amount sufficient to fully make payment required by the  
23 eligible advance made by a municipality, or the eligible obligation  
24 or other protected obligation issued or incurred by the  
25 municipality, if the anticipation of the transfer or receipt of tax  
26 increment revenues from the authority is pursuant to or evidenced  
27 by 1 or more of the following:

28 (i) A reimbursement agreement between the municipality and an  
29 authority it established.

1           (ii) A requirement imposed by law that the authority transfer  
2 tax increment revenues to the municipality.

3           (iii) A resolution of the authority agreeing to make payments to  
4 the incorporating unit.

5           (iv) Provisions in a tax increment financing plan describing  
6 the project for which the obligation was incurred.

7           (t) "Other protected obligation" means **any of the following:**

8           (i) A qualified refunding obligation issued to refund an  
9 obligation described in subparagraph (ii) or (iii), an obligation that  
10 is not a qualified refunding obligation that is issued to refund an  
11 eligible obligation, or a qualified refunding obligation issued to  
12 refund an obligation described in this subparagraph.

13           (ii) An obligation issued or incurred by an authority or by a  
14 municipality on behalf of an authority after August 19, 1993, but  
15 before December 31, 1994, to finance a project described in a tax  
16 increment finance plan approved by the municipality in accordance  
17 with this part before December 31, 1993, for which a contract for  
18 final design is entered into by the municipality or authority  
19 before March 1, 1994.

20           (iii) An obligation incurred by an authority or municipality  
21 after August 19, 1993, to reimburse a party to a development  
22 agreement entered into by a municipality or authority before August  
23 19, 1993, for a project described in a tax increment financing plan  
24 approved in accordance with this part before August 19, 1993, and  
25 undertaken and installed by that party in accordance with the  
26 development agreement.

27           (iv) An obligation issued or incurred by an authority or by a  
28 municipality on behalf of an authority to implement a project  
29 described in a tax increment finance plan approved by the

1 municipality in accordance with this part before August 19, 1993,  
2 that is located on land owned by a public university on the date  
3 the tax increment financing plan is approved, and for which a  
4 contract for final design is entered into before December 31, 1993.

5 (v) An ongoing management or professional services contract  
6 with the governing body of a county ~~which—that~~ was entered into  
7 before March 1, 1994 and ~~which—that~~ was preceded by a series of  
8 limited term management or professional services contracts with the  
9 governing body of the county, the last of which was entered into  
10 before August 19, 1993.

11 (vi) An obligation issued or incurred by a municipality under a  
12 contract executed on December 19, 1994 as subsequently amended  
13 between the municipality and the authority to implement a project  
14 described in a tax increment finance plan approved by the  
15 municipality under this part before August 19, 1993 for which a  
16 contract for final design was entered into by the municipality  
17 before March 1, 1994 ~~provided that—if~~ final payment by the  
18 municipality is made on or before December 31, 2001.

19 (vii) An obligation issued or incurred by an authority or by a  
20 municipality on behalf of an authority that meets all of the  
21 following qualifications:

22 (A) The obligation is issued or incurred to finance a project  
23 described in a tax increment financing plan approved before August  
24 19, 1993 by a municipality in accordance with this part.

25 (B) The obligation qualifies as an other protected obligation  
26 under subparagraph (ii) and was issued or incurred by the authority  
27 before December 31, 1994 for the purpose of financing the project.

28 (C) A portion of the obligation issued or incurred by the  
29 authority before December 31, 1994 for the purpose of financing the

1 project was retired ~~prior to~~**before** December 31, 1996.

2 (D) The obligation does not exceed the dollar amount of the  
3 portion of the obligation retired ~~prior to~~**before** December 31,  
4 1996.

5 (viii) An obligation incurred by an authority that meets both of  
6 the following qualifications:

7 (A) The obligation is a contract of lease originally executed  
8 on December 20, 1994 between the municipality and the authority to  
9 partially implement the authority's development plan and tax  
10 increment financing plan.

11 (B) The obligation qualifies as an obligation under  
12 subparagraph (ii). The obligation described in this subparagraph may  
13 be amended to extend cash rental payments for a period not to  
14 exceed 30 years through the year 2039. The duration of the  
15 development plan and tax increment financing plan described in this  
16 subparagraph is extended to 1 year after the final date that the  
17 extended cash rental payments are due.

18 (u) "Public facility" means 1 or more of the following:

19 (i) A street, plaza, or pedestrian mall, and any improvements  
20 to a street, plaza, boulevard, alley, or pedestrian mall, including  
21 street furniture and beautification, **a** park, parking facility,  
22 recreation facility, playground, school, library, public  
23 institution or administration building, right-of-way, structure,  
24 waterway, bridge, lake, pond, canal, utility line or pipeline,  
25 transit-oriented development, transit-oriented facility, and other  
26 similar facilities and necessary easements of these facilities  
27 designed and dedicated to use by the public generally or used by a  
28 public agency. As used in this subparagraph, ~~public~~**"public**  
29 institution or administration ~~building~~**building"** includes, but is

1 not limited to, a police station, fire station, court building, or  
2 other public safety facility.

3 (ii) The acquisition and disposal of real and personal property  
4 or interests in real and personal property, demolition of  
5 structures, site preparation, relocation costs, building  
6 rehabilitation, and all associated administrative costs, including,  
7 but not limited to, architect's, engineer's, legal, and accounting  
8 fees as contained in the resolution establishing the district's  
9 development plan.

10 (iii) An improvement to a facility used by the public or a  
11 public facility as those terms are defined in section 1 of 1966 PA  
12 1, MCL 125.1351, which improvement is made to comply with the  
13 barrier free design requirements of the state construction code  
14 promulgated under the Stille-DeRossett-Hale single state  
15 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

16 (v) "Qualified refunding obligation" means an obligation  
17 issued or incurred by an authority or by a municipality on behalf  
18 of an authority to refund an obligation if 1 of the following  
19 applies:

20 (i) The refunding obligation meets both of the following:

21 (A) The net present value of the principal and interest to be  
22 paid on the refunding obligation, including the cost of issuance,  
23 will be less than the net present value of the principal and  
24 interest to be paid on the obligation being refunded, as calculated  
25 using a method approved by the department of treasury.

26 (B) The net present value of the sum of the tax increment  
27 revenues described in subdivision (aa) (ii) and the distributions  
28 under section ~~12a-312a~~ **312a** to repay the refunding obligation will not  
29 be greater than the net present value of the sum of the tax

1 increment revenues described in subdivision (aa) (ii) and the  
2 distributions under section 312a to repay the obligation being  
3 refunded, as calculated using a method approved by the department  
4 of treasury.

5 (ii) The refunding obligation is a tax increment refunding bond  
6 issued to refund a refunding bond that is an other protected  
7 obligation issued as a capital appreciation bond delivered to the  
8 Michigan municipal bond authority on December 21, 1994, or bonds  
9 issued to refund that bond, and the authority, by resolution of its  
10 board, authorized issuance of the refunding obligation before  
11 December 31, 2019 with a final maturity not later than 2039. The  
12 municipality by majority vote of the members of its governing body  
13 may pledge its full faith and credit for the payment of the  
14 principal of and interest on the refunding obligation. A refunding  
15 obligation issued under this subparagraph is not subject to the  
16 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611  
17 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,  
18 141.2501, 141.2503, and 141.2611. The duration of the development  
19 plan and the tax increment financing plan relating to the refunding  
20 obligations described in this subparagraph is extended to 1 year  
21 after the final date of maturity of the refunding obligation.

22 (w) "Specific local tax" means a tax levied under 1974 PA 198,  
23 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
24 255, MCL 207.651 to 207.668, the technology park development act,  
25 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181  
26 to 211.182. The initial assessed value or current assessed value of  
27 property subject to a specific local tax ~~shall be~~ **is** the quotient  
28 of the specific local tax paid divided by the ad valorem millage  
29 rate. However, after 1993, the state tax commission shall prescribe

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

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

6 (y) "Tax increment district" or "district" means that area to  
 7 which the tax increment finance plan pertains.

8 (z) "Tax increment financing plan" means that information and  
 9 those requirements set forth in sections 313 to 315.

10 (aa) "Tax increment revenues" means the amount of ad valorem  
 11 property taxes and specific local taxes attributable to the  
 12 application of the levy of all taxing jurisdictions ~~upon-on~~ the  
 13 captured assessed value of real and personal property in the  
 14 development area, subject to the following requirements:

15 (i) Tax increment revenues include ad valorem property taxes  
 16 and specific local taxes attributable to the application of the  
 17 levy of all taxing jurisdictions other than ~~the-this~~ state pursuant  
 18 ~~to-under~~ the state education tax act, 1993 PA 331, MCL 211.901 to  
 19 211.906, and local or intermediate school districts ~~upon-on~~ the  
 20 captured assessed value of real and personal property in the  
 21 development area for any purpose authorized by this part.

22 (ii) Tax increment revenues include ad valorem property taxes  
 23 and specific local taxes attributable to the application of the  
 24 levy of ~~the-this~~ state pursuant ~~to-under~~ the state education tax  
 25 act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate  
 26 school districts ~~upon-on~~ the captured assessed value of real and  
 27 personal property in the development area in an amount equal to the  
 28 amount necessary, without regard to subparagraph (i), to repay  
 29 eligible advances, eligible obligations, and other protected

1 obligations.

2 (iii) Tax increment revenues do not include any of the  
3 following:

4 (A) Ad valorem property taxes attributable either to a portion  
5 of the captured assessed value shared with taxing jurisdictions  
6 within the jurisdictional area of the authority or to a portion of  
7 value of property that may be excluded from captured assessed value  
8 or specific local taxes attributable to ~~such~~**those** ad valorem  
9 property taxes.

10 (B) Ad valorem property taxes excluded by the tax increment  
11 financing plan of the authority from the determination of the  
12 amount of tax increment revenues to be transmitted to the authority  
13 or specific local taxes attributable to ~~such~~**those** ad valorem  
14 property taxes.

15 (C) Ad valorem property taxes levied under 1 or more of the  
16 following or specific local taxes attributable to those ad valorem  
17 property taxes:

18 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161  
19 to 123.1183.

20 (II) The art institute authorities act, 2010 PA 296, MCL  
21 123.1201 to 123.1229.

22 **(D) ~~(III)~~** Except as otherwise provided in section 303(6), ad  
23 valorem property taxes or specific local taxes attributable to  
24 those ad valorem property taxes levied for a separate millage for  
25 public library purposes approved by the electors after December 31,  
26 2016.

27 **(E) Except as otherwise provided in section 303(6), ad valorem**  
28 **property taxes or specific local taxes attributable to those ad**  
29 **valorem property taxes levied for a separate millage for a specific**



1 purpose not described in sub-subparagraphs (A) to (D) approved by  
 2 the electors. For purposes of this sub-subparagraph, a separate  
 3 millage for a specific purpose does not include a millage approved  
 4 by the electors under section 34d(11) of the general property tax  
 5 act, 1893 PA 206, MCL 211.34d.

6 (iv) The amount of tax increment revenues authorized to be  
 7 included under subparagraph (ii), and required to be transmitted to  
 8 the authority under section 314(1), from ad valorem property taxes  
 9 and specific local taxes attributable to the application of the  
 10 levy of the state education tax act, 1993 PA 331, MCL 211.901 to  
 11 211.906, a local school district or an intermediate school district  
 12 ~~upon~~**on** the captured assessed value of real and personal property  
 13 in a development area ~~shall~~**must** be determined separately for the  
 14 levy by ~~the~~**this** state, each school district, and each intermediate  
 15 school district as the product of sub-subparagraphs (A) and (B):

16 (A) The percentage which the total ad valorem taxes and  
 17 specific local taxes available for distribution by law to ~~the~~**this**  
 18 state, **a** local school district, or **an** intermediate school district,  
 19 respectively, bear to the aggregate amount of ad valorem millage  
 20 taxes and specific taxes available for distribution by law to ~~the~~  
 21 **this** state, each local school district, and each intermediate  
 22 school district.

