

DRAFT 3

**SUBSTITUTE FOR
HOUSE BILL NO. 5856**

A bill to amend 1975 PA 197, entitled

"An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials,"

by amending sections 1, 1a, 3, 5, 7, 8, 14, 15, 17, 18, and 31 (MCL 125.1651, 125.1651a, 125.1653, 125.1655, 125.1657, 125.1658, 125.1664, 125.1665, 125.1667, 125.1668, and 125.1681), section 1 as amended by 2013 PA 66, sections 1a and 31 as added by 1988 PA 425, section 3 as amended by 2005 PA 115, section 7 as amended by 2008 PA 226, section 8 as added by 1987 PA 66, section 14 as amended by 2012 PA 396, section 15 as amended by 1993 PA 323, section 17 as



amended by 1993 PA 122, and section 18 as amended by 2005 PA 13;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Advance" means a transfer of funds made by a municipality
3 to an authority or to another person on behalf of the authority in
4 anticipation of repayment by the authority. Evidence of the intent
5 to repay an advance may include, but is not limited to, an executed
6 agreement to repay, provisions contained in a tax increment
7 financing plan approved prior to the advance, or a resolution of
8 the authority or the municipality.

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

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

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

16 (c) "Authority" means a downtown development authority created
17 pursuant to this act.

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

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

21 (f) "Captured assessed value" means the amount in any 1 year
22 by which the current assessed value of the project area, including
23 the assessed value of property for which specific local taxes are
24 paid in lieu of property taxes as determined in subdivision (aa),



1 exceeds the initial assessed value. The state tax commission shall
2 prescribe the method for calculating captured assessed value.

3 (g) "Catalyst development project" means a project that is
4 located in a municipality with a population greater than 600,000,
5 is designated by the authority as a catalyst development project,
6 and is expected to result in at least \$300,000,000.00 of capital
7 investment. There shall be no more than 1 catalyst development
8 project designated within each authority.

9 (h) "Chief executive officer" means the mayor or city manager
10 of a city, the president or village manager of a village, or the
11 supervisor of a township or, if designated by the township board
12 for purposes of this act, the township superintendent or township
13 manager of a township.

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

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

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

20 (l) "Downtown district" means that part of an area in a
21 business district that is specifically designated by ordinance of
22 the governing body of the municipality pursuant to this act. A
23 downtown district may include 1 or more separate and distinct
24 geographic areas in a business district as determined by the
25 municipality if the municipality enters into an agreement with a
26 qualified township under section 3(7) or if the municipality is a
27 city that surrounds another city and that other city lies between



1 the 2 separate and distinct geographic areas. If the downtown
2 district contains more than 1 separate and distinct geographic area
3 in the downtown district, the separate and distinct geographic
4 areas shall be considered 1 downtown district.

5 (m) "Eligible advance" means an advance made before August 19,
6 1993.

7 (n) "Eligible obligation" means an obligation issued or
8 incurred by an authority or by a municipality on behalf of an
9 authority before August 19, 1993 and its subsequent refunding by a
10 qualified refunding obligation. Eligible obligation includes an
11 authority's written agreement entered into before August 19, 1993
12 to pay an obligation issued after August 18, 1993 and before
13 December 31, 1996 by another entity on behalf of the authority.

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

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

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

20 (r) "Initial assessed value" means the assessed value, as
21 equalized, of all the taxable property within the boundaries of the
22 development area at the time the ordinance establishing the tax
23 increment financing plan is approved, as shown by the most recent
24 assessment roll of the municipality for which equalization has been
25 completed at the time the resolution is adopted. Property exempt
26 from taxation at the time of the determination of the initial
27 assessed value shall be included as zero. For the purpose of



1 determining initial assessed value, property for which a specific
2 local tax is paid in lieu of a property tax shall not be considered
3 to be property that is exempt from taxation. The initial assessed
4 value of property for which a specific local tax was paid in lieu
5 of a property tax shall be determined as provided in subdivision
6 **(BB)**. ~~(aa). In the case of a municipality having a population of
7 less than 35,000 that established an authority prior to 1985,
8 created a district or districts, and approved a development plan or
9 tax increment financing plan or amendments to a plan, and which
10 plan or tax increment financing plan or amendments to a plan, and
11 which plan expired by its terms December 31, 1991, the initial
12 assessed value for the purpose of any plan or plan amendment
13 adopted as an extension of the expired plan shall be determined as
14 if the plan had not expired December 31, 1991. For a development
15 area designated before 1997 in which a renaissance zone has
16 subsequently been designated pursuant to the Michigan renaissance
17 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the initial
18 assessed value of the development area otherwise determined under
19 this subdivision shall be reduced by the amount by which the
20 current assessed value of the development area was reduced in 1997
21 due to the exemption of property under section 7ff of the general
22 property tax act, 1893 PA 206, MCL 211.7ff, but in no case shall
23 the initial assessed value be less than zero.~~

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

25 (t) "Obligation" means a written promise to pay, whether
26 evidenced by a contract, agreement, lease, sublease, bond, or note,
27 or a requirement to pay imposed by law. An obligation does not



1 include a payment required solely because of default upon an
2 obligation, employee salaries, or consideration paid for the use of
3 municipal offices. An obligation does not include those bonds that
4 have been economically defeased by refunding bonds issued under
5 this act. Obligation includes, but is not limited to, the
6 following:

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

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

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

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

18 (v) A letter of credit, paying agent, transfer agent, bond
19 registrar, or trustee fee associated with a contract, agreement,
20 bond, or note.

21 (u) "On behalf of an authority", in relation to an eligible
22 advance made by a municipality, or an eligible obligation or other
23 protected obligation issued or incurred by a municipality, means in
24 anticipation that an authority would transfer tax increment
25 revenues or reimburse the municipality from tax increment revenues
26 in an amount sufficient to fully make payment required by the
27 eligible advance made by the municipality, or eligible obligation



1 or other protected obligation issued or incurred by the
2 municipality, if the anticipation of the transfer or receipt of tax
3 increment revenues from the authority is pursuant to or evidenced
4 by 1 or more of the following:

5 (i) A reimbursement agreement between the municipality and an
6 authority it established.

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

9 (iii) A resolution of the authority agreeing to make payments to
10 the incorporating unit.

