SUBSTITUTE FOR

SENATE BILL NO. 821

A bill to create a metropolitan authority; to prescribe the powers, duties, and jurisdictions of the metropolitan authority; to prescribe the powers and duties of certain state officials; to levy, collect, and distribute a tax; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. This act shall be known and may be cited as the "local community stabilization authority act".

Sec. 3. (1) The legislature finds and declares all of the following:

(a) That there exists in this state a continuing need to strengthen and revitalize the economy of this state and to organize the activities of local government in metropolitan areas in a manner that reduces governmental barriers to economic growth, facilitates economic development, helps small businesses grow, preserves communities and strengthens neighborhoods, prevents or reduces unemployment, and creates jobs.

(b) That under section 27 of article VII of the state constitution of 1963, the legislature may establish in metropolitan areas additional forms of government or authorities with power, duties, and jurisdictions as the legislature shall provide.

(c) That it is necessary and appropriate for the promotion of the health, safety, and welfare of the people of this state to enable the formation of metropolitan governments designed to perform multipurpose functions.

(d) That the formation of a metropolitan government under this act and the powers conferred by this act constitute a necessary program and serve a necessary public purpose.

(2) The purpose of this act is to do all of the following:

(a) Establish an authority to perform multipurpose functions in the metropolitan areas of this state.

(b) Promote the public health, safety, welfare, convenience, and prosperity of this state and its metropolitan areas.

(c) Modernize the tax system to help small businesses grow and create jobs in this state.

(d) Dedicate revenue for local purposes, including, but not limited to, police safety, fire protection, and ambulance emergency services.

Sec. 5. As used in this act:

(a) "Ambulance services" means patient transport services, nontransport prehospital life support services, and advanced life support, paramedic, and medical first-responder services.

(b) "Authority" means the local community stabilization authority, a metropolitan authority established under section 7.

(c) "Captured value" means 1 or more of the following:

(*i*) For a tax increment finance authority under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, captured taxable value as defined in section 2 of the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2652.

(*ii*) For a tax increment finance authority under 1975 PA 197, MCL 125.1651 to 125.1681, captured assessed value as defined in section 1 of 1975 PA 197, MCL 125.1651.

(*iii*) For a tax increment finance authority under the tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830, captured assessed value as defined in section 1 of the tax increment finance authority act, 1980 PA 450, MCL 125.1801.

(*iv*) For a tax increment finance authority under the local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174, captured assessed value as defined in section 2 of the local development financing act, 1986 PA 281, MCL 125.2152.

(*v*) For a tax increment finance authority under the historic neighborhood tax increment finance authority act, 2004 PA 530, MCL 125.2841 to 125.2866, captured assessed value as defined in section 2 of the historic neighborhood tax increment finance authority act, 2004 PA 530, MCL 125.2842.

(*vi*) For a tax increment finance authority under the corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899, captured assessed value as defined in section 2 of the corridor improvement authority act, 2005 PA 280, MCL 125.2872.

(*vii*) For a tax increment finance authority under the neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to 125.2932, captured assessed value as defined in section 2 of the neighborhood improvement authority act, 2007 PA 61, MCL 125.2912.

(*viii*) For a tax increment finance authority under the water resource improvement tax increment finance authority act, 2008 PA 94, MCL 125.1771 to 125.1793, captured assessed value as defined in section 2 of the water resource improvement tax increment finance authority act, 2008 PA 94, MCL 125.1772.

(*ix*) For a tax increment finance authority under the private investment infrastructure funding act, 2010 PA 250, MCL 125.1871 to 125.1883, captured assessed value as defined in section 2 of the private investment infrastructure funding act, 2010 PA 250, MCL 125.1872.

(*x*) For a tax increment finance authority under the nonprofit street railway act, 1867 PA 35, MCL 472.1 to 472.27, captured assessed value as defined in section 23 of the nonprofit street railway act, 1867 PA 35, MCL 472.23.

(d) "Commercial personal property" means, except as otherwise provided in subparagraph (*iii*), all of the following:

(*i*) Personal property classified as commercial personal property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(*ii*) Personal property subject to the industrial facilities tax under section 14(1) or (4) of 1974 PA 198, MCL 207.564, that is sited on land classified as commercial real property under section

34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(*iii*) Commercial personal property does not include personal property that after 2012 was classified in the municipality where it is currently located as real property or utility personal property.

(e) "Commercial real property" means all of the following:

(*i*) Real property classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(*ii*) Real property subject to the industrial facilities tax under section 14(1) or (3) of 1974 PA 198, MCL 207.564, that is sited on land classified as commercial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(f) "Council" means the council established for the authority under section 9.