23 (B) The maximum amount of ad valorem property taxes and  
 24 specific local taxes considered tax increment revenues under  
 25 subparagraph (ii).

26 (bb) "Transit-oriented development" means infrastructure  
 27 improvements that are located within 1/2 mile of a transit station  
 28 or transit-oriented facility that promotes transit ridership or  
 29 passenger rail use as determined by the board and approved by the

1 municipality in which it is located.

2 (cc) "Transit-oriented facility" means a facility that houses  
3 a transit station in a manner that promotes transit ridership or  
4 passenger rail use.

5 Sec. 303. (1) If the governing body of a municipality  
6 determines that it is in the best interests of the public to halt a  
7 decline in property values, increase property tax valuation,  
8 eliminate the causes of the decline in property values, and to  
9 promote growth in an area in the municipality, the governing body  
10 of that municipality may declare by resolution its intention to  
11 create and provide for the operation of an authority.

12 (2) In the resolution of intent, the governing body shall set  
13 a date for the holding of a public hearing on the adoption of a  
14 proposed resolution creating the authority and designating the  
15 boundaries of the authority district. Notice of the public hearing  
16 ~~shall~~**must** be published twice in a newspaper of general circulation  
17 in the municipality, not less than 20 ~~nor~~**or** more than 40 days  
18 before the date of the hearing. Notice ~~shall~~**must** also be mailed to  
19 the property taxpayers of record in the proposed authority district  
20 not less than 20 days before the hearing. Beginning June 1, 2005,  
21 the notice of hearing within the time frame described in this  
22 subsection ~~shall~~**must** be mailed by certified mail to the governing  
23 body of each taxing jurisdiction levying taxes that would be  
24 subject to capture if the authority is established and a tax  
25 increment financing plan is approved. Failure to receive the notice  
26 ~~shall~~**does** not invalidate these proceedings. The notice ~~shall~~**must**  
27 state the date, time, and place of the hearing, and ~~shall~~**must**  
28 describe the boundaries of the proposed authority district. At that  
29 hearing, a citizen, taxpayer, or property owner of the municipality

1 has the right to be heard in regard to the establishment of the  
 2 authority and the boundaries of the proposed authority district.  
 3 The governing body of the municipality shall not incorporate land  
 4 into the authority district not included in the description  
 5 contained in the notice of public hearing, but it may eliminate  
 6 described lands from the authority district in the final  
 7 determination of the boundaries.

8 (3) After the public hearing, if the governing body intends to  
 9 proceed with the establishment of the authority, it shall adopt, by  
 10 majority vote of its members, a resolution establishing the  
 11 authority and designating the boundaries of the authority district  
 12 within which the authority ~~shall~~**may** exercise its powers. The  
 13 adoption of the resolution is subject to any applicable statutory  
 14 or charter provisions with respect to the approval or disapproval  
 15 by the chief executive or other officer of the municipality and the  
 16 adoption of a resolution over ~~his or her~~**that officer's** veto. This  
 17 resolution ~~shall~~**must** be filed with the secretary of state promptly  
 18 after its adoption and ~~shall~~**must** be published at least once in a  
 19 newspaper of general circulation in the municipality.

20 (4) The governing body may alter or amend the boundaries of  
 21 the authority district to include or exclude lands from the  
 22 authority district in accordance with the same requirements  
 23 prescribed for adopting the resolution creating the authority.

24 (5) The validity of the proceedings establishing an authority  
 25 ~~shall be~~**is** conclusive unless contested in a court of competent  
 26 jurisdiction ~~within~~**not later than** 60 days after the last of the  
 27 following takes place:

28 (a) Publication of the resolution as adopted.

29 (b) Filing of the resolution with the secretary of state.

1           (6) If a separate millage for public library purposes was  
2 levied before January 1, 2017, and all obligations and other  
3 protected obligations of the authority are paid, then the levy is  
4 exempt from capture under this part, unless the library board or  
5 commission allows all or a portion of its taxes levied to be  
6 included as tax increment revenues and subject to capture under  
7 this part under the terms of a written agreement between the  
8 library board or commission and the authority. The written  
9 agreement ~~shall~~**must** be filed with the clerk of the municipality.  
10 However, if a separate millage for public library purposes was  
11 levied before January 1, 2017, and the authority alters or amends  
12 the boundaries of the authority district or extends the duration of  
13 the existing finance plan, then the library board or commission  
14 may, not later than 60 days after a public hearing is held under  
15 this subsection, exempt all or a portion of its taxes from capture  
16 by adopting a resolution to that effect and filing a copy with the  
17 clerk of the municipality that created the authority. For ad  
18 valorem property taxes or specific local taxes attributable to  
19 those ad valorem property taxes levied for a separate millage for  
20 public library purposes approved by the electors after December 31,  
21 2016, a library board or commission may allow all or a portion of  
22 its taxes levied to be included as tax increment revenues and  
23 subject to capture under this part under the terms of a written  
24 agreement between the library board or commission and the  
25 authority. The written agreement ~~shall~~**must** be filed with the clerk  
26 of the municipality. However, if the library was created under  
27 section 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or  
28 established under 1869 LA 233, then any action of the library board  
29 or commission under this subsection ~~shall~~**must** have the concurrence

1 of the chief executive officer of the city that created the library  
2 to be effective. **An authority created before the effective date of**  
3 **the amendatory act that added this sentence may capture taxes**  
4 **described in section 301(aa) (iii) (E) if both of the following**  
5 **requirements are met:**

6 (a) **The taxes were levied before the effective date of the**  
7 **amendatory act that added this subdivision.**

8 (b) **The authority has obligations that are unpaid.**

9 Sec. 402. As used in this part:

10 (a) "Advance" means a transfer of funds made by a municipality  
11 to an authority or to another person on behalf of the authority in  
12 anticipation of repayment by the authority. Evidence of the intent  
13 to repay an advance includes, but is not limited to, an executed  
14 agreement to repay, provisions contained in a tax increment  
15 financing plan approved before the advance, or a resolution of the  
16 authority or the municipality.

17 (b) "Alternative energy technology" means equipment, component  
18 parts, materials, electronic devices, testing equipment, and  
19 related systems that are specifically designed, specifically  
20 fabricated, and used primarily for 1 or more of the following:

21 (i) The storage, generation, reformation, or distribution of  
22 clean fuels integrated within an alternative energy system or  
23 alternative energy vehicle, not including an anaerobic digester  
24 energy system or a hydroelectric energy system, for use within the  
25 alternative energy system or alternative energy vehicle.

26 (ii) The process of generating and putting into a usable form  
27 the energy generated by an alternative energy system. Alternative  
28 energy technology does not include those component parts of an  
29 alternative energy system that are required regardless of the

1 energy source.

2 (iii) Research and development of an alternative energy vehicle.

3 (iv) Research, development, and manufacturing of an alternative  
4 energy system.

5 (v) Research, development, and manufacturing of an anaerobic  
6 digester energy system.

7 (vi) Research, development, and manufacturing of a  
8 hydroelectric energy system.

9 (c) "Alternative energy technology business" means a business  
10 engaged in the research, development, or manufacturing of  
11 alternative energy technology or a business located in an authority  
12 district that includes a military installation that was operated by  
13 the United States Department of Defense and closed after 1980.

14 (d) "Assessed value" means 1 of the following:

15 (i) For valuations made before January 1, 1995, the state  
16 equalized valuation as determined under the general property tax  
17 act, 1893 PA 206, MCL 211.1 to 211.155.

18 (ii) For valuations made after December 31, 1994, the taxable  
19 value as determined under section 27a of the general property tax  
20 act, 1893 PA 206, MCL 211.27a.

21 (e) "Authority" means a local development finance authority  
22 created under this part.

23 (f) "Authority district" means an area or areas within which  
24 an authority exercises its powers.

25 (g) "Board" means the ~~governing body of~~ **board that supervises**  
26 **and controls** an authority **under section 405.**

27 (h) "Business development area" means an area designated as a  
28 certified industrial park under this part before June 29, 2000, or  
29 an area designated in the tax increment financing plan that meets

1 all of the following requirements:

2 (i) The area is zoned to allow its use for eligible property.

3 (ii) The area has a site plan or plat approved by the city,  
4 village, or township in which the area is located.

5 (i) "Business incubator" means real and personal property that  
6 meets all of the following requirements:

7 (i) Is located in a certified technology park or a certified  
8 alternative energy park.

9 (ii) Is subject to an agreement under section 412a or 412c.

10 (iii) Is developed for the primary purpose of attracting 1 or  
11 more owners or tenants who will engage in activities that would  
12 each separately qualify the property as eligible property under  
13 subdivision (s) (iii).

14 (j) "Captured assessed value" means the amount in any 1 year  
15 by which the current assessed value of the eligible property  
16 identified in the tax increment financing plan or, for a certified  
17 technology park, a certified alternative energy park, or a next  
18 Michigan development area, the real and personal property included  
19 in the tax increment financing plan, including the current assessed  
20 value of property for which specific local taxes are paid in lieu  
21 of property taxes as determined pursuant to subdivision (hh),  
22 exceeds the initial assessed value. The state tax commission shall  
23 prescribe the method for calculating captured assessed value.

24 Except as otherwise provided in this part, tax abated property in a  
25 renaissance zone as defined under section 3 of the Michigan  
26 renaissance zone act, 1996 PA 376, MCL 125.2683, must be excluded  
27 from the calculation of captured assessed value to the extent that  
28 the property is exempt from ad valorem property taxes or specific  
29 local taxes.

1           (k) "Certified alternative energy park" means that portion of  
2 an authority district designated by a written agreement entered  
3 into under section 412c between the authority, the municipality or  
4 municipalities, and the Michigan economic development corporation.

5           (l) "Certified business park" means a business development area  
6 that has been designated by the Michigan economic development  
7 corporation as meeting criteria established by the Michigan  
8 economic development corporation. The criteria shall establish  
9 standards for business development areas including, but not limited  
10 to, use, types of building materials, landscaping, setbacks,  
11 parking, storage areas, and management.

12           (m) "Certified technology park" means that portion of the  
13 authority district designated by a written agreement entered into  
14 under section 412a between the authority, the municipality, and the  
15 Michigan economic development corporation.

16           (n) "Chief executive officer" means the mayor or city manager  
17 of a city, the president of a village, or, for other local units of  
18 government or school districts, the person charged by law with the  
19 supervision of the functions of the local unit of government or  
20 school district.

21           (o) "Development plan" means that information and those  
22 requirements for a development set forth in section 415.

23           (p) "Development program" means the implementation of a  
24 development plan.

25           (q) "Eligible advance" means an advance made before August 19,  
26 1993.

27           (r) "Eligible obligation" means an obligation issued or  
28 incurred by an authority or by a municipality on behalf of an  
29 authority before August 19, 1993 and its subsequent refunding by a



1 qualified refunding obligation. Eligible obligation includes an  
2 authority's written agreement entered into before August 19, 1993  
3 to pay an obligation issued after August 18, 1993 and before  
4 December 31, 1996 by another entity on behalf of the authority.

5 (s) "Eligible property" means land improvements, buildings,  
6 structures, and other real property, and machinery, equipment,  
7 furniture, and fixtures, or any part or accessory of these items  
8 whether completed or in the process of construction comprising an  
9 integrated whole, located within an authority district, of which  
10 the primary purpose and use is or will be 1 of the following:

11 (i) The manufacture of goods or materials or the processing of  
12 goods or materials by physical or chemical change.

13 (ii) Agricultural processing.

14 (iii) A high technology activity.