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

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

17 (w) "Other protected obligation" means:

18 (i) A qualified refunding obligation issued to refund an
19 obligation described in subparagraph (ii), (iii), or (iv), an
20 obligation that is not a qualified refunding obligation that is
21 issued to refund an eligible obligation, or a qualified refunding
22 obligation issued to refund an obligation described in this
23 subparagraph.

24 (ii) An obligation issued or incurred by an authority or by a
25 municipality on behalf of an authority after August 19, 1993, but
26 before December 31, 1994, to finance a project described in a tax
27 increment finance plan approved by the municipality in accordance



1 with this act before December 31, 1993, for which a contract for
2 final design is entered into by or on behalf of the municipality or
3 authority before March 1, 1994 or for which a written agreement
4 with a developer, titled preferred development agreement, was
5 entered into by or on behalf of the municipality or authority in
6 July 1993.

7 (iii) An obligation incurred by an authority or municipality
8 after August 19, 1993, to reimburse a party to a development
9 agreement entered into by a municipality or authority before August
10 19, 1993, for a project described in a tax increment financing plan
11 approved in accordance with this act before August 19, 1993, and
12 undertaken and installed by that party in accordance with the
13 development agreement.

14 (iv) An obligation incurred by the authority evidenced by or to
15 finance a contract to purchase real property within a development
16 area or a contract to develop that property within the development
17 area, or both, if all of the following requirements are met:

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

19 (B) Before June 30, 1995, the authority enters a contract for
20 the development of the real property located within the development
21 area.

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

24 (I) The department of natural resources for site reclamation
25 of the real property.

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



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

7 (vi) A loan from a municipality to an authority if the loan was
8 approved by the legislative body of the municipality on April 18,
9 1994.

10 (vii) Funds expended to match a grant received by a
11 municipality on behalf of an authority for sidewalk improvements
12 from the Michigan department of transportation if the legislative
13 body of the municipality approved the grant application on April 5,
14 1993 and the grant was received by the municipality in June 1993.

15 (viii) For taxes captured in 1994, an obligation described in
16 this subparagraph issued or incurred to finance a project. An
17 obligation is considered issued or incurred to finance a project
18 described in this subparagraph only if all of the following are
19 met:

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

22 (B) The obligation was part of a development plan and the tax
23 increment financing plan was approved by a municipality on May 6,
24 1991.

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



1 (D) The authority or municipality captured school taxes during
2 1994.

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

6 (x) "Public facility" means a **ROAD**, street, plaza, pedestrian
7 mall, and any improvements to a street, plaza, or pedestrian mall
8 including street furniture and beautification, **SIDEWALK, TRAIL,**
9 **LIGHTING, TRAFFIC FLOW MODIFICATION,** park, parking facility,
10 recreational facility, right-of-way, structure, waterway, bridge,
11 lake, pond, canal, utility line or pipe, building, and access
12 routes to any of the foregoing, designed and dedicated to use by
13 the public generally, or used by a public agency. Public facility
14 includes an improvement to a facility used by the public or a
15 public facility as those terms are defined in section 1 of 1966 PA
16 1, MCL 125.1351, which improvement is made to comply with the
17 barrier free design requirements of the state construction code
18 promulgated under the Stille-DeRossett-Hale single state
19 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.
20 Public facility also includes **TRANSIT-ORIENTED DEVELOPMENT,**
21 **TRANSIT-ORIENTED FACILITIES, ENVIRONMENTAL RESPONSE ACTIVITIES, AND**
22 the acquisition, construction, improvement, **REHABILITATION,** and
23 operation of a building owned or leased by the authority to be used
24 as a retail business incubator.

25 (Y) "**PUBLIC SERVICE**" **MEANS A SERVICE COMMONLY PROVIDED BY THE**
26 **STATE, A COUNTY, OR A MUNICIPALITY AND INCLUDES, BUT IS NOT LIMITED**
27 **TO, WATER, SANITARY SEWER, AND STORM WATER SERVICES; POLICE, FIRE,**



1 **JAIL, AND OTHER EMERGENCY SERVICES; STREET REPAIR AND MAINTENANCE**
2 **SERVICES; OPERATION AND MAINTENANCE OF PARKS AND OTHER PUBLIC**
3 **PLACES; OPERATION OF PUBLIC GATHERING PLACES; SNOWPLOWING; AND THE**
4 **OPERATION AND MAINTENANCE OF OTHER PUBLIC FACILITIES.**

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

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



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

2 (A) The net present value of the principal and interest to be
3 paid on the refunding obligation, including the cost of issuance,
4 will be less than the net present value of the principal and
5 interest to be paid on the obligation being refunded, as calculated
6 using a method approved by the department of treasury.

7 (B) The net present value of the sum of the tax increment
8 revenues described in subdivision ~~(cc) (ii)~~ **(DD) (ii)** and the
9 distributions under section 13b to repay the refunding obligation
10 will not be greater than the net present value of the sum of the
11 tax increment revenues described in subdivision ~~(cc) (ii)~~ **(DD) (ii)** and
12 the distributions under section 13b to repay the obligation being
13 refunded, as calculated using a method approved by the department
14 of treasury.

15 (iii) The obligation is issued to refund an other protected
16 obligation issued as a capital appreciation bond delivered to the
17 Michigan municipal bond authority on December 21, 1994 and any
18 subsequent refundings of that obligation issued before January 1,
19 2012. Qualified refunding obligations issued under this
20 subparagraph are not subject to the requirements of section 305(2),
21 (3), (5), and (6), section 501, section 503, or section 611 of the
22 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,
23 141.2503, and 141.2611, if issued before January 1, 2012. The
24 duration of the development program described in the tax increment
25 financing plan relating to the qualified refunding obligations
26 issued under this subparagraph is extended to 1 year after the
27 final date of maturity of the qualified refunding obligations. The



1 obligation may be payable through the year 2025 at an interest rate
 2 not exceeding the maximum rate permitted by law, notwithstanding
 3 the bond maturity dates contained in the notice of intent to issue
 4 bonds published by the municipality. An obligation issued under
 5 this subparagraph is a qualified refunding obligation only to the
 6 extent that revenues described in subdivision ~~(ee) (ii)~~ **(DD) (ii)** and
 7 distributions under section 13b to repay the qualified refunding
 8 obligation do not exceed \$750,000.00.

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

25 **(AA)** ~~(z)~~ "Qualified township" means a township that meets all
 26 of the following requirements:

27 (i) Was not eligible to create an authority prior to January 3,



1 2005.

2 (ii) Adjoins a municipality that previously created an
3 authority.

4 (iii) Along with the adjoining municipality that previously
5 created an authority, is a member of the same joint planning
6 commission under the joint municipal planning act, 2003 PA 226, MCL
7 125.131 to 125.143.

8 **(BB)** ~~(aa)~~—"Specific local tax" means a tax levied under 1974
9 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act,
10 1978 PA 255, MCL 207.651 to 207.668, the technology park
11 development act, 1984 PA 385, MCL 207.701 to 207.718, **SECTION 5 OF**
12 **THE STATE ESSENTIAL SERVICES ASSESSMENT ACT, 2014 PA 92, MCL**
13 **211.1055, SECTION 5 OF THE ALTERNATIVE STATE ESSENTIAL SERVICES**
14 **ASSESSMENT ACT, 2014 PA 93, MCL 211.1075,** and 1953 PA 189, MCL
15 211.181 to 211.182. The initial assessed value or current assessed
16 value of property subject to a specific local tax shall be the
17 quotient of the specific local tax paid divided by the ad valorem
18 millage rate. However, after 1993, the state tax commission shall
19 prescribe the method for calculating the initial assessed value and
20 current assessed value of property for which a specific local tax
21 was paid in lieu of a property tax.

22 **(CC)** ~~(bb)~~—"State fiscal year" means the annual period
23 commencing October 1 of each year.

24 **(DD)** ~~(cc)~~—"Tax increment revenues" means the amount of ad
25 valorem property taxes and specific local taxes attributable to the
26 application of the levy of all taxing jurisdictions upon the
27 captured assessed value of real and personal property in the



1 development area, subject to the following requirements:

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

9 (ii) Tax increment revenues include ad valorem property taxes
10 and specific local taxes attributable to the application of the
11 levy of the state pursuant to the state education tax act, 1993 PA
12 331, MCL 211.901 to 211.906, and local or intermediate school
13 districts upon the captured assessed value of real and personal
14 property in the development area in an amount equal to the amount
15 necessary, without regard to subparagraph (i), to repay eligible
16 advances, eligible obligations, and other protected obligations.

17 (iii) Tax increment revenues do not include any of the
18 following:

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

25 (B) Ad valorem property taxes excluded by the tax increment
26 financing plan of the authority from the determination of the
27 amount of tax increment revenues to be transmitted to the authority



1 or specific local taxes attributable to such ad valorem property
2 taxes.

3 (C) Ad valorem property taxes exempted from capture under
4 section 3(3) or specific local taxes attributable to such ad
5 valorem property taxes.

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

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

11 (II) The art institute authorities act, 2010 PA 296, MCL
12 123.1201 to 123.1229.

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

24 (A) The percentage that the total ad valorem taxes and
25 specific local taxes available for distribution by law to the
26 state, local school district, or intermediate school district,
27 respectively, bears to the aggregate amount of ad valorem millage



1 taxes and specific taxes available for distribution by law to the
2 state, each local school district, and each intermediate school
3 district.

4 (B) The maximum amount of ad valorem property taxes and
5 specific local taxes considered tax increment revenues under
6 subparagraph (ii) or (v).

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

24 (vi) Tax increment revenues include ad valorem property taxes
25 and specific local taxes attributable to the levy by this state
26 under the state education tax act, 1993 PA 331, MCL 211.201 to
27 211.906, and by local or intermediate school districts which were



1 levied on or after July 1, 2010, upon the captured assessed value
 2 of real and personal property in the development area of an
 3 authority established in a city with a population of 600,000 or
 4 more to pay for, or reimburse an advance for, costs associated with
 5 the land acquisition, preliminary site work, and construction of a
 6 catalyst development project.

7 **(EE) "TRANSIT-ORIENTED DEVELOPMENT" MEANS INFRASTRUCTURE**
 8 **IMPROVEMENTS THAT ARE LOCATED WITHIN 1/2 MILE OF A TRANSIT STATION**
 9 **OR TRANSIT-ORIENTED FACILITY THAT PROMOTES TRANSIT RIDERSHIP OR**
 10 **PASSENGER RAIL USE AS DETERMINED BY THE BOARD AND APPROVED BY THE**
 11 **MUNICIPALITY IN WHICH IT IS LOCATED.**

12 **(FF) "TRANSIT-ORIENTED FACILITY" MEANS A FACILITY THAT HOUSES**
 13 **A TRANSIT STATION IN A MANNER THAT PROMOTES TRANSIT RIDERSHIP OR**
 14 **PASSENGER RAIL USE.**

15 Sec. 1a. The legislature finds all of the following:

16 (a) That there exists in this state conditions of property
 17 value deterioration detrimental to the state economy and the
 18 economic growth of the state and its local units of government.

19 (b) That government programs are desirable and necessary to
 20 ~~eliminate~~**ADDRESS** the causes of property value deterioration **AND TO**
 21 **ENHANCE LOCAL ECONOMIC DEVELOPMENT** thereby benefiting the economic
 22 growth of the state.

23 (c) That it is appropriate to finance these government
 24 programs by means available to the state and local units of
 25 government in the state, including tax increment financing.

26 (d) That tax increment financing is a government financing
 27 program that contributes to economic growth and development by



1 dedicating a portion of the increase in the tax base resulting from
 2 economic growth and development to facilities, structures, ~~or~~
 3 improvements, **PROGRAMS, AND OTHER EFFORTS** within a development area
 4 thereby facilitating economic growth and development.

5 (e) That it is necessary for the legislature to exercise its
 6 power to legislate tax increment financing as authorized in this
 7 act and in the exercise of this power to mandate the transfer of
 8 tax increment revenues by city, village, township, school district,
 9 ~~and~~ county treasurers, **AND OTHER TAXING UNITS** to authorities
 10 created under this act in order to effectuate the ~~legislative~~
 11 ~~government programs~~ **EFFORTS** to eliminate property value
 12 deterioration and to promote economic growth.

13 (f) That halting property value deterioration and promoting
 14 economic growth in the state are essential governmental functions
 15 and constitute essential public purposes.

16 (g) That economic development strengthens the tax base upon
 17 which local units of government rely and that government programs
 18 to eliminate property value deterioration benefit local units of
 19 government and are for the use of the local units of government.