(g) "Debt loss" means, for a municipality that is not a local school district, intermediate school district, or tax increment finance authority, the amount of ad valorem property taxes and any specific tax levied for the payment of principal and interest of obligations incurred before January 1, 2013 pledging the unlimited or limited taxing power of the municipality that are lost as a result of the exemption of industrial personal property and commercial personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

(h) "Department" means the department of treasury.

(i) "Essential services" means all of the following:

(*i*) Ambulance services.

(*ii*) Fire services.

(*iii*) Police services.

(*iv*) Jail operations.

(*v*) The funding of pensions for personnel providing services described in subparagraphs (*i*) to (*iv*).

(j) "Fire services" means services in the prevention and suppression of fire, homeland security response, hazardous materials response, rescue, fire marshal, and medical first-responder services.

(k) "Fiscal year" means either an annual period that begins on October 1 and ends on September 30 or the fiscal year for the authority established by the council.

(*l*) "Increased captured value" means the anticipated increase in captured value for all industrial personal property and commercial personal property in a tax increment finance authority that would have occurred as a result of either the addition of personal property as part of a specific project or the expiration of an exemption under section 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f, after 2013 if the exemptions under section 9m, 9n, or 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o, were not in effect. In order for an anticipated increase in captured value to qualify as increased captured value, the tax increment financing plan must have demonstrated before 2013 that the tax increment finance authority was relying on this anticipated increase in captured value to pay 1 or more qualified obligations by specifically projecting the anticipated increase in captured value that would be used to pay the qualified obligations and the plan must meet all of the following:

(*i*) The tax increment financing plan was fully approved by the governing body of the applicable local government not later than December 31, 2012. This does not prevent subsequent amendment to the tax increment financing plan, provided the amendment does not change the amount of any obligation under the plan, the scope of the project or projects described in the plan, or the time needed to repay any obligation.

(*ii*) If the tax increment financing plan is part of a brownfield plan under the brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672, any needed work plans were also approved by the appropriate state agencies not later than December 31, 2012. This does not prevent subsequent amendment to a work plan, provided the amendment does not change the amount of any obligation under the plan, the scope of the project or projects described in the plan, or the time needed to repay any obligation.

(*iii*) The tax increment financing plan identifies a particular site owner and site occupant that is engaged in industrial processing or direct integrated support, as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m. This does not preclude a change in the site owner or occupant, provided that change in the site owner or occupant did not result from a financial difficulty encountered during the construction and installation of the project and provided change in the site owner or occupant will not result in any change in the project.

(*iv*) The tax increment financing plan identifies a particular project on a specific parcel and that project includes the addition of particular personal property that is eligible manufacturing personal property, as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, that is also identified in the tax increment financing plan.

(*v*) The personal property that is eligible manufacturing personal property, as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, and is identified in the tax increment financing plan comprises not less than 20% of the true cash value of the improvements to be made as part of the specific project identified in the tax increment financing plan. The requirement under this subparagraph does not apply to the addition of personal property as a result of the expiration of an exemption under section 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f.

(*vi*) Before December 31, 2012, the specific project identified in the tax increment financing plan had obtained all necessary local zoning approvals, including any necessary rezoning, special land use, and site plan approvals for that project.

(*vii*) Before December 31, 2012, orders had been placed and significant investments made in the personal property that is eligible manufacturing personal property, as defined in section 9m of the general property tax act, 1893 PA 206, MCL 211.9m, to be located on the site.

(m) "Increased value from expired tax exemptions" means the increase in taxable value subject to tax of industrial personal property and commercial personal property that would have occurred after 2013 if the exemptions under section 9m or 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n, were not in effect as a result of the expiration of an exemption under section 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f, that had been in effect in 2013, assuming an exemption under section 7k of the general property tax act, 1893 PA 206, MCL 211.7k, was not extended under section 11a of 1974 PA 198, MCL 207.561a, and an exemption under section 9f of the general property tax act, 1893 PA 206, MCL 211.9f, was not extended under section 9f(8) of the general property tax act, 1893 PA 206, MCL 211.9f.

(n) "Industrial personal property" means, except as otherwise provided in subparagraph (*iii*), all of the following:

(*i*) Personal property classified as industrial personal property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(*ii*) Personal property subject to the industrial facilities tax under section 14(1) or (4) of 1974 PA 198, MCL 207.564, that is sited on land classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(*iii*) Industrial personal property does not include personal property that after 2012 was classified in the municipality where it is currently located as real property or utility personal property.