15 (iv) The production of energy by the processing of goods or  
16 materials by physical or chemical change by a small power  
17 production facility as defined by the Federal Energy Regulatory  
18 Commission under the public utility regulatory policies act of  
19 1978, Public Law 95-617, which facility is fueled primarily by  
20 biomass or wood waste. This part does not affect a person's rights  
21 or liabilities under law with respect to groundwater contamination  
22 described in this subparagraph. This subparagraph applies only if  
23 all of the following requirements are met:

24 (A) Tax increment revenues captured from the eligible property  
25 will be used to finance, or will be pledged for debt service on tax  
26 increment bonds used to finance, a public facility in or near the  
27 authority district designed to reduce, eliminate, or prevent the  
28 spread of identified soil and groundwater contamination, pursuant  
29 to law.

1 (B) The board of the authority exercising powers within the  
2 authority district where the eligible property is located adopted  
3 an initial tax increment financing plan between January 1, 1991 and  
4 May 1, 1991.

5 (C) The municipality that created the authority establishes a  
6 special assessment district whereby not less than 50% of the  
7 operating expenses of the public facility described in this  
8 subparagraph will be paid for by special assessments. Not less than  
9 50% of the amount specially assessed against all parcels in the  
10 special assessment district must be assessed against parcels owned  
11 by parties potentially responsible for the identified groundwater  
12 contamination pursuant to law.

13 (v) A business incubator.

14 (vi) An alternative energy technology business.

15 (vii) A transit-oriented facility.

16 (viii) A transit-oriented development.

17 (ix) An eligible next Michigan business, as that term is  
18 defined in section 3 of the Michigan economic growth authority act,  
19 1995 PA 24, MCL 207.803, and other businesses within a next  
20 Michigan development area, but only to the extent designated as  
21 eligible property within a development plan approved by a next  
22 Michigan development corporation.

23 (t) "Fiscal year" means the fiscal year of the authority.

24 (u) "Governing body" means, except as otherwise provided in  
25 this subdivision, the elected body having legislative powers of a  
26 municipality creating an authority under this part. For a next  
27 Michigan development corporation, governing body means the  
28 executive committee of the next Michigan development corporation,  
29 unless otherwise provided in the interlocal agreement or articles

1 of incorporation creating the next Michigan development corporation  
2 or the governing body of an eligible urban entity or its designee  
3 as provided in the next Michigan development act, 2010 PA 275, MCL  
4 125.2951 to 125.2959.

5 (v) "High-technology activity" means that term as defined in  
6 section 3 of the Michigan economic growth authority act, 1995 PA  
7 24, MCL 207.803.

8 (w) "Initial assessed value" means the assessed value of the  
9 eligible property identified in the tax increment financing plan  
10 or, for a certified technology park, a certified alternative energy  
11 park, or a next Michigan development area, the assessed value of  
12 any real and personal property included in the tax increment  
13 financing plan, when the resolution establishing the tax increment  
14 financing plan is approved as shown by the most recent assessment  
15 roll for which equalization has been completed when the resolution  
16 is adopted or, for property that becomes eligible property in other  
17 than a certified technology park or a certified alternative energy  
18 park after the date the plan is approved, when the property becomes  
19 eligible property. Property exempt from taxation when the initial  
20 assessed value is determined must be included as zero. Property for  
21 which a specific local tax is paid in lieu of property tax is not  
22 considered exempt from taxation. The initial assessed value of  
23 property for which a specific local tax was paid in lieu of  
24 property tax is determined as provided in subdivision (hh).

25 (x) "Michigan economic development corporation" means the  
26 public body corporate created under section 28 of article VII of  
27 the state constitution of 1963 and the urban cooperation act of  
28 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual  
29 interlocal agreement effective April 5, 1999 between local

1 participating economic development corporations formed under the  
2 economic development corporations act, 1974 PA 338, MCL 125.1601 to  
3 125.1636, and the Michigan strategic fund. If the Michigan economic  
4 development corporation is unable for any reason to perform its  
5 duties under this part, those duties may be exercised by the  
6 Michigan strategic fund.

7 (y) "Michigan strategic fund" means the Michigan strategic  
8 fund as described in the Michigan strategic fund act, 1984 PA 270,  
9 MCL 125.2001 to 125.2094.

10 (z) "Municipality" means a city, village, or urban township.  
11 However, for purposes of creating and operating a certified  
12 alternative energy park or a certified technology park,  
13 municipality includes townships that are not urban townships.

14 (aa) "Next Michigan development area" means a portion of an  
15 authority district designated by a next Michigan development  
16 corporation under section 412e to which a development plan is  
17 applicable.

18 (bb) "Next Michigan development corporation" means that term  
19 as defined in section 3 of the next Michigan development act, 2010  
20 PA 275, MCL 125.2953.

21 (cc) "Obligation" means a written promise to pay, whether  
22 evidenced by a contract, agreement, lease, sublease, bond, or note,  
23 or a requirement to pay imposed by law. An obligation does not  
24 include a payment required solely because of default on an  
25 obligation, employee salaries, or consideration paid for the use of  
26 municipal offices. An obligation does not include those bonds that  
27 have been economically defeased by refunding bonds issued under  
28 this part. Obligation includes, but is not limited to, the  
29 following:

1 (i) A requirement to pay proceeds derived from ad valorem  
2 property taxes or taxes levied in lieu of ad valorem property  
3 taxes.

4 (ii) A management contract or a contract for professional  
5 services.

6 (iii) A payment required on a contract, agreement, bond, or note  
7 if the requirement to make or assume the payment arose before  
8 August 19, 1993.

9 (iv) A requirement to pay or reimburse a person for the cost of  
10 insurance for, or to maintain, property subject to a lease, land  
11 contract, purchase agreement, or other agreement.

12 (v) A letter of credit, paying agent, transfer agent, bond  
13 registrar, or trustee fee associated with a contract, agreement,  
14 bond, or note.

15 (dd) "On behalf of an authority", in relation to an eligible  
16 advance made by a municipality or an eligible obligation or other  
17 protected obligation issued or incurred by a municipality, means in  
18 anticipation that an authority would transfer tax increment  
19 revenues or reimburse the municipality from tax increment revenues  
20 in an amount sufficient to fully make payment required by the  
21 eligible advance made by a municipality, or eligible obligation or  
22 other protected obligation issued or incurred by the municipality,  
23 if the anticipation of the transfer or receipt of tax increment  
24 revenues from the authority is pursuant to or evidenced by 1 or  
25 more of the following:

26 (i) A reimbursement agreement between the municipality and an  
27 authority it established.

28 (ii) A requirement imposed by law that the authority transfer  
29 tax increment revenues to the municipality.

1           (iii) A resolution of the authority agreeing to make payments to  
2 the incorporating unit.

3           (iv) Provisions in a tax increment financing plan describing  
4 the project for which the obligation was incurred.

5           (ee) "Other protected obligation" means:

6           (i) A qualified refunding obligation issued to refund an  
7 obligation described in subparagraph (ii) or (iii), an obligation that  
8 is not a qualified refunding obligation that is issued to refund an  
9 eligible obligation, or a qualified refunding obligation issued to  
10 refund an obligation described in this subparagraph.

11           (ii) An obligation issued or incurred by an authority or by a  
12 municipality on behalf of an authority after August 19, 1993, but  
13 before December 31, 1994, to finance a project described in a tax  
14 increment finance plan approved by the municipality in accordance  
15 with this part before August 19, 1993, for which a contract for  
16 final design is entered into by the municipality or authority  
17 before March 1, 1994.

18           (iii) An obligation incurred by an authority or municipality  
19 after August 19, 1993, to reimburse a party to a development  
20 agreement entered into by a municipality or authority before August  
21 19, 1993, for a project described in a tax increment financing plan  
22 approved in accordance with this part before August 19, 1993, and  
23 undertaken and installed by that party in accordance with the  
24 development agreement.

25           (iv) An ongoing management or professional services contract  
26 with the governing body of a county that was entered into before  
27 March 1, 1994 and that was preceded by a series of limited term  
28 management or professional services contracts with the governing  
29 body of the county, the last of which was entered into before

1 August 19, 1993.

2 (ff) "Public facility" means 1 or more of the following:

3 (i) A street, road, bridge, storm water or sanitary sewer,  
4 sewage treatment facility, facility designed to reduce, eliminate,  
5 or prevent the spread of identified soil or groundwater  
6 contamination, drainage system, retention basin, pretreatment  
7 facility, waterway, waterline, water storage facility, rail line,  
8 electric, gas, telephone or other communications, or any other type  
9 of utility line or pipeline, transit-oriented facility, transit-  
10 oriented development, or other similar or related structure or  
11 improvement, together with necessary easements for the structure or  
12 improvement. Except for rail lines, utility lines, or pipelines,  
13 the structures or improvements described in this subparagraph must  
14 be either owned or used by a public agency, functionally connected  
15 to similar or supporting facilities owned or used by a public  
16 agency, or designed and dedicated to use by, for the benefit of, or  
17 for the protection of the health, welfare, or safety of the public  
18 generally, whether or not used by a single business entity. Any  
19 road, street, or bridge must be continuously open to public access.  
20 A public facility must be located on public property or in a  
21 public, utility, or transportation easement or right-of-way.

22 (ii) The acquisition and disposal of land that is proposed or  
23 intended to be used in the development of eligible property or an  
24 interest in that land, demolition of structures, site preparation,  
25 and relocation costs.

26 (iii) All administrative and real and personal property  
27 acquisition and disposal costs related to a public facility  
28 described in subparagraphs (i) and (iv), including, but not limited  
29 to, architect's, engineer's, legal, and accounting fees as

1 permitted by the district's development plan.

2 (iv) An improvement to a facility used by the public or a  
3 public facility as those terms are defined in section 1 of 1966 PA  
4 1, MCL 125.1351, which improvement is made to comply with the  
5 barrier free design requirements of the state construction code  
6 promulgated under the Stille-DeRossett-Hale single state  
7 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

8 (v) All of the following costs approved by the Michigan  
9 economic development corporation:

10 (A) Operational costs and the costs related to the  
11 acquisition, improvement, preparation, demolition, disposal,  
12 construction, reconstruction, remediation, rehabilitation,  
13 restoration, preservation, maintenance, repair, furnishing, and  
14 equipping of land and other assets that are or may become eligible  
15 for depreciation under the internal revenue code of 1986, 26 USC 1  
16 to 9834, for a business incubator located in a certified technology  
17 park or certified alternative energy park.

18 (B) Costs related to the acquisition, improvement,  
19 preparation, demolition, disposal, construction, reconstruction,  
20 remediation, rehabilitation, restoration, preservation,  
21 maintenance, repair, furnishing, and equipping of land and other  
22 assets that, if privately owned, would be eligible for depreciation  
23 under the internal revenue code of 1986, 26 USC 1 to 9834, for  
24 laboratory facilities, research and development facilities,  
25 conference facilities, teleconference facilities, testing, training  
26 facilities, and quality control facilities that are or that support  
27 eligible property under subdivision (s) (iii), that are owned by a  
28 public entity, and that are located within a certified technology  
29 park.



1 (C) Costs related to the acquisition, improvement,  
2 preparation, demolition, disposal, construction, reconstruction,  
3 remediation, rehabilitation, restoration, preservation,  
4 maintenance, repair, furnishing, and equipping of land and other  
5 assets that, if privately owned, would be eligible for depreciation  
6 under the internal revenue code of 1986, 26 USC 1 to 9834, for  
7 facilities that are or that will support eligible property under  
8 subdivision (s) (vi), that have been or will be owned by a public  
9 entity when the costs are incurred, that are located within a  
10 certified alternative energy park, and that have been or will be  
11 conveyed, by gift or sale, by the public entity to an alternative  
12 energy technology business.

13 (vi) Operating and planning costs included in a plan under  
14 section 412(1)(f), including costs of marketing property within the  
15 district and attracting development of eligible property within the  
16 district.

17 (gg) "Qualified refunding obligation" means an obligation  
18 issued or incurred by an authority or by a municipality on behalf  
19 of an authority to refund an obligation if the refunding obligation  
20 meets both of the following:

21 (i) The net present value of the principal and interest to be  
22 paid on the refunding obligation, including the cost of issuance,  
23 will be less than the net present value of the principal and  
24 interest to be paid on the obligation being refunded, as calculated  
25 using a method approved by the department of treasury.

26 (ii) The net present value of the sum of the tax increment  
27 revenues described in subdivision (jj) (ii) and the distributions  
28 under section 411a to repay the refunding obligation will not be  
29 greater than the net present value of the sum of the tax increment

1 revenues described in subdivision (jj) (ii) and the distributions  
2 under section 411a to repay the obligation being refunded, as  
3 calculated using a method approved by the department of treasury.

4 (hh) "Specific local taxes" means a tax levied under 1974 PA  
5 198, MCL 207.551 to 207.572, the obsolete property rehabilitation  
6 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial  
7 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the  
8 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA  
9 189, MCL 211.181 to 211.182, and the technology park development  
10 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed  
11 value or current assessed value of property subject to a specific  
12 local tax is the quotient of the specific local tax paid divided by  
13 the ad valorem millage rate. However, after 1993, the state tax  
14 commission shall prescribe the method for calculating the initial  
15 assessed value and current assessed value of property for which a  
16 specific local tax was paid in lieu of a property tax.

17 (ii) "State fiscal year" means the annual period commencing  
18 October 1 of each year.

19 (jj) "Tax increment revenues" means the amount of ad valorem  
20 property taxes and specific local taxes attributable to the  
21 application of the levy of all taxing jurisdictions on the captured  
22 assessed value of eligible property within the district or, for  
23 purposes of a certified technology park, a next Michigan  
24 development area, or a certified alternative energy park, real or  
25 personal property that is located within the certified technology  
26 park, a next Michigan development area, or a certified alternative  
27 energy park and included within the tax increment financing plan,  
28 subject to the following requirements:

29 (i) Tax increment revenues include ad valorem property taxes

1 and specific local taxes attributable to the application of the  
2 levy of all taxing jurisdictions, other than this state under the  
3 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and  
4 local or intermediate school districts, on the captured assessed  
5 value of real and personal property in the development area for any  
6 purpose authorized by this part.

7 (ii) Tax increment revenues include ad valorem property taxes  
8 and specific local taxes attributable to the application of the  
9 levy of this state under the state education tax act, 1993 PA 331,  
10 MCL 211.901 to 211.906, and local or intermediate school districts  
11 on the captured assessed value of real and personal property in the  
12 development area in an amount equal to the amount necessary,  
13 without regard to subparagraph (i), for the following purposes:

14 (A) To repay eligible advances, eligible obligations, and  
15 other protected obligations.

16 (B) To fund or to repay an advance or obligation issued by or  
17 on behalf of an authority to fund the cost of public facilities  
18 related to or for the benefit of eligible property located within a  
19 certified technology park or a certified alternative energy park to  
20 the extent the public facilities have been included in an agreement  
21 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as  
22 determined by the state treasurer, of the amounts levied by this  
23 state under the state education tax act, 1993 PA 331, MCL 211.901  
24 to 211.906, and local and intermediate school districts for a  
25 period, except as otherwise provided in this sub-subparagraph, not  
26 to exceed 15 years, as determined by the state treasurer, if the  
27 state treasurer determines that the capture under this sub-  
28 subparagraph is necessary to reduce unemployment, promote economic  
29 growth, and increase capital investment in the municipality.

1 However, if approved by the state treasurer and the president of  
2 the Michigan economic development corporation, a certified  
3 technology park may capture under this sub-subparagraph for an  
4 additional period of 5 years if, before that capture, the authority  
5 agrees to additional reporting requirements and modifies its tax  
6 increment financing plan to include regional collaboration as  
7 determined by the state treasurer and the president of the Michigan  
8 economic development corporation. The retroactive approval of an  
9 additional period of 5 years may occur after a capture under this  
10 sub-subparagraph for that additional period, if the other  
11 requirements of this sub-subparagraph are satisfied. In addition,  
12 on approval of the state treasurer and the president of the  
13 Michigan economic development corporation, if a municipality that  
14 has created a certified technology park that has entered into an  
15 agreement with another authority that does not contain a certified  
16 technology park to designate a distinct geographic area under  
17 section 412b, that authority that has created the certified  
18 technology park and the associated distinct geographic area may  
19 both capture under this sub-subparagraph for an additional period  
20 of 15 years as determined by the state treasurer and the president  
21 of the Michigan economic development corporation.

22 (C) To fund the cost of public facilities related to or for  
23 the benefit of eligible property located within a next Michigan  
24 development area to the extent that the public facilities have been  
25 included in a development plan, not to exceed 50%, as determined by  
26 the state treasurer, of the amounts levied by this state under the  
27 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and  
28 local and intermediate school districts for a period not to exceed  
29 15 years, as determined by the state treasurer, if the state

1 treasurer determines that the capture under this sub-subparagraph  
2 is necessary to reduce unemployment, promote economic growth, and  
3 increase capital investment in the authority district.

4 (iii) Tax increment revenues do not include any of the  
5 following:

6 (A) Ad valorem property taxes or specific local taxes that are  
7 excluded from and not made part of the tax increment financing  
8 plan. Ad valorem personal property taxes or specific local taxes  
9 associated with personal property may be excluded from and may not  
10 be part of the tax increment financing plan.

11 (B) Ad valorem property taxes and specific local taxes  
12 attributable to ad valorem property taxes excluded by the tax  
13 increment financing plan of the authority from the determination of  
14 the amount of tax increment revenues to be transmitted to the  
15 authority.

16 (C) Ad valorem property taxes exempted from capture under  
17 section 404(3) or specific local taxes attributable to those ad  
18 valorem property taxes.

19 (D) Ad valorem property taxes specifically levied for the  
20 payment of principal and interest of obligations approved by the  
21 electors or obligations pledging the unlimited taxing power of the  
22 local governmental unit or specific local taxes attributable to  
23 those ad valorem property taxes.

24 (E) The amount of ad valorem property taxes or specific taxes  
25 captured by a downtown development authority under part 2, tax  
26 increment finance authority under part 3, or brownfield  
27 redevelopment authority under the brownfield redevelopment  
28 financing act, 1996 PA 381, MCL 125.2651 to 125.2670, if those  
29 taxes were captured by these other authorities on the date that the

1 initial assessed value of a parcel of property was established  
2 under this part.

3 (F) Ad valorem property taxes levied under 1 or more of the  
4 following or specific local taxes attributable to those ad valorem  
5 property taxes:

6 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161  
7 to 123.1183.

8 (II) The art institute authorities act, 2010 PA 296, MCL  
9 123.1201 to 123.1229.

10 **(G) ~~(III)~~** Except as otherwise provided in section 404(3), ad  
11 valorem property taxes or specific local taxes attributable to  
12 those ad valorem property taxes levied for a separate millage for  
13 public library purposes approved by the electors after December 31,  
14 2016.

15 **(H) Except as otherwise provided in section 404(3), ad valorem**  
16 **property taxes or specific local taxes attributable to those ad**  
17 **valorem property taxes levied for a separate millage for a specific**  
18 **purpose not described in sub-subparagraphs (A) to (G) approved by**  
19 **the electors. For purposes of this sub-subparagraph, a separate**  
20 **millage for a specific purpose does not include a millage approved**  
21 **by the electors under section 34d(11) of the general property tax**  
22 **act, 1893 PA 206, MCL 211.34d.**

23 (iv) The amount of tax increment revenues authorized to be  
24 included under subparagraph (ii), and required to be transmitted to  
25 the authority under section 413(1), from ad valorem property taxes  
26 and specific local taxes attributable to the application of the  
27 levy of the state education tax act, 1993 PA 331, MCL 211.901 to  
28 211.906, or a local school district or an intermediate school  
29 district on the captured assessed value of real and personal

1 property in a development area must be determined separately for  
2 the levy by this state, each school district, and each intermediate  
3 school district as the product of sub-subparagraphs (A) and (B):

4 (A) The percentage that the total ad valorem taxes and  
5 specific local taxes available for distribution by law to this  
6 state, a local school district, or an intermediate school district,  
7 respectively, bears to the aggregate amount of ad valorem millage  
8 taxes and specific taxes available for distribution by law to this  
9 state, each local school district, and each intermediate school  
10 district.

11 (B) The maximum amount of ad valorem property taxes and  
12 specific local taxes considered tax increment revenues under  
13 subparagraph (ii).

14 (kk) "Transit-oriented development" means infrastructure  
15 improvements that are located within 1/2 mile of a transit station  
16 or transit-oriented facility that promotes transit ridership or  
17 passenger rail use as determined by the board and approved by the  
18 municipality in which it is located.

19 (ll) "Transit-oriented facility" means a facility that houses a  
20 transit station in a manner that promotes transit ridership or  
21 passenger rail use.

22 (mm) "Urban township" means a township that meets 1 or more of  
23 the following:

24 (i) Meets all of the following requirements:

25 (A) Has a population of 20,000 or more, or has a population of  
26 10,000 or more but is located in a county with a population of  
27 400,000 or more.

28 (B) Adopted a master zoning plan before February 1, 1987.

29 (C) Provides sewer, water, and other public services to all or

1 a part of the township.

2 (ii) Meets all of the following requirements:

3 (A) Has a population of less than 20,000.

4 (B) Is located in a county with a population of 250,000 or  
5 more but less than 400,000, and that county is located in a  
6 metropolitan statistical area.

7 (C) Has within its boundaries a parcel of property under  
8 common ownership that is 800 acres or larger and is capable of  
9 being served by a railroad, and located within 3 miles of a limited  
10 access highway.

11 (D) Establishes an authority before December 31, 1998.

12 (iii) Meets all of the following requirements:

13 (A) Has a population of less than 20,000.

14 (B) Has a state equalized valuation for all real and personal  
15 property located in the township of more than \$200,000,000.00.

16 (C) Adopted a master zoning plan before February 1, 1987.

17 (D) Is a charter township under the charter township act, 1947  
18 PA 359, MCL 42.1 to 42.34.

19 (E) Has within its boundaries a combination of parcels under  
20 common ownership that is 800 acres or larger, is immediately  
21 adjacent to a limited access highway, is capable of being served by  
22 a railroad, and is immediately adjacent to an existing sewer line.

23 (F) Establishes an authority before March 1, 1999.

24 (iv) Meets all of the following requirements:

25 (A) Has a population of 13,000 or more.

26 (B) Is located in a county with a population of 150,000 or  
27 more.

28 (C) Adopted a master zoning plan before February 1, 1987.

29 (v) Meets all of the following requirements:



1 (A) Is located in a county with a population of 1,000,000 or  
2 more.

3 (B) Has a written agreement with an adjoining township to  
4 develop 1 or more public facilities on contiguous property located  
5 in both townships.

6 (C) Has a master plan in effect.

7 (vi) Meets all of the following requirements:

8 (A) Has a population of less than 10,000.

9 (B) Has a state equalized valuation for all real and personal  
10 property located in the township of more than \$280,000,000.00.

11 (C) Adopted a master zoning plan before February 1, 1987.

12 (D) Has within its boundaries a combination of parcels under  
13 common ownership that is 199 acres or larger, is located within 1  
14 mile of a limited access highway, and is located within 1 mile of  
15 an existing sewer line.

16 (E) Has rail service.

17 (F) Establishes an authority before May 7, 2009.

18 (vii) Has joined an authority under section 403(2) that is  
19 seeking or has entered into an agreement for a certified technology  
20 park.

21 (viii) Has established an authority that is seeking or has  
22 entered into an agreement for a certified alternative energy park.

23 Sec. 404. (1) The governing body of a municipality may declare  
24 by resolution adopted by a majority of its members elected and  
25 serving its intention to create and provide for the operation of an  
26 authority.