20 (h) That the provisions of this act are enacted to provide a
 21 means for local units of government to eliminate property value
 22 deterioration and to promote economic growth in the communities
 23 served by those local units of government.

24 **(I) THAT THE ESTABLISHMENT OF AUTHORITIES UNDER THIS ACT IS**
 25 **INTENDED TO REVITALIZE AND DEVELOP DOWNTOWN AREAS WITH INTENSIVE**
 26 **PRIVATE AND PUBLIC CAPITAL INVESTMENT THAT ARE DENSELY SETTLED**
 27 **COMMERCIAL CORES THAT SERVE AS SOCIAL, ECONOMIC, AND CULTURAL**



1 **CENTERS.**

2 **(J) THAT DOWNTOWNS IN THIS STATE ARE MULTIFUNCTIONAL**
3 **GEOGRAPHICALLY CONTIGUOUS SPACES WHERE INDIVIDUALS CAN SHOP, DINE,**
4 **LIVE, WORSHIP, ACCESS GOVERNMENT, AND BE ENTERTAINED, AND THAT ARE**
5 **COMPACT AND WALKABLE AND SERVE AS A DEFINING CHARACTERISTIC FOR THE**
6 **COMMUNITY'S OVERALL SENSE OF PLACE.**

7 Sec. 3. (1) When the governing body of a municipality
8 determines that it is necessary for the best interests of the
9 public to halt property value deterioration and increase property
10 tax valuation where possible in its business district, to eliminate
11 the causes of that deterioration, and to promote economic growth,
12 the governing body may, by resolution, declare its intention to
13 create and provide for the operation of an authority.

14 (2) In the resolution of intent, the governing body shall set
15 a date for the holding of a public hearing on the adoption of a
16 proposed ordinance creating the authority and designating the
17 boundaries of the downtown district. Notice of the public hearing
18 shall be published twice in a newspaper of general circulation in
19 the municipality, not less than 20 or more than 40 days before the
20 date of the hearing. Not less than 20 days before the hearing, the
21 governing body proposing to create the authority shall also mail
22 notice of the hearing to the property taxpayers of record in the
23 proposed district and for a public hearing to be held after
24 February 15, 1994 to the governing body of each taxing jurisdiction
25 levying taxes that would be subject to capture if the authority is
26 established and a tax increment financing plan is approved.
27 Beginning June 1, 2005, the notice of hearing within the time frame



1 described in this subsection shall be mailed by certified mail to
2 the governing body of each taxing jurisdiction levying taxes that
3 would be subject to capture if the authority is established and a
4 tax increment financing plan is approved **AS WELL AS THE ENTITY WHO**
5 **IS THE PRIMARY RECIPIENT OF ANY DEDICATED MILLAGES WITHIN THOSE**
6 **TAXING JURISDICTIONS.** Failure of a property taxpayer to receive the
7 notice shall not invalidate these proceedings. Notice of the
8 hearing shall be posted in at least 20 conspicuous and public
9 places in the proposed downtown district not less than 20 days
10 before the hearing. The notice shall state the date, time, and
11 place of the hearing, and shall describe the boundaries of the
12 proposed downtown district. A citizen, taxpayer, or property owner
13 of the municipality or an official from a taxing jurisdiction with
14 millage that would be subject to capture has the right to be heard
15 in regard to the establishment of the authority and the boundaries
16 of the proposed downtown district. The governing body of the
17 municipality shall not incorporate land into the downtown district
18 not included in the description contained in the notice of public
19 hearing, but it may eliminate described lands from the downtown
20 district in the final determination of the boundaries.

21 (3) Not more than 60 days after a public hearing held after
22 February 15, 1994, the governing body of a taxing jurisdiction
23 levying ad valorem property taxes that would otherwise be subject
24 to capture may exempt its taxes, **INCLUDING ANY DEDICATED MILLAGES**
25 **WITHIN ITS TAXING JURISDICTION,** from capture by adopting a
26 resolution to that effect and filing a copy with the clerk of the
27 municipality proposing to create the authority. The resolution



1 takes effect when filed with that clerk and remains effective until
2 a copy of a resolution rescinding that resolution is filed with
3 that clerk.

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

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

21 (6) A municipality that has created an authority may enter
22 into an agreement with an adjoining municipality that has created
23 an authority to jointly operate and administer those authorities
24 under an interlocal agreement under the urban cooperation act of
25 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

26 (7) A municipality that has created an authority may enter
27 into an agreement with a qualified township to operate its



1 authority in a downtown district in the qualified township under an
2 interlocal agreement under the urban cooperation act of 1967, 1967
3 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement
4 between the municipality and the qualified township shall provide
5 for, but is not limited to, all of the following:

6 (a) Size and makeup of the board.

7 (b) Determination and modification of downtown district,
8 business district, and development area.

9 (c) Modification of development area and development plan.

10 (d) Issuance and repayment of obligations.

11 (e) Capture of taxes.

12 (f) Notice, hearing, and exemption of taxes from capture
13 provisions described in this section.

14 Sec. 5. (1) The board may employ and fix the compensation of a
15 director, subject to the approval of the governing body of the
16 municipality. The director shall serve at the pleasure of the
17 board. A member of the board is not eligible to hold the position
18 of director. Before entering upon the duties of his **OR HER** office,
19 the director shall take and subscribe to the constitutional oath,
20 and furnish bond, by posting a bond in the penal sum determined in
21 the ordinance establishing the authority payable to the authority
22 for use and benefit of the authority, approved by the board, and
23 filed with the municipal clerk. The premium on the bond shall be
24 deemed an operating expense of the authority, payable from funds
25 available to the authority for expenses of operation. The director
26 shall be the chief executive officer of the authority. Subject to
27 the approval of the board, the director shall supervise, and be



1 responsible for, the preparation of plans and the performance of
2 the functions of the authority in the manner authorized by this
3 act. The director shall attend the meetings of the board, and shall
4 render to the board and to the governing body of the municipality a
5 regular report covering the activities and financial condition of
6 the authority. If the director is absent or disabled, the board may
7 designate a qualified person as acting director to perform the
8 duties of the office. Before entering upon the duties of his **OR HER**
9 office, the acting director shall take and subscribe to the oath,
10 and furnish bond, as required of the director. The director shall
11 furnish the board with information or reports governing the
12 operation of the authority as the board requires.