(o) "Industrial real property" means all of the following:

(*i*) Real property classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(*ii*) Real property subject to the industrial facilities tax under section 14(1) or (3) of 1974 PA 198, MCL 207.564, that is sited on land classified as industrial real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

(p) "Jail operations" means all of the following:

(*i*) The operation of a jail, holding cell, holding center, or lockup as those terms are defined in section 62 of the corrections code of 1953, 1953 PA 232, MCL 791.262.

(*ii*) The operation of a juvenile detention facility by a county juvenile agency as authorized under section 7 of the county juvenile agency act, 1998 PA 518, MCL 45.627.

(q) "Local community stabilization share" means that portion of the use tax levied by the authority under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(r) "Municipality" includes, but is not limited to, the following:

(*i*) Counties.

(*ii*) Cities.

(*iii*) Villages.

(*iv*) Townships.

(*v*) Authorities, excluding an authority created under this act.

(*vi*) Local school districts.

(*vii*) Intermediate school districts.

(*viii*) Community college districts.

(*ix*) Libraries.

(*x*) Other local and intergovernmental taxing units.

(s) "Personal property exemption loss" means the 2013 taxable value of commercial personal property and industrial personal property minus the current year taxable value of commercial personal property and industrial personal property.

(t) "Police services" means law enforcement services for the prevention and detection of crime, the enforcement of laws and ordinances, homeland security response, and medical first-responder services.

(u) "Qualified loss" means the amounts calculated under sections 14(1), 14(3), and 16a(2) that are not distributed to the municipality under section 17(3)(a).

(v) "Qualified obligation" means a written promise to pay by a tax increment finance authority, whether evidenced by a contract, agreement, lease, sublease, bond, resolution promising repayment of an advance, or note, or a requirement to pay imposed by law. A qualified obligation does not include a payment required solely because of default upon an obligation, employee salary, or consideration paid for the use of municipal offices. A qualified obligation does not include bonds that have been economically defeased by refunding.

(w) "School debt loss" means the amount of revenue lost from ad valorem property taxes specifically levied for the payment of principal and interest of obligations approved by the electors before January 1, 2013 or obligations pledging the unlimited taxing power of a local school district or intermediate school district incurred before January 1, 2013, as a result of the exemption of industrial personal property and commercial personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n and 211.9o.

(x) "School operating loss not reimbursed by the school aid fund" means the amount of revenue lost from ad valorem property taxes levied under section 1211 of the revised school code, 1976 PA 451, MCL 380.1211, as a result of the exemption of industrial personal property and commercial personal property under sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o, for mills other than basic school operating mills, as that term is defined in section 2c of the use tax act, 1937 PA 94, MCL 205.92c.

(y) "Small taxpayer exemption loss" means the 2013 taxable value of commercial personal property and industrial personal property minus the 2014 taxable value of commercial personal property and industrial personal property.

(z) "Specific tax" means a tax levied under any of the following:

(*i*) 1974 PA 198, MCL 207.551 to 207.572.

(*ii*) The commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668.

(*iii*) The commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856.

(aa) "Tax increment debt loss shortfall" means, for the current year, the amount calculated as follows:

(*i*) The amount of revenue required to pay principal and interest of qualified obligations.

(*ii*) From the amount determined in subparagraph (*i*), subtract the amount of tax increment revenues captured by the tax increment finance authority.

(*iii*) If the result of the calculation in subparagraph (*ii*) is a zero or a negative number, then the tax increment debt loss shortfall is zero. The tax increment debt loss shortfall shall not exceed the amount calculated under section 16a(2).

(bb) "Tax increment finance authority" means an authority created under 1 or more of the following:

(*i*) 1975 PA 197, MCL 125.1651 to 125.1681.

(*ii*) The tax increment finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

(*iii*) The local development financing act, 1986 PA 281, MCL 125.2151 to 125.2174.

(*iv*) The brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.

(*v*) The historic neighborhood tax increment finance authority act, 2004 PA 530, MCL 125.2841 to 125.2866.

(*vi*) The corridor improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899.

(*vii*) The neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to 125.2932.

(*viii*) The water resource improvement tax increment finance authority act, 2008 PA 94, MCL 125.1771 to 125.1793.

(*ix*) The private investment infrastructure funding act, 2010 PA 250, MCL 125.1871 to 125.1883.

(*x*) The nonprofit street railway act, 1867 PA 35, MCL 472.1 to 472.27.

(cc) "Tax increment small taxpayer loss" means the amount of revenue lost by a municipality that is a tax increment finance authority due to the exemption provided by section 9o of the general property tax act, 1893 PA 206, MCL 211.9o.

(dd) "Taxable value" means all of the following:

(*i*) Except as otherwise provided in subparagraph (*ii*), that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(*ii*) For real or personal property subject to the industrial facilities tