Brief analysis of Draft 1 TIF legislation:

1. The bill amends the DDA act and essentially folds in all TIF capture acts into one (minus Brownfields and Nonprofit Railway Act – M1- which will remain on their own) to create a Municipal Development Authority. This is intended, from the perspective of those drafting the legislation, to make it more flexible for communities to use.
    a. TIFAs, LDFAs, CIAs, DDAs, and Water Resource all rolled into this new act.
    b. Eliminates Neighborhood TIFs, Historic Neighborhood TIFs and PIFAs because there is no evidence that there is any use of these happening currently.
    c. Brownfield Act and Nonprofit Railway Act remain separate, although there are some aspects of brownfield remediation abilities added into this new act.
    d. Also not touching the Next Michigan Act.

2. It also incorporates an element of gain sharing (sharing of 25% of tax increment revenues to the other taxing jurisdictions by 2035, accomplishing this by sharing back 1.25% per year starting in 2015 for those already existing or by year 5 of a new authority).

3. This would allow each of these Municipal Development Authorities to levy up to 2 mills and also puts in special assessment language similar to what is in the Principal Shopping District act.

4. TIF capture is limited to millages in place the day the authority is created. If you want to capture any future ones, you must amend your plan.

5. Allows TIF revenue to be saved for 5 years to allow for saving for projects but if not used after that timeframe then the money would flow back to the taxing jurisdictions, unless your TIF plan specifies what it is being saved for and for how long, up to 15 years.

6. Increase in transparency by putting information on websites and providing reports to other taxing jurisdictions. If these transparency pieces are not followed, PPT reimbursement for those TIF districts can be withheld. We have already been in contact with the administration to tell them this is not acceptable because it puts us on a slippery slope in the future if the legislature is looking for other ways to make communities comply with something.

7. Cap the amount of land that can be under a TIF to 50% of the land in the muni and also cap the amount of TV under a TIF to 35% of TV. The problem with this is that there is no mechanism statewide that we know of that can be used to even generate a list of communities that would be affected by this change.

8. Restricts use of TIF revenue to infrastructure projects only (no operational/Mgmt costs, marketing, etc). This is another big problem for us. Marketing and management are big components to the successful operation of these districts.

9. Changes valuation from assessed value to taxable value.