13 (2) The board may employ and fix the compensation of a
14 treasurer, who shall keep the financial records of the authority
15 and who, together with the director, shall approve all vouchers for
16 the expenditure of funds of the authority. The treasurer shall
17 perform such other duties as may be delegated to him **OR HER** by the
18 board and shall furnish bond in an amount as prescribed by the
19 board.

20 (3) The board may employ and fix the compensation of a
21 secretary, who shall maintain custody of the official seal and of
22 records, books, documents, or other papers not required to be
23 maintained by the treasurer. The secretary shall attend meetings of
24 the board and keep a record of its proceedings ~~and~~ shall perform
25 such other duties delegated by the board.

26 (4) The board may retain legal counsel to advise the board in
27 the proper performance of its duties. The legal counsel shall



1 represent the authority in actions brought by or against the
2 authority.

3 (5) The board may employ other personnel deemed necessary by
4 the board.

5 **(6) AS AN ALTERNATIVE TO EMPLOYING ANY OFFICER OR OTHER**
6 **PERSONNEL, THE BOARD MAY CONTRACT WITH THE MUNICIPALITY OR WITH**
7 **OTHER ENTITIES OR INDIVIDUALS TO PROVIDE SERVICES REQUIRED BY THE**
8 **AUTHORITY. ALL CONTRACTS FOR THOSE SERVICES SHALL REQUIRE THE**
9 **BOARD'S APPROVAL AND SHALL BE LISTED IN THE ANNUAL BUDGET OF THE**
10 **AUTHORITY. ANY BOARD MEMBER MAY ALSO BE SELECTED AS THE SECRETARY**
11 **OR TREASURER BUT MAY NOT BE COMPENSATED.**

12 Sec. 7. (1) The board may:

13 (a) Prepare an analysis of economic changes taking place in
14 the downtown district.

15 (b) Study and analyze the impact of metropolitan growth upon
16 the downtown district.

17 (c) Plan and propose the construction, renovation, repair,
18 remodeling, rehabilitation, restoration, preservation, or
19 reconstruction of a public facility, an existing building, or a
20 multiple-family dwelling unit which may be necessary or appropriate
21 to the execution of a plan which, in the opinion of the board, aids
22 in the economic growth of the downtown district.

23 (d) Plan, propose, and implement an improvement to a public
24 facility within the development area to comply with the barrier
25 free design requirements of the state construction code promulgated
26 under the Stille-DeRossett-Hale single state construction code act,
27 1972 PA 230, MCL 125.1501 to 125.1531.



1 (e) Develop long-range plans, in cooperation with the agency
2 which is chiefly responsible for planning in the municipality,
3 designed to halt the deterioration of property values in the
4 downtown district and to promote the economic growth of the
5 downtown district, and take such steps as may be necessary to
6 persuade property owners to implement the plans to the fullest
7 extent possible.

8 (f) Implement any plan of development in the downtown district
9 necessary to achieve the purposes of this act, in accordance with
10 the powers of the authority as granted by this act.

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

13 (h) Acquire by purchase or otherwise, on terms and conditions
14 and in a manner the authority considers proper or own, convey, or
15 otherwise dispose of, or lease as lessor or lessee, land and other
16 property, real or personal, or rights or interests in property,
17 which the authority determines is reasonably necessary to achieve
18 the purposes of this act, and to grant or acquire licenses,
19 easements, and options with respect to that property.

20 (i) Improve land and construct, reconstruct, rehabilitate,
21 restore and preserve, equip, improve, maintain, repair, and operate
22 any building, including multiple-family dwellings, and any
23 necessary or desirable appurtenances to that property, within the
24 downtown district for the use, in whole or in part, of any public
25 or private person or corporation, or a combination of them.

26 (j) Fix, charge, and collect fees, rents, and charges for the
27 use of any building or property under its control or any part



1 thereof, or facility therein, and pledge the fees, rents, and
2 charges for the payment of revenue bonds issued by the authority.

3 (k) Lease any building or property under its control, or any
4 part of a building or property.

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

7 (m) Acquire, ~~and construct~~, **DEMOLISH, RECONSTRUCT, DEVELOP,**
8 **REDEVELOP, REHABILITATE, USE, OPERATE, REPAIR, MAINTAIN, IMPROVE,**
9 **ENLARGE, OR MODIFY** public facilities **LOCATED WITHIN A DEVELOPMENT**
10 **AREA.**

11 (n) Create, operate, and fund marketing initiatives that
12 benefit only retail and general marketing of the downtown district.

13 (o) Contract for broadband service and wireless technology
14 service in the downtown district.

15 (p) Operate and perform all duties and exercise all
16 responsibilities described in this section in a qualified township
17 if the qualified township has entered into an agreement with the
18 municipality under section 3(7).

19 (q) Create, operate, and fund a loan program to fund
20 improvements for existing buildings located in a downtown district
21 to make them marketable for sale or lease. The board may make loans
22 with interest at a market rate or may make loans with interest at a
23 below market rate, as determined by the board.

24 (r) Create, operate, and fund retail business incubators in
25 the downtown district.

26 (2) If it is the express determination of the board to create,
27 operate, or fund a retail business incubator in the downtown



1 district, the board shall give preference to tenants who will
2 provide goods or services that are not available or that are
3 underserved in the downtown area. If the board creates, operates,
4 or funds retail business incubators in the downtown district, the
5 board and each tenant who leases space in a retail business
6 incubator shall enter into a written contract that includes, but is
7 not limited to, all of the following:

8 (a) The lease or rental rate that may be below the fair market
9 rate as determined by the board.

10 (b) The requirement that a tenant may lease space in the
11 retail business incubator for a period not to exceed 18 months.

12 (c) The terms of a joint operating plan with 1 or more other
13 businesses located in the downtown district.

14 (d) A copy of the business plan of the tenant that contains
15 measurable goals and objectives.

16 (e) The requirement that the tenant participate in basic
17 management classes, business seminars, or other business education
18 programs offered by the authority, the local chamber of commerce,
19 local community colleges, or institutions of higher education, as
20 determined by the board.