27 (2) In the resolution of intent, the governing body proposing  
28 to create the authority shall set a date for holding a public  
29 hearing on the adoption of a proposed resolution creating the

1 authority and designating the boundaries of the authority district  
2 or districts. Notice of the public hearing ~~shall~~**must** be published  
3 twice in a newspaper of general circulation in the municipality,  
4 not less than 20 ~~nor~~**or** more than 40 days before the date of the  
5 hearing. Except as otherwise provided in subsection (8), not less  
6 than 20 days before the hearing, the governing body proposing to  
7 create the authority shall also mail notice of the hearing to the  
8 property taxpayers of record in a proposed authority district and,  
9 for a public hearing to be held after February 15, 1994, to the  
10 governing body of each taxing jurisdiction levying taxes that would  
11 be subject to capture if the authority is established and a tax  
12 increment financing plan is approved. Beginning June 1, 2005, the  
13 notice of hearing within the time frame described in this  
14 subsection ~~shall~~**must** be mailed by certified mail to the governing  
15 body of each taxing jurisdiction levying taxes that would be  
16 subject to capture if the authority is established and a tax  
17 increment financing plan is approved. Failure of a property  
18 taxpayer to receive the notice ~~shall~~**does** not invalidate these  
19 proceedings. The notice ~~shall~~**must** state the date, time, and place  
20 of the hearing, and ~~shall~~**must** describe the boundaries of the  
21 proposed authority district or districts. At that hearing, a  
22 resident, taxpayer, or property owner from a taxing jurisdiction in  
23 which the proposed district is located or an official from a taxing  
24 jurisdiction with millage that would be subject to capture has the  
25 right to be heard in regard to the establishment of the authority  
26 and the boundaries of that proposed authority district. The  
27 governing body of the municipality in which a proposed district is  
28 to be located shall not incorporate land into an authority district  
29 not included in the description contained in the notice of public

1 hearing, but it may eliminate lands described in the notice of  
2 public hearing from an authority district in the final  
3 determination of the boundaries.

4 (3) Except as otherwise provided in subsection (8), not more  
5 than 60 days after a public hearing held after February 15, 1994,  
6 the governing body of a taxing jurisdiction with millage that would  
7 otherwise be subject to capture may exempt its taxes from capture  
8 by adopting a resolution to that effect and filing a copy with the  
9 clerk of the municipality proposing to create the authority.

10 However, a resolution by a governing body of a taxing jurisdiction  
11 to exempt its taxes from capture is not effective for the capture  
12 of taxes that are used for a certified technology park or a  
13 certified alternative energy park. The resolution takes effect when  
14 filed with that clerk and remains effective until a copy of a  
15 resolution rescinding that resolution is filed with that clerk. If  
16 a separate millage for public library purposes was levied before  
17 January 1, 2017, and all obligations and other protected  
18 obligations of the authority are paid, then the levy is exempt from  
19 capture under this part, unless the library board or commission  
20 allows all or a portion of its taxes levied to be included as tax  
21 increment revenues and subject to capture under this part under the  
22 terms of a written agreement between the library board or  
23 commission and the authority. The written agreement ~~shall~~**must** be  
24 filed with the clerk of the municipality. However, if a separate  
25 millage for public library purposes was levied before January 1,  
26 2017, and the authority alters or amends the boundaries of the  
27 authority district or extends the duration of the existing finance  
28 plan, then the library board or commission may, not later than 60  
29 days after a public hearing is held under this subsection, exempt

1 all or a portion of its taxes from capture by adopting a resolution  
2 to that effect and filing a copy with the clerk of the municipality  
3 that created the authority. For ad valorem property taxes or  
4 specific local taxes attributable to those ad valorem property  
5 taxes levied for a separate millage for public library purposes  
6 approved by the electors after December 31, 2016, a library board  
7 or commission may allow all or a portion of its taxes levied to be  
8 included as tax increment revenues and subject to capture under  
9 this part under the terms of a written agreement between the  
10 library board or commission and the authority. The written  
11 agreement ~~shall~~**must** be filed with the clerk of the municipality.  
12 However, if the library was created under section 1 or 10a of 1877  
13 PA 164, MCL 397.201 and 397.210a, or established under 1869 LA 233,  
14 then any action of the library board or commission under this  
15 subsection ~~shall~~**must** have the concurrence of the chief executive  
16 officer of the city that created the library to be effective. **An**  
17 **authority created before the effective date of the amendatory act**  
18 **that added this sentence may capture taxes described in section**  
19 **402(jj) (iii) (H) if both of the following requirements are met:**

20 (a) **The taxes were levied before the effective date of the**  
21 **amendatory act that added this subdivision.**

22 (b) **The authority has obligations that are unpaid.**

23 (4) Except as otherwise provided in subsection (8), not less  
24 than 60 days after the public hearing or a shorter period as  
25 determined by the governing body for a certified technology park or  
26 a certified alternative energy park, if the governing body creating  
27 the authority intends to proceed with the establishment of the  
28 authority, it shall adopt, by majority vote of its members elected  
29 and serving, a resolution establishing the authority and

1 designating the boundaries of the authority district or districts  
2 within which the authority ~~shall~~**may** exercise its powers. The  
3 adoption of the resolution is subject to any applicable statutory  
4 or charter provisions with respect to the approval or disapproval  
5 of resolutions by the chief executive officer of the municipality  
6 and the adoption of a resolution over ~~his or her~~**that officer's**  
7 veto. This resolution ~~shall~~**must** be filed with the secretary of  
8 state promptly after its adoption and ~~shall~~**must** be published at  
9 least once in a newspaper of general circulation in the  
10 municipality.

11 (5) The governing body may alter or amend the boundaries of an  
12 authority district to include or exclude lands from that authority  
13 district or create new authority districts pursuant to the same  
14 requirements prescribed for adopting the resolution creating the  
15 authority.

16 (6) The validity of the proceedings establishing an authority  
17 ~~shall be~~**is** conclusive unless contested in a court of competent  
18 jurisdiction ~~within~~**not later than** 60 days after the last of the  
19 following takes place:

20 (a) Publication of the resolution creating the authority as  
21 adopted.

22 (b) Filing of the resolution creating the authority with the  
23 secretary of state.

24 (7) Except as otherwise provided by this subsection, if 2 or  
25 more municipalities desire to establish an authority under section  
26 403(2), each municipality in which the authority district will be  
27 located shall comply with the procedures prescribed by this part.  
28 The notice required by subsection (2) may be published jointly by  
29 the municipalities establishing the authority. The resolutions

1 establishing the authority ~~shall~~**must** include, or ~~shall~~**must**  
 2 approve an agreement including, provisions governing the number of  
 3 members on the board, the method of appointment, the members to be  
 4 represented by governmental units or agencies, the terms of initial  
 5 and subsequent appointments to the board, the manner in which a  
 6 member of the board may be removed for cause before the expiration  
 7 of ~~his or her~~**the member's** term, the manner in which the authority  
 8 may be dissolved, and the disposition of assets ~~upon~~**on**  
 9 dissolution. An authority described in this subsection ~~shall~~**is** not  
 10 ~~be considered~~ established unless all of the following conditions  
 11 are satisfied:

12 (a) A resolution is approved and filed with the secretary of  
 13 state by each municipality in which the authority district will be  
 14 located.

15 (b) The same boundaries have been approved for the authority  
 16 district by the governing body of each municipality in which the  
 17 authority district will be located.

18 (c) The governing body of the county in which a majority of  
 19 the authority district will be located has approved by resolution  
 20 the creation of the authority.

21 (8) For an authority created under section 403(3), except as  
 22 otherwise provided by this subsection, the Next Michigan  
 23 development corporation shall comply with the procedures prescribed  
 24 for a municipality by subsections (1) and (2) and this subsection.  
 25 The provisions of subsections (3) and (4) ~~shall~~**do** not apply to an  
 26 authority exercising its powers under section 403(3). The notice  
 27 required by subsection (2) may be published by the Next Michigan  
 28 development corporation in a newspaper or newspapers of general  
 29 circulation within the municipalities ~~which~~**that** are constituent

1 members of the Next Michigan development corporation, and notice  
 2 ~~shall-is~~ not ~~be~~ required to be mailed to the property taxpayers of  
 3 record in the proposed authority district. The governing body of  
 4 the Next Michigan development corporation ~~shall-be-is~~ the governing  
 5 body of the authority. A taxing jurisdiction levying ad valorem  
 6 taxes within the authority district that would otherwise be subject  
 7 to capture ~~which-that~~ is not a party to the intergovernmental  
 8 agreement may exempt its taxes from capture by adopting a  
 9 resolution to that effect and filing a copy not more than 60 days  
 10 after the public hearing with the recording officer of the Next  
 11 Michigan development corporation. The Next Michigan development  
 12 corporation shall mail notice of the public hearing to the  
 13 governing body of each taxing jurisdiction ~~which-that~~ is not a  
 14 party to the intergovernmental agreement not less than 20 days  
 15 before the hearing. Following the public hearing, the governing  
 16 body of the Next Michigan development corporation shall adopt a  
 17 resolution designating the boundaries of the authority district  
 18 within which the authority ~~shall-may~~ exercise its powers, which may  
 19 include any certified technology park within the proposed authority  
 20 district in accordance with this subsection and may include  
 21 property adjacent to or within 1,500 feet of a road classified as  
 22 an arterial or collector according to the Federal Highway  
 23 Administration manual "Highway Functional Classification -  
 24 Concepts, Criteria and Procedures" or of another road in the  
 25 discretion of the Next Michigan development corporation, and  
 26 property adjacent to that property within the territory of the Next  
 27 Michigan development corporation, as provided in the resolution.  
 28 The resolution ~~shall-be-is~~ effective when adopted, ~~shall-must~~ be  
 29 filed with the secretary of state and the president of the Michigan

1 strategic fund promptly after its adoption, and ~~shall~~**must** be  
 2 published at least once in a newspaper of general circulation in  
 3 the territory of the Next Michigan development corporation. If an  
 4 authority district designated under this subsection or subsequently  
 5 amended includes a certified technology park ~~which~~**that** is within  
 6 the authority district of another authority and ~~which~~**that** is  
 7 subject to an existing development plan or tax increment financing  
 8 plan, then that certified technology park ~~may be~~**is** considered to  
 9 be under the jurisdiction of the authority established under  
 10 section 403(3) if so provided in a resolution of the authority  
 11 established under section 403(3) and if approved by resolution of  
 12 the governing body of the municipality ~~which~~**that** created the other  
 13 authority, and by the president of the Michigan strategic fund. If  
 14 so provided and approved, then the development plan and tax  
 15 increment financing plan applicable to the certified technology  
 16 park, including all assets and obligations under the plans, ~~shall~~  
 17 ~~be~~**are** considered assigned and transferred from the other authority  
 18 to the authority created under section 403(3), and the initial  
 19 assessed value of the certified technology park ~~prior to~~**before** the  
 20 transfer ~~shall remain~~**remains** the initial assessed value of the  
 21 certified technology park following the transfer. The transfer  
 22 ~~shall be~~**is** effective as of the later of the effective date of the  
 23 resolution of the authority established under section 403(3), the  
 24 **effective date of the** resolution approved by the governing body of  
 25 the municipality ~~which~~**that** created the other authority, ~~and or~~  
 26 **date of** approval of the president of the Michigan strategic fund.

27       Sec. 523. (1) At the request of a street railway, and with the  
 28 consent of the department, a city, village, or township in which a  
 29 street railway system is located may establish a transit operations



1 finance zone for a street railway system if the city, village, or  
2 township and the department determine that it is necessary for the  
3 best interests of the public to promote and finance transit  
4 operations in a zone. A parcel ~~shall~~**must** not be included in more  
5 than 1 zone created under this section.

6 (2) The boundaries of a zone shall be established by the city,  
7 village, or township and may include parcels that are in whole or  
8 in part up to 1/4 mile in distance from the street railway system.  
9 Before establishing a zone, the city, village, or township shall  
10 consult with the street railway, the department, affected taxing  
11 jurisdictions, and any other person or entity that the city,  
12 village, or township considers necessary. The city, village, or  
13 township may conduct a planning study and may designate a zone  
14 before implementation of street railway system service within the  
15 zone.