21 **(3) AN AUTHORITY MAY PROVIDE OR CAUSE TO BE PROVIDED PUBLIC**
22 **SERVICES WITHIN A DOWNTOWN DISTRICT THAT EXCEED THE LEVELS OF**
23 **PUBLIC SERVICES GENERALLY PROVIDED TO THE EXTENT THAT THOSE**
24 **INCREMENTAL INCREASES IN PUBLIC SERVICES ARE DETERMINED BY THE**
25 **AUTHORITY TO BE NECESSARY WITHIN THE DOWNTOWN DISTRICT. AN**
26 **AUTHORITY MAY NOT PROVIDE FUNDING FOR ADDITIONAL PUBLIC SERVICES**
27 **OUTSIDE THE DOWNTOWN DISTRICT.**



1 Sec. 8. (1) ~~If a board created under this act serves as the~~
 2 ~~planning commission under section 2 of Act No. 285 of the Public~~
 3 ~~Acts of 1931, being section 125.32 of the Michigan Compiled Laws,~~
 4 ~~the board shall include planning commission business in its agenda.~~

5 **THE AUTHORITY OR THE MUNICIPALITY CREATING THE AUTHORITY SHALL**
 6 **ENSURE THAT A WEBSITE IS CREATED, OPERATED, AND REGULARLY**
 7 **MAINTAINED WITH ALL AUTHORITY RECORDS AND DOCUMENTS, FOR THE**
 8 **IMMEDIATELY PRECEDING 5 FISCAL YEARS, INCLUDING ALL OF THE**
 9 **FOLLOWING:**

10 (A) MINUTES OF ALL BOARD MEETINGS.

11 (B) ANNUAL BUDGET.

12 (C) ANNUAL AUDITS.

13 (D) CURRENTLY ADOPTED DEVELOPMENT PLAN.

14 (E) CURRENTLY ADOPTED TAX INCREMENT FINANCE PLAN.

15 (F) LIST OF ALL AUTHORITY SPONSORED AND MANAGED EVENTS.

16 (G) CURRENT AUTHORITY STAFF CONTACT INFORMATION.

17 (H) ALL PROMOTIONAL AND MARKETING MATERIALS.

18 (I) AMOUNT OF TAX INCREMENT REVENUES CAPTURED FOR EACH TAXING
 19 JURISDICTION THAT LEVIES AD VALOREM PROPERTY TAXES OR SPECIFIC
 20 LOCAL TAXES WITHIN THE BOUNDARIES OF THE AUTHORITY.

21 (J) CURRENT CONTRACTS AND OTHER DOCUMENTS RELATED TO
 22 MANAGEMENT OF THE AUTHORITY.

23 (2) SUBJECT TO SUBSECTION (3), THE REQUIREMENTS IN SUBSECTION
 24 (1) ARE REQUIRED FOR RECORDS AND DOCUMENTS RELATED TO FISCAL YEARS
 25 STARTING THE FISCAL YEAR OF THE DATE OF ENACTMENT OF THE AMENDATORY
 26 ACT THAT ADDED THIS SUBSECTION.

27 (3) THE RECORDS AND DOCUMENTS DESCRIBED IN SUBSECTION (1) (F) ,



1 (G), (H), AND (J) SHALL BE REQUIRED FOR 2 FISCAL YEARS IMMEDIATELY
2 PRECEDING THE DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED
3 THIS SUBSECTION.

4 (4) THE REQUIREMENTS OF THIS SECTION SHALL NOT TAKE EFFECT
5 UNTIL 60 DAYS AFTER THE END OF AN AUTHORITY'S CURRENT FISCAL YEAR
6 AS OF THE DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED THIS
7 SUBSECTION.

8 (5) EACH YEAR, THE BOARD SHALL HOLD AN ANNUAL MEETING. THE
9 PURPOSE OF THE ANNUAL MEETING WILL BE TO HIGHLIGHT ALL OF THE
10 SUCCESSES AND STATISTICS OVER THE PAST YEAR AND PROJECTS
11 ACCOMPLISHED, EVENTS HELD, PROMOTIONAL AND MARKETING PROGRAMS
12 UNDERTAKEN, PROPERTY TAX VALUATION FROM THE PREVIOUS YEAR, THE
13 OUTCOMES RELATED TO AUTHORITY ACTIVITY, AND TO HEAR ANY QUESTIONS,
14 CONCERNS, STATEMENTS, OR OTHER INFORMATION PRESENTED VERBALLY OR IN
15 WRITING AT THE MEETING OR IN WRITING BEFORE THE MEETING. NOTICE OF
16 THE ANNUAL MEETING SHALL BE POSTED ON THE MUNICIPALITY'S WEBSITE
17 NOT LESS THAN 20 DAYS BEFORE THE DATE OF THE MEETING. NOT LESS THAN
18 20 DAYS BEFORE THE ANNUAL MEETING, THE BOARD SHALL MAIL NOTICE OF
19 THE ANNUAL MEETING TO THE GOVERNING BODY OF EACH TAXING
20 JURISDICTION LEVYING TAXES THAT ARE SUBJECT TO CAPTURE BY THE
21 AUTHORITY.

22 Sec. 14. (1) When the authority determines that it is
23 necessary for the achievement of the purposes of this act, the
24 authority shall prepare and submit a tax increment financing plan
25 to the governing body of the municipality. The plan shall include a
26 development plan as provided in section 17, a detailed explanation
27 of the tax increment procedure, the maximum amount of bonded



1 indebtedness to be incurred, and the duration of the program, and
2 shall be in compliance with section 15. The plan shall contain a
3 statement of the estimated impact of tax increment financing on the
4 assessed values of all taxing jurisdictions in which the
5 development area is located. The plan may provide for the use of
6 part or all of the captured assessed value, but the portion
7 intended to be used by the authority shall be clearly stated in the
8 tax increment financing plan. The authority or municipality may
9 exclude from captured assessed value growth in property value
10 resulting solely from inflation. The plan shall set forth the
11 method for excluding growth in property value resulting solely from
12 inflation.

13 (2) The percentage of taxes levied for school operating
14 purposes that is captured and used by the tax increment financing
15 plan shall not be greater than the plan's percentage capture and
16 use of taxes levied by a municipality or county for operating
17 purposes. For purposes of the previous sentence, taxes levied by a
18 county for operating purposes include only millage allocated for
19 county or charter county purposes under the property tax limitation
20 act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this
21 subsection, tax increment revenues used to pay bonds issued by a
22 municipality under section 16(1) shall be considered to be used by
23 the tax increment financing plan rather than shared with the
24 municipality. The limitation of this subsection does not apply to
25 the portion of the captured assessed value shared pursuant to an
26 agreement entered into before 1989 with a county or with a city in
27 which an enterprise zone is approved under section 13 of the



1 enterprise zone act, 1985 PA 224, MCL 125.2113.

2 (3) Approval of the tax increment financing plan shall be
3 pursuant to the notice, hearing, and disclosure provisions of
4 section 18. If the development plan is part of the tax increment
5 financing plan, only 1 hearing and approval procedure is required
6 for the 2 plans together.

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

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

22 (6) Under a tax increment financing plan that includes a
23 catalyst development project, an authority may pledge available tax
24 increment revenues of the authority as security for any bonds
25 issued to develop and construct a catalyst development project.

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



1 (2) The authority shall expend the tax increment revenues
 2 received for the development program only pursuant to the tax
 3 increment financing plan. Surplus funds shall revert
 4 proportionately to the respective taxing bodies. These revenues
 5 shall not be used to circumvent existing property tax limitations.
 6 The governing body of the municipality may abolish the tax
 7 increment financing plan when it finds that the purposes for which
 8 it was established are accomplished. However, the tax increment
 9 financing plan shall not be abolished, **ALLOWED TO EXPIRE, OR**
 10 **OTHERWISE TERMINATE**, until the principal of, and interest on, bonds
 11 issued pursuant to section 16 have been paid or funds sufficient to
 12 make the payment have been segregated.

13 (3) Annually the authority shall submit to the governing body
 14 of the municipality, **THE GOVERNING BODY OF A TAXING UNIT LEVYING**
 15 **TAXES SUBJECT TO CAPTURE BY AN AUTHORITY**, and the state tax
 16 commission a report on the status of the tax increment financing
 17 account. The report shall be published in a newspaper of general
 18 circulation in the municipality **OR ON A WEBSITE OF THE AUTHORITY OR**
 19 **THE MUNICIPALITY** and shall include the following:

- 20 (a) The amount and source of revenue in the account.
 21 (b) The amount in any bond reserve account.
 22 (c) The amount and purpose of expenditures from the account.
 23 (d) The amount of principal and interest on any outstanding
 24 bonded indebtedness.
 25 (e) The initial assessed value of the ~~project~~**DEVELOPMENT**
 26 area.
 27 (f) The captured assessed value retained by the authority.



1 (g) The tax increment revenues received.

2 ~~_____ (h) The number of jobs created as a result of the~~
3 ~~implementation of the tax increment financing plan.~~

4 (H) THE TOTAL NEW PUBLIC INVESTMENT IN EACH OF THE DEVELOPMENT
5 AREAS.

6 (I) THE TOTALS RECEIVED BY THE AUTHORITY OR CONTRIBUTIONS MADE
7 BY SPONSORSHIPS, CASH, AND IN-KIND SERVICES FOR EVENTS, PROGRAMS,
8 AND PROJECTS WITHIN EACH DEVELOPMENT AREA.

9 (J) THE AMOUNTS OF ANY FUNDS OTHER THAN TAX INCREMENTS
10 REVENUES USED BY THE AUTHORITY FOR ANY PROJECTS OR ACTIVITIES IN
11 THE DEVELOPMENT AREAS.

12 (K) FOR ANY TAX INCREMENT REVENUES THAT ARE NOT EXPENDED
13 WITHIN 5 YEARS OF THEIR RECEIPT, A DESCRIPTION THAT PROVIDES THE
14 FOLLOWING:

15 (i) THE REASONS FOR ACCUMULATING THOSE FUNDS.

16 (ii) A TIME FRAME WHEN THE FUND WILL BE EXPENDED.

17 (iii) THE USES FOR WHICH THE FUND WILL BE EXPENDED.

18 (iv) A SPECIFIC DESCRIPTION OF FUNDS THAT HAVE NOT BEEN
19 EXPENDED WITHIN 15 YEARS OF THEIR RECEIPT.

20 (l) A PERFORMANCE ANALYSIS THAT COMPARES THE DEVELOPMENT TO
21 OUTCOMES ACHIEVED DURING THE IMMEDIATELY PRECEDING FISCAL YEAR.
22 OUTCOME MEASURES MAY INCLUDE, BUT ARE NOT LIMITED TO, ALL OF THE
23 FOLLOWING:

24 (i) JOB GROWTH.

25 (ii) GROWTH IN THE CREATION OF NEW BUSINESSES.

26 (iii) GROWTH IN EXISTING BUSINESSES.

27 (iv) COMMERCIAL OR INDUSTRIAL BUILDING VACANCY RATES.



1 (v) RESIDENTIAL GROWTH.

2 (vi) INCREASED ACTIVITY FROM EVENTS, CONVENTIONS, CONFERENCES,
3 CONCERTS, TOURISM, OR SIMILAR ACTIVITIES OR EFFORTS.

4 (vii) INCREASED ECONOMIC ACTIVITY IN THE REGION IN WHICH THE
5 AUTHORITY IS LOCATED.

6 (viii) EVIDENCE OF THE MITIGATION OF BLIGHT OR DETERIORATION IN
7 DEVELOPMENT AREAS OR SURROUNDING NEIGHBORHOODS.

8 (ix) RESULTS OF REPURPOSING DEVELOPMENT AREAS TO IMPROVE
9 ECONOMIC VIABILITY OR VITALITY.

10 (x) THE TOTAL VALUE OF ALL PROJECTS FOR WHICH A BUILDING
11 PERMIT WAS ISSUED FOR NEW PRIVATE INVESTMENT WITHIN EACH OF THE
12 DEVELOPMENT AREAS.

13 (xi) THE TOTAL NUMBER OF BUSINESSES THAT WERE ESTABLISHED IN OR
14 LEFT EACH OF THE DEVELOPMENT AREAS.

15 (xii) THE TOTAL NUMBER OF NEW BUILDINGS OR ADDITIONS TO
16 BUILDINGS WITHIN EACH DEVELOPMENT AREA.

17 (M) ~~(i)~~ Any additional information the governing body or the
18 state tax commission considers necessary.

19 Sec. 17. (1) When a board decides to finance a project in the
20 downtown district by the use of revenue bonds as authorized in
21 section 13 or tax increment financing as authorized in sections 14,
22 15, and 16, it shall prepare a development plan.