16 (3) If the city, village, or township and the department  
17 determine that it is necessary for the best interests of the public  
18 to promote and finance transit operations in a zone under  
19 subsection (1), the city, village, or township shall enter into an  
20 agreement with the street railway and the department for the  
21 creation of a zone. The agreement ~~shall~~**must** include, but **is** not ~~be~~  
22 limited to, all of the following:

23 (a) The geographic boundaries of the zone, including both of  
24 the following:

25 (i) The designation of boundaries of the zone in relation to  
26 highways, streets, streams, lakes, other bodies of water, or  
27 otherwise.

28 (ii) The location and extent of existing streets and other  
29 public facilities within the zone, designating the location,

1 character, and extent of the categories of public and private land  
 2 uses then existing in the zone, including residential,  
 3 recreational, commercial, industrial, educational, and other uses,  
 4 and including a legal description of the zone.

5 (b) A tax increment financing plan for the zone as provided  
 6 under subsection (4).

7 (c) A description of specific actions to be taken by the  
 8 parties under the agreement to help establish the zone.

9 (d) The requirement that amendments to the agreement must be  
 10 approved by the city, village, or township, the department, and the  
 11 street railway.

12 (e) Any other material that the city, village, or township,  
 13 the department, or the street railway consider necessary or  
 14 appropriate.

15 (4) A tax increment financing plan for a zone established  
 16 under this section ~~shall~~**must** include a description of the tax  
 17 increment financing procedure, the distribution of tax increment  
 18 financing revenue to the street railway, and a statement of the  
 19 estimated impact of tax increment financing on the assessed value  
 20 of property in each taxing jurisdiction in the zone. The plan may  
 21 exclude from captured assessed value growth in property value  
 22 resulting solely from inflation and, if so, ~~shall~~**must** include the  
 23 method for excluding that growth. The plan ~~shall~~**must** require that  
 24 tax increment revenue received by a street railway under the plan  
 25 be used only for the expenses of operating the street railway  
 26 system. If the street railway subject to an agreement designating a  
 27 zone under this section ceases to operate a street railway system  
 28 in the city, village, or township that established the zone, the  
 29 plan ~~shall terminate~~**terminates** and the zone ~~shall be~~**is** abolished.

1 The plan ~~shall~~**must** restrict the revenue distributed to a street  
2 railway for any tax year to the lesser of 25% of any operating  
3 deficit of the street railway for the prior fiscal year or  
4 \$4,000,000.00. Before including a tax increment financing plan in  
5 an agreement, the city, village, or township shall provide taxing  
6 jurisdictions in the zone levying taxes subject to capture under  
7 the plan an opportunity to meet with the city, village, or  
8 township. The city, village, or township shall fully inform the  
9 taxing jurisdictions of the fiscal and economic implications of the  
10 plan and the taxing jurisdictions may present recommendations to  
11 the city, village, or township on the tax increment financing plan.

12 (5) Before entering into an agreement for the creation of a  
13 zone under this section, the city, village, or township ~~shall~~**must**  
14 conduct a public hearing on the proposed agreement. Notice of the  
15 public hearing ~~shall~~**must** be published twice in a newspaper of  
16 general circulation in the city, village, or township, not less  
17 than 20 or more than 40 days before the date of the hearing. The  
18 notice ~~shall~~**must** state the date, time, and place of the hearing  
19 and ~~shall~~**must** describe the proposed boundaries of the zone. A  
20 citizen, taxpayer, or property owner of the city, village, or  
21 township, or an official from a taxing jurisdiction within the zone  
22 has the right to be heard on the agreement and the proposed  
23 boundaries of the zone. The agreement ~~shall~~**must** not include in the  
24 zone land not included in the description contained in the notice  
25 of public hearing, but the agreement may exclude described land  
26 from the zone in the final determination of the boundaries of the  
27 zone. A city, village, or township shall not execute an agreement  
28 for the creation of a zone under this section unless the city,  
29 village, or township finds that it is necessary for the best

1 interests of the public to promote and finance transit operations  
2 in a zone.

3 (6) An agreement designating a zone and establishing its  
4 boundaries under this section and any amendments to the agreement  
5 ~~shall~~**must** be filed by the city, village, or township with the  
6 secretary of state.

7 (7) The municipal and county treasurers shall transmit tax  
8 increment revenues to the treasurer for the city, village, or  
9 township in which the street railway system is located for  
10 distribution to the street railway according to the tax increment  
11 financing plan and the agreement. The street railway shall expend  
12 the tax increment revenues only under the terms of the tax  
13 increment financing plan and the agreement under this section.  
14 Unused funds ~~shall~~ revert proportionately to the respective taxing  
15 jurisdictions. Tax increment revenues ~~shall~~**must** not be used to  
16 circumvent existing property tax limitations. The city, village, or  
17 township and the department may abolish the zone if the city,  
18 village, or township and the department find that the purposes for  
19 which the zone was established are accomplished. Annually, the  
20 city, village, or township, with assistance from the street  
21 railway, shall submit to the department and the state tax  
22 commission a report on the status of the tax increment financing  
23 revenue. The report ~~shall~~**must** include all of the following:

24 (a) The amount and source of tax increment revenue received by  
25 the street railway.

26 (b) The amount and purpose of expenditures from tax increment  
27 revenue.

28 (c) The initial assessed value of the zone.

29 (d) The captured assessed value retained within the zone.

1 (e) A description of operating expenditures of the street  
2 railway.

3 (8) The state tax commission may institute proceedings to  
4 compel enforcement of this section. The state tax commission may  
5 promulgate rules necessary for the administration of this section  
6 under the administrative procedures act of 1969, 1969 PA 306, MCL  
7 24.201 to 24.328.

8 (9) **An authority created before the effective date of the**  
9 **amendatory act that added this sentence may capture taxes described**  
10 **in subsection (10) (f) (x) if both of the following requirements are**  
11 **met:**

12 (a) **The taxes were levied before the effective date of the**  
13 **amendatory act that added this subdivision.**

14 (b) **The authority has obligations that are unpaid.**

15 (10) ~~(9)~~—As used in this section:

16 (a) "Assessed value" means the taxable value as determined  
17 under section 27a of the general property tax act, 1893 PA 206, MCL  
18 211.27a.

19 (b) "Captured assessed value" means the amount in any 1 year  
20 by which the current assessed value of a zone, including the  
21 assessed value of property for which specific local taxes are paid  
22 in lieu of property taxes, exceeds the initial assessed value. The  
23 state tax commission shall prescribe the method for calculating  
24 captured assessed value.

25 (c) "Initial assessed value" means the assessed value of all  
26 the taxable property within the boundaries of a zone ~~at the time~~  
27 **when** the tax increment financing plan is approved, as shown by the  
28 most recent equalized assessment roll of the city, village, or  
29 township ~~at the time~~ **when** an agreement is approved under this

1 section. Property exempt from taxation ~~at the time of the~~  
 2 ~~determination of when~~ the initial assessed value ~~shall is~~  
 3 **determined must** be included as zero. For the purpose of determining  
 4 initial assessed value, property for which a specific local tax is  
 5 paid in lieu of a property tax ~~shall is~~ not ~~be~~ considered to be  
 6 property that is exempt from taxation.

7 (d) "Parcel" means an identifiable unit of land that is  
 8 treated as separate for valuation or zoning purposes.

9 (e) "Specific local tax" means a tax levied under 1974 PA 198,  
 10 ~~1976 PA 430,~~ MCL 207.551 to 207.572, the commercial redevelopment  
 11 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park  
 12 development act, 1984 PA 385, MCL 207.701 to 207.718, the  
 13 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,  
 14 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to  
 15 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL  
 16 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The  
 17 initial assessed value or current assessed value of property  
 18 subject to a specific local tax ~~shall be is~~ the quotient of the  
 19 specific local tax paid divided by the ad valorem millage rate. The  
 20 state tax commission shall prescribe the method for calculating the  
 21 initial assessed value and current assessed value of property for  
 22 which a specific local tax was paid in lieu of a property tax.

23 (f) "Tax increment revenues" means the amount of ad valorem  
 24 property taxes and specific local taxes attributable to the  
 25 application of the levy of all taxing jurisdictions ~~upon on~~ the  
 26 captured assessed value of real and personal property in the zone.  
 27 Tax increment revenues do not include any of the following:

28 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
 29 211.901 to 211.906.

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

(iii) Taxes levied by a library established by 1901 LA 359.

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

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

(vi) Ad valorem property taxes exempted from capture under this section or specific local taxes attributable to the ad valorem property taxes.

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

(viii) Ad valorem taxes captured on property in a zone by any of the following authorities if the taxes were captured on the date that the property became subject to a tax increment financing plan under this section by any of the following authorities:

(A) A downtown development authority ~~created under 1975 PA 197, MCL 125.1651 to 125.1681.~~ **under part 2.**

(B) A water resource improvement tax increment finance authority ~~created under the water resource improvement tax~~

~~increment finance authority act, 2008 PA 94, MCL 125.1771 to 125.1794.~~**under part 7.**

(C) A tax increment finance authority under ~~the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.~~**part 3.**

(D) A local development finance authority ~~created under the local development finance authority act, 1986 PA 281, MCL 125.2151 to 125.2174.~~**under part 4.**

(E) A brownfield redevelopment finance authority created under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to ~~125.2672.~~**125.2670.**

(F) A historical neighborhood tax increment finance authority ~~created under the historical neighborhood tax increment finance authority act, under former 2004 PA 530. , MCL 125.2841 to 125.2866.~~

(G) A corridor improvement authority ~~created under the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.~~**under part 6.**

(H) A neighborhood improvement authority ~~created under the neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to 125.2932.~~**under part 8.**

(ix) Ad valorem property taxes levied under 1 or more of the following or specific local taxes attributable to those ad valorem property taxes:

(A) The zoological authorities act, 2008 PA 49, MCL 123.1161 to 123.1183.

(B) The art institute authorities act, 2010 PA 296, MCL 123.1201 to 123.1229.

**(x) Except as otherwise provided in subsection (9), ad valorem**



1 property taxes or specific local taxes attributable to those ad  
 2 valorem property taxes levied for a separate millage for a specific  
 3 purpose not described in subparagraphs (i) to (ix) approved by the  
 4 electors. For purposes of this subparagraph, a separate millage for  
 5 a specific purpose does not include a millage approved by the  
 6 electors under section 34d(11) of the general property tax act,  
 7 1893 PA 206, MCL 211.34d.

8 (g) "Zone" means a transit operations finance zone established  
 9 under this section.

10 Sec. 603. As used in this part:

11 (a) "Operations" means office maintenance, including salaries  
 12 and expenses of employees, office supplies, consultation fees,  
 13 design costs, and other expenses incurred in the daily management  
 14 of the authority and planning of its activities.

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

17 (c) "Public facility" means a street, plaza, pedestrian mall,  
 18 and any improvements to a street, plaza, or pedestrian mall  
 19 including street furniture and beautification, sidewalk, trail,  
 20 lighting, traffic flow modification, park, parking facility,  
 21 recreational facility, right-of-way, structure, waterway, bridge,  
 22 lake, pond, canal, utility line or pipe, transit-oriented  
 23 development, transit-oriented facility, or building, including  
 24 access routes, that are either designed and dedicated to use by the  
 25 public generally or used by a public agency, or that are located in  
 26 a qualified development area and are for the benefit of or for the  
 27 protection of the health, welfare, or safety of the public  
 28 generally, whether or not used by 1 or more business entities,  
 29 ~~provided that if any road, street, or bridge shall be is~~

continuously open to public access and ~~that other property shall be~~  
 is located in public easements or rights-of-way and designed to  
 accommodate foreseeable development of public facilities in  
 adjoining areas. Public facility includes an improvement to a  
 facility used by the public or a public facility as those terms are  
 defined in section 1 of 1966 PA 1, MCL 125.1351, if the improvement  
 complies with the barrier-free design requirements of the state  
 construction code promulgated under the Stille-DeRossett-Hale  
 single state construction code act, 1972 PA 230, MCL 125.1501 to  
 125.1531.

(d) "Qualified development area" means a development area that  
 meets 1 of the following:

(i) All of the following:

(A) Is located within a city with a population of 700,000 or  
 more.

(B) Contains ~~at least~~ **not less than** 30 contiguous acres.

(C) Was owned by this state on December 31, 2003 and was  
 conveyed to a private owner before June 30, 2004.

(D) Is zoned to allow for mixed use that includes commercial  
 use and that may include residential use.

(E) Otherwise complies with the requirements of section  
 605(a), (d), (e), and (g).

(F) Construction within the qualified development area begins  
~~on or before the date 2 years after the effective date of the~~  
~~amendatory act that added this subdivision.~~ **July 18, 2009.**

(G) Is located in a distressed area.

(ii) Contains transit-oriented development or a transit-  
 oriented facility.

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

1 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
2 255, MCL 207.651 to 207.668, the technology park development act,  
3 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to  
4 211.182. The initial assessed value or current assessed value of  
5 property subject to a specific local tax ~~shall be~~ **is** the quotient  
6 of the specific local tax paid divided by the ad valorem millage  
7 rate. The state tax commission shall prescribe the method for  
8 calculating the initial assessed value and current assessed value  
9 of property for which a specific local tax was paid in lieu of a  
10 property tax.

11 (f) "State fiscal year" means the annual period commencing  
12 October 1 of each year.

13 (g) "Tax increment revenues" means the amount of ad valorem  
14 property taxes and specific local taxes attributable to the  
15 application of the levy of all taxing jurisdictions ~~upon~~ **on** the  
16 captured assessed value of real and personal property in the  
17 development area. Except as otherwise provided in section ~~29,~~ **629,**  
18 tax increment revenues do not include any of the following:

19 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
20 211.901 to 211.906.

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

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

28 (iv) Ad valorem property taxes excluded by the tax increment  
29 financing plan of the authority from the determination of the

1 amount of tax increment revenues to be transmitted to the authority  
2 or specific local taxes attributable to the ad valorem property  
3 taxes.

4 (v) Ad valorem property taxes exempted from capture under  
5 section 618(5) or specific local taxes attributable to the ad  
6 valorem property taxes.

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

12 (vii) Ad valorem property taxes levied under 1 or more of the  
13 following or specific local taxes attributable to those ad valorem  
14 property taxes:

15 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161  
16 to 123.1183.

17 (B) The art institute authorities act, 2010 PA 296, MCL  
18 123.1201 to 123.1229.

19 (viii) ~~(C)~~ Except as otherwise provided in section 618(5), ad  
20 valorem property taxes or specific local taxes attributable to  
21 those ad valorem property taxes levied for a separate millage for  
22 public library purposes approved by the electors after December 31,  
23 2016.

24 (ix) **Except as otherwise provided in section 618(5), ad valorem**  
25 **property taxes or specific local taxes attributable to those ad**  
26 **valorem property taxes levied for a separate millage for a specific**  
27 **purpose not described in subparagraphs (i) to (viii) approved by the**  
28 **electors. For purposes of this subparagraph, a separate millage for**  
29 **a specific purpose does not include a millage approved by the**

1 electors under section 34d(11) of the general property tax act,  
 2 1893 PA 206, MCL 211.34d.

3 (h) "Transit-oriented development" means infrastructural  
 4 improvements that are located within 1/2 mile of a transit station  
 5 or transit-oriented facility that promotes transit ridership or  
 6 passenger rail use as determined by the board and approved by the  
 7 municipality in which it is located.

8 (i) "Transit-oriented facility" means a facility that houses a  
 9 transit station in a manner that promotes transit ridership or  
 10 passenger rail use.

11 (j) "Distressed area" means a local governmental unit that  
 12 meets all of the following:

13 (i) Has a population of 700,000 or more.

14 (ii) Shows a negative population change from 1970 to the date  
 15 of the most recent federal decennial census.

16 (iii) Shows an overall increase in the state equalized value of  
 17 real and personal property of less than the statewide average  
 18 increase since 1972.

19 (iv) Has a poverty rate, as defined by the most recent federal  
 20 decennial census, greater than the statewide average.

21 (v) Has had an unemployment rate higher than the statewide  
 22 average.

23 Sec. 618. (1) If the authority determines that it is necessary  
 24 for the achievement of the purposes of this part, the authority  
 25 ~~shall~~**may** prepare and submit a tax increment financing plan to the  
 26 governing body of the municipality. The plan ~~shall~~**must** include a  
 27 development plan as provided in section 621, a detailed explanation  
 28 of the tax increment procedure, the maximum amount of bonded  
 29 indebtedness to be incurred, and the duration of the program, and

1 ~~shall be in compliance~~**must comply** with section 619. The plan ~~shall~~  
2 **must** contain a statement of the estimated impact of tax increment  
3 financing on the assessed values of all taxing jurisdictions in  
4 which the development area is located. The plan may provide for the  
5 use of part or all of the captured assessed value, but the portion  
6 intended to be used by the authority ~~shall~~**must** be clearly stated  
7 in the tax increment financing plan. The authority or municipality  
8 may exclude from captured assessed value growth in property value  
9 resulting solely from inflation. The plan ~~shall~~**must** set forth the  
10 method for excluding growth in property value resulting solely from  
11 inflation.

12 (2) Approval of the tax increment financing plan ~~shall~~**must**  
13 comply with the notice, hearing, and disclosure provisions of  
14 section 622. If the development plan is part of the tax increment  
15 financing plan, only 1 hearing and approval procedure is required  
16 for the 2 plans together.

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

28 (4) A tax increment financing plan may be modified if the  
29 modification is approved by the governing body upon notice and

1 after public hearings and agreements as are required for approval  
2 of the original plan.

3 (5) Except for a development area located in a qualified  
4 development area, not more than 60 days after the public hearing on  
5 the tax increment financing plan, the governing body in a taxing  
6 jurisdiction levying ad valorem property taxes that would otherwise  
7 be subject to capture may exempt its taxes from capture by adopting  
8 a resolution to that effect and filing a copy with the clerk of the  
9 municipality proposing to create the authority. The resolution  
10 ~~shall take~~ **takes** effect when filed with the clerk and remains  
11 effective until a copy of a resolution rescinding that resolution  
12 is filed with that clerk. If a separate millage for public library  
13 purposes was levied before January 1, 2017, and all obligations of  
14 the authority are paid, then the levy is exempt from capture under  
15 this part, unless the library board or commission allows all or a  
16 portion of its taxes levied to be included as tax increment  
17 revenues and subject to capture under this part under the terms of  
18 a written agreement between the library board or commission and the  
19 authority. The written agreement ~~shall~~ **must** be filed with the clerk  
20 of the municipality. However, if a separate millage for public  
21 library purposes was levied before January 1, 2017, and the  
22 authority alters or amends the boundaries of the development area  
23 or extends the duration of the existing finance plan, then the  
24 library board or commission may, not later than 60 days after a  
25 public hearing is held under this subsection, exempt all or a  
26 portion of its taxes from capture by adopting a resolution to that  
27 effect and filing a copy with the clerk of the municipality that  
28 created the authority. For ad valorem property taxes or specific  
29 local taxes attributable to those ad valorem property taxes levied

for a separate millage for public library purposes approved by the electors after December 31, 2016, a library board or commission may allow all or a portion of its taxes levied to be included as tax increment revenues and subject to capture under this part under the terms of a written agreement between the library board or commission and the authority. The written agreement ~~shall~~**must** be filed with the clerk of the municipality. However, if the library was created under section 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established under 1869 LA 233, then any action of the library board or commission under this subsection ~~shall~~**must** have the concurrence of the chief executive officer of the city that created the library to be effective. **An authority created before the effective date of the amendatory act that added this sentence may capture taxes described in section 603(g) (ix) if both of the following requirements are met:**

(a) **The taxes were levied before the effective date of the amendatory act that added this subdivision.**

(b) **The authority has obligations that are unpaid.**

Sec. 703. As used in this part:

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

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

(c) "Public facility" means a street, and any improvements to a street, including street furniture and beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, or



1 building, including access routes designed and dedicated to use by  
2 the public generally, or used by a public agency, that is related  
3 to access to inland lakes or a water resource improvement, or means  
4 a water resource improvement. Public facility includes an  
5 improvement to a facility used by the public or a public facility  
6 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,  
7 if the improvement complies with the barrier free design  
8 requirements of the state construction code promulgated under the  
9 Stille-DeRossett-Hale single state construction code act, 1972 PA  
10 230, MCL 125.1501 to 125.1531.

11 (d) "Specific local tax" means a tax levied under 1974 PA 198,  
12 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
13 255, MCL 207.651 to 207.668, the technology park development act,  
14 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to  
15 211.182. The initial assessed value or current assessed value of  
16 property subject to a specific local tax ~~shall be~~ **is** the quotient  
17 of the specific local tax paid divided by the ad valorem millage  
18 rate. The state tax commission shall prescribe the method for  
19 calculating the initial assessed value and current assessed value  
20 of property for which a specific local tax was paid in lieu of a  
21 property tax.

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

24 (f) "Tax increment revenues" means the amount of ad valorem  
25 property taxes and specific local taxes attributable to the  
26 application of the levy of all taxing jurisdictions ~~upon~~ **on** the  
27 captured assessed value of real and personal property in the  
28 development area. Tax increment revenues do not include any of the  
29 following:

1 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
2 211.901 to 211.906.

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

4 (iii) Ad valorem property taxes attributable either to a portion  
5 of the captured assessed value shared with taxing jurisdictions  
6 within the jurisdictional area of the authority or to a portion of  
7 value of property that may be excluded from captured assessed value  
8 or specific local taxes attributable to the ad valorem property  
9 taxes.

10 (iv) Ad valorem property taxes excluded by the tax increment  
11 financing plan of the authority from the determination of the  
12 amount of tax increment revenues to be transmitted to the authority  
13 or specific local taxes attributable to the ad valorem property  
14 taxes.

15 (v) Ad valorem property taxes exempted from capture under  
16 section ~~815(5)~~ **715(5)** or specific local taxes attributable to the  
17 ad valorem property taxes.

18 (vi) Ad valorem property taxes specifically levied for the  
19 payment of principal and interest of obligations approved by the  
20 electors or obligations pledging the unlimited taxing power of the  
21 local governmental unit or specific taxes attributable to those ad  
22 valorem property taxes.

23 (vii) Ad valorem property taxes levied under 1 or more of the  
24 following or specific local taxes attributable to those ad valorem  
25 property taxes:

26 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161  
27 to 123.1183.

28 (B) The art institute authorities act, 2010 PA 296, MCL  
29 123.1201 to 123.1229.

1       (viii) ~~(c)~~ Except as otherwise provided in section 715(5), ad  
 2       valorem property taxes or specific local taxes attributable to  
 3       those ad valorem property taxes levied for a separate millage for  
 4       public library purposes approved by the electors after December 31,  
 5       2016.

6       (ix) Except as otherwise provided in section 715(5), ad valorem  
 7       property taxes or specific local taxes attributable to those ad  
 8       valorem property taxes levied for a separate millage for a specific  
 9       purpose not described in subparagraphs (i) to (viii) approved by the  
 10      electors. For purposes of this subparagraph, a separate millage for  
 11      a specific purpose does not include a millage approved by the  
 12      electors under section 34d(11) of the general property tax act,  
 13      1893 PA 206, MCL 211.34d.

14      (g) "Water resource improvement" means enhancement of water  
 15      quality and water dependent natural resources, including, but not  
 16      limited to, the following:

17      (i) The elimination of the causes and the proliferation of  
 18      aquatic nuisance species, as defined in section 3101 of the natural  
 19      resources and environmental protection act, 1994 PA 451, MCL  
 20      324.3101.

21      (ii) Sewer systems that service existing structures that have  
 22      failing on-site disposal systems.

23      (iii) Storm water systems that service existing infrastructure.