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

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

26 (b) The location and extent of existing streets and other
27 public facilities within the development area, shall designate the



1 location, character, and extent of the categories of public and
2 private land uses then existing and proposed for the development
3 area, including residential, recreational, commercial, industrial,
4 educational, and other uses, and shall include a legal description
5 of the development area.

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

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

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

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

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

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

23 (i) An estimate of the cost of the development, a statement of
24 the proposed method of financing the development, and the ability
25 of the authority to arrange the financing.

26 (j) Designation of the person or persons, natural or
27 corporate, to whom all or a portion of the development is to be



1 leased, sold, or conveyed in any manner and for whose benefit the
2 project is being undertaken if that information is available to the
3 authority.

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

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

24 (m) A plan for establishing priority for the relocation of
25 persons displaced by the development in any new housing in the
26 development area.

27 (n) Provision for the costs of relocating persons displaced by



1 the development and financial assistance and reimbursement of
 2 expenses, including litigation expenses and expenses incident to
 3 the transfer of title, in accordance with the standards and
 4 provisions of the federal uniform relocation assistance and real
 5 property acquisition policies act of 1970, being Public Law 91-646,
 6 42 U.S.C.—USC sections 4601, et seq.

7 (o) A plan for compliance with Act No. 227 of the Public Acts
 8 of 1972, being sections 213.321 to 213.332 of the Michigan Compiled
 9 Laws. 1972 PA 227, MCL 213.321 TO 213.332.

10 (P) IF THE PROJECT OR ACTIVITY IS A NONCAPITAL EXPENSE, DETAIL
 11 THE NATURE OF THE ACTIVITY OR PROJECT, THE BENEFITS TO THE
 12 DEVELOPMENT AREA, AND THE ECONOMIC DEVELOPMENT GOALS THAT ARE
 13 ANTICIPATED TO RESULT.

14 (Q) ~~(p)~~—Other material that the authority, local public
 15 agency, or governing body considers pertinent.

16 ~~—— (3) A development plan may provide for improvements related to
 17 a qualified facility, as defined in the federal facility
 18 development act, Act No. 275 of the Public Acts of 1992, being
 19 sections 3.931 to 3.940 of the Michigan Compiled Laws, that is
 20 located outside of the boundaries of the development area but
 21 within the district, including the cost of construction,
 22 renovation, rehabilitation, or acquisition of that qualified
 23 facility or of public facilities and improvements related to that
 24 qualified facility.~~

25 Sec. 18. (1) The governing body, before adoption of an
 26 ordinance approving or amending a development plan or approving or
 27 amending a tax increment financing plan, shall hold a public



1 hearing on the development plan. Notice of the time and place of
2 the hearing shall be given by publication ~~twice~~ in a newspaper of
3 general circulation designated by the municipality **AND ON THE**
4 **WEBSITE OF THE AUTHORITY OR MUNICIPALITY**, ~~the first of which shall~~
5 ~~be~~ not less than 20 days before the date set for the hearing.
6 ~~Notice of the hearing shall be posted in at least 20 conspicuous~~
7 ~~and public places in the downtown district not less than 20 days~~
8 ~~before the hearing.~~ Notice shall also be mailed to all property
9 taxpayers of record in the downtown district not less than 20 days
10 before the hearing. ~~Beginning June 1, 2005, the~~ **THE** notice of
11 hearing within the time frame described in this subsection shall be
12 mailed by certified mail to the governing body of each taxing
13 jurisdiction levying taxes that would be subject to capture if the
14 development plan or the tax increment financing plan is approved or
15 amended.

16 (2) Notice of the time and place of hearing on a development
17 plan shall contain: a description of the proposed development area
18 in relation to highways, streets, streams, or otherwise; a
19 statement that maps, plats, and a description of the development
20 plan, including the method of relocating families and individuals
21 who may be displaced from the area, are available for public
22 inspection at a place designated in the notice, and that all
23 aspects of the development plan will be open for discussion at the
24 public hearing; and other information that the governing body
25 considers appropriate. At the time set for hearing, the governing
26 body shall provide an opportunity for interested persons to be
27 heard and shall receive and consider communications in writing with



1 reference to the development plan. The hearing shall provide the
 2 fullest opportunity for expression of opinion, for argument on the
 3 merits, and for introduction of documentary evidence pertinent to
 4 the development plan. The governing body shall make and preserve a
 5 record of the public hearing, including all data presented thereat.

6 Sec. 31. (1) The state tax commission may institute
 7 proceedings to compel enforcement of this act **AND MAY SEND WRITTEN**
 8 **NOTIFICATION TO AN AUTHORITY FAILING TO COMPLY WITH THIS ACT AND**
 9 **THE GOVERNING BODY OF THE MUNICIPALITY THAT ESTABLISHED THE**
 10 **AUTHORITY OF A VIOLATION OF ANY PROVISION OF THIS ACT.**

11 (2) The state tax commission may promulgate rules necessary
 12 for the administration of this act pursuant to the administrative
 13 procedures act of 1969, ~~Act No. 306 of the Public Acts of 1969,~~
 14 ~~being sections 24.201 to 24.328 of the Michigan Compiled Laws.1969~~
 15 **PA 306, MCL 24.201 TO 24.328.**

16 **(3) IF THE STATE TAX COMMISSION NOTIFIES AN AUTHORITY IN**
 17 **WRITING THAT THE AUTHORITY FAILED TO COMPLY WITH ANY PROVISION OF**
 18 **THIS ACT, THAT AUTHORITY SHALL NOT CAPTURE ANY TAX INCREMENT**
 19 **REVENUES THAT ARE IN EXCESS OF AMOUNTS NECESSARY TO PAY BONDED**
 20 **INDEBTEDNESS OR OTHER OBLIGATIONS FOR THE PERIOD OF NONCOMPLIANCE**
 21 **AS DETERMINED BY THE STATE TAX COMMISSION. ANY EXCESS FUNDS**
 22 **CAPTURED SHALL BE RETURNED TO THE TAXING JURISDICTION FROM WHICH**
 23 **THEY WERE CAPTURED AS PROVIDED IN SECTION 15(2).**

24 Enacting section 1. The following acts are repealed:

25 (a) The historic neighborhood tax increment finance authority
 26 act, 2004 PA 530, MCL 125.2841 to 125.2866.

27 (b) The neighborhood improvement authority act, 2007 PA 61,



1 MCL 125.2911 to 125.2932.