24      (iv) Dredging, removal of spoils, or other improvements or  
 25      maintenance activities that enhance navigability of a waterway.

26      (h) "Water resource improvement district" or "district" means  
 27      1 or more of the following:

28      (i) An inland body of water and land that is up to 1 mile from  
 29      the shoreline of an inland lake that contains 1 or more public

1 access points.

2 (ii) An inland body of water and parcels of land that are  
3 contiguous to the shoreline of an inland lake that does not contain  
4 a public access point.

5 (iii) The shoreline of a harbor on a Great Lake and 1 or more of  
6 the following:

7 (A) Land up to 1 mile from the shoreline of the harbor.

8 (B) A tributary to that Great Lake harbor up to 5 miles  
9 upstream from the shoreline of the Great Lake harbor.

10 (C) Land up to 1 mile from each bank of the tributary  
11 described in sub-subparagraph (B).

12 Sec. 715. (1) If the authority determines that it is necessary  
13 for the achievement of the purposes of this part, the authority  
14 ~~shall~~**may** prepare and submit a tax increment financing plan to the  
15 governing body of the municipality. The plan ~~shall~~**must** include a  
16 development plan as provided in section 718, a detailed explanation  
17 of the tax increment procedure, the maximum amount of bonded  
18 indebtedness to be incurred, and the duration of the program, and  
19 ~~shall be in compliance~~**must comply** with section 716. The plan ~~shall~~  
20 **must** contain a statement of the estimated impact of tax increment  
21 financing on the assessed values of all taxing jurisdictions in  
22 which the development area is located. The plan may provide for the  
23 use of part or all of the captured assessed value, but the portion  
24 intended to be used by the authority ~~shall~~**must** be clearly stated  
25 in the tax increment financing plan. The authority or municipality  
26 may exclude from captured assessed value growth in property value  
27 resulting solely from inflation. The plan ~~shall~~**must** set forth the  
28 method for excluding growth in property value resulting solely from  
29 inflation.

1 (2) Approval of the tax increment financing plan ~~shall~~**must**  
 2 comply with the notice, hearing, and disclosure provisions of  
 3 section ~~821.~~**719**. If the development plan is part of the tax  
 4 increment financing plan, only 1 hearing and approval procedure is  
 5 required for the 2 plans together.

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

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

21 (5) Not more than 60 days after the public hearing, the  
 22 governing body in a taxing jurisdiction levying ad valorem property  
 23 taxes that would otherwise be subject to capture may exempt its  
 24 taxes from capture by adopting a resolution to that effect and  
 25 filing a copy with the clerk of the municipality proposing to  
 26 create the authority. ~~In the event that~~**If** the governing body  
 27 levies a separate millage for public library purposes, at the  
 28 request of the public library board, that separate millage ~~shall be~~  
 29 **is** exempt from the capture. The resolution ~~shall take~~**takes** effect

1 when filed with the clerk and remains effective until a copy of a  
2 resolution rescinding that resolution is filed with that clerk. If  
3 a separate millage for public library purposes was levied before  
4 January 1, 2017, and all obligations of the authority are paid,  
5 then the levy is exempt from capture under this part, unless the  
6 library board or commission allows all or a portion of its taxes  
7 levied to be included as tax increment revenues and subject to  
8 capture under this part under the terms of a written agreement  
9 between the library board or commission and the authority. The  
10 written agreement ~~shall~~**must** be filed with the clerk of the  
11 municipality. However, if a separate millage for public library  
12 purposes was levied before January 1, 2017, and the authority  
13 alters or amends the boundaries of the district or extends the  
14 duration of the existing finance plan, then the library board or  
15 commission may, not later than 60 days after a public hearing is  
16 held under this subsection, exempt all or a portion of its taxes  
17 from capture by adopting a resolution to that effect and filing a  
18 copy with the clerk of the municipality that created the authority.  
19 For ad valorem property taxes or specific local taxes attributable  
20 to those ad valorem property taxes levied for a separate millage  
21 for public library purposes approved by the electors after December  
22 31, 2016, a library board or commission may allow all or a portion  
23 of its taxes levied to be included as tax increment revenues and  
24 subject to capture under this part under the terms of a written  
25 agreement between the library board or commission and the  
26 authority. The written agreement ~~shall~~**must** be filed with the clerk  
27 of the municipality. However, if the library was created under  
28 section 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or  
29 established under 1869 LA 233, then any action of the library board

1 or commission under this subsection ~~shall~~**must** have the concurrence  
2 of the chief executive officer of the city that created the library  
3 to be effective. **An authority created before the effective date of**  
4 **the amendatory act that added this sentence may capture taxes**  
5 **described in section 703(f) (ix) if both of the following**  
6 **requirements are met:**

7 (a) **The taxes were levied before the effective date of the**  
8 **amendatory act that added this subdivision.**

9 (b) **The authority has obligations that are unpaid.**

10 Sec. 803. As used in this part:

11 (a) "Operations" means office maintenance, including salaries  
12 and expenses of employees, office supplies, consultation fees,  
13 design costs, and other expenses incurred in the daily management  
14 of the authority and planning of its activities.

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

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

(d) "Residential district" means an area of a municipality where 75% or more of the area is zoned for residential housing.

(e) "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856. The initial assessed value or current assessed value of property subject to a specific local tax ~~shall be~~ **is** the quotient of the specific local tax paid divided by the ad valorem millage rate. The state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

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

(g) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions ~~upon~~ **on** the captured assessed value of real and personal property in the development area. Tax increment revenues do not include any of the following:

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

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

(iii) Ad valorem property taxes attributable either to a portion of the captured assessed value shared with taxing jurisdictions within the jurisdictional area of the authority or to a portion of



1 value of property that may be excluded from captured assessed value  
2 or specific local taxes attributable to the ad valorem property  
3 taxes.

4 (iv) Ad valorem property taxes excluded by the tax increment  
5 financing plan of the authority from the determination of the  
6 amount of tax increment revenues to be transmitted to the authority  
7 or specific local taxes attributable to the ad valorem property  
8 taxes.

9 (v) Ad valorem property taxes exempted from capture under  
10 section 814(5) or specific local taxes attributable to those ad  
11 valorem property taxes.

12 (vi) Ad valorem property taxes specifically levied for the  
13 payment of principal and interest of obligations approved by the  
14 electors or obligations pledging the unlimited taxing power of the  
15 local governmental unit or specific taxes attributable to those ad  
16 valorem property taxes.

17 (vii) Ad valorem property taxes levied under 1 or more of the  
18 following or specific local taxes attributable to those ad valorem  
19 property taxes:

20 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161  
21 to 123.1183.

22 (B) The art institute authorities act, 2010 PA 296, MCL  
23 123.1201 to 123.1229.

24 (viii) ~~(C)~~ Except as otherwise provided in section 814(5), ad  
25 valorem property taxes or specific local taxes attributable to  
26 those ad valorem property taxes levied for a separate millage for  
27 public library purposes approved by the electors after December 31,  
28 2016.

29 **(ix) Except as otherwise provided in section 814(5), ad valorem**

1 property taxes or specific local taxes attributable to those ad  
 2 valorem property taxes levied for a separate millage for a specific  
 3 purpose not described in subparagraphs (i) to (viii) approved by the  
 4 electors. For purposes of this subparagraph, a separate millage for  
 5 a specific purpose does not include a millage approved by the  
 6 electors under section 34d(11) of the general property tax act,  
 7 1893 PA 206, MCL 211.34d.

8 Sec. 814. (1) If the authority determines that it is necessary  
 9 for the achievement of the purposes of this part, the authority  
 10 ~~shall~~**may** prepare and submit a tax increment financing plan to the  
 11 governing body of the municipality. The plan ~~shall~~**must** include a  
 12 development plan as provided in section ~~816,~~**817**, a detailed  
 13 explanation of the tax increment procedure, the maximum amount of  
 14 bonded indebtedness to be incurred, and the duration of the  
 15 program, and ~~shall be in compliance~~**must comply** with section 815.  
 16 The plan ~~shall~~**must** contain a statement of the estimated impact of  
 17 tax increment financing on the assessed values of all taxing  
 18 jurisdictions in which the development area is located. The plan  
 19 may provide for the use of part or all of the captured assessed  
 20 value, but the portion intended to be used by the authority ~~shall~~  
 21 **must** be clearly stated in the tax increment financing plan. The  
 22 authority or municipality may exclude from captured assessed value  
 23 growth in property value resulting solely from inflation. The plan  
 24 ~~shall~~**must** set forth the method for excluding growth in property  
 25 value resulting solely from inflation.

26 (2) Approval of the tax increment financing plan ~~shall~~**must**  
 27 comply with the notice, hearing, and disclosure provisions of  
 28 section 818. If the development plan is part of the tax increment  
 29 financing plan, only 1 hearing and approval procedure is required

1 for the 2 plans together.

2 (3) Before the public hearing on the tax increment financing  
 3 plan, the governing body shall provide a reasonable opportunity to  
 4 the taxing jurisdictions levying taxes subject to capture to meet  
 5 with the governing body. The authority shall fully inform the  
 6 taxing jurisdictions of the fiscal and economic implications of the  
 7 proposed development area. The taxing jurisdictions may present  
 8 their recommendations at the public hearing on the tax increment  
 9 financing plan. The authority may enter into agreements with the  
 10 taxing jurisdictions and the governing body of the municipality in  
 11 which the development area is located to share a portion of the  
 12 captured assessed value of the development area.

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

17 (5) Not more than 60 days after the public hearing, the  
 18 governing body in a taxing jurisdiction levying ad valorem property  
 19 taxes that would otherwise be subject to capture may exempt its  
 20 taxes from capture by adopting a resolution to that effect and  
 21 filing a copy with the clerk of the municipality proposing to  
 22 create the authority. ~~In the event that~~ **If** the governing body  
 23 levies a separate millage for public library purposes, at the  
 24 request of the public library board, that separate millage ~~shall be~~  
 25 **is** exempt from the capture. The resolution ~~shall take~~ **takes** effect  
 26 when filed with the clerk and remains effective until a copy of a  
 27 resolution rescinding that resolution is filed with that clerk. If  
 28 a separate millage for public library purposes was levied before  
 29 January 1, 2017, and all obligations of the authority are paid,

1 then the levy is exempt from capture under this part, unless the  
2 library board or commission allows all or a portion of its taxes  
3 levied to be included as tax increment revenues and subject to  
4 capture under this part under the terms of a written agreement  
5 between the library board or commission and the authority. The  
6 written agreement ~~shall~~**must** be filed with the clerk of the  
7 municipality. However, if a separate millage for public library  
8 purposes was levied before January 1, 2017, and the authority  
9 alters or amends the boundaries of a development area or extends  
10 the duration of the existing finance plan, then the library board  
11 or commission may, not later than 60 days after a public hearing is  
12 held under this subsection, exempt all or a portion of its taxes  
13 from capture by adopting a resolution to that effect and filing a  
14 copy with the clerk of the municipality that created the authority.  
15 For ad valorem property taxes or specific local taxes attributable  
16 to those ad valorem property taxes levied for a separate millage  
17 for public library purposes approved by the electors after December  
18 31, 2016, a library board or commission may allow all or a portion  
19 of its taxes levied to be included as tax increment revenues and  
20 subject to capture under this part under the terms of a written  
21 agreement between the library board or commission and the  
22 authority. The written agreement ~~shall~~**must** be filed with the clerk  
23 of the municipality. However, if the library was created under  
24 section 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or  
25 established under 1869 LA 233, then any action of the library board  
26 or commission under this subsection ~~shall~~**must** have the concurrence  
27 of the chief executive officer of the city that created the library  
28 to be effective. **An authority created before the effective date of**  
29 **the amendatory act that added this sentence may capture taxes**

1 described in section 803(g) (ix) if both of the following  
2 requirements are met:

3 (a) The taxes were levied before the effective date of the  
4 amendatory act that added this subdivision.

5 (b) The authority has obligations that are unpaid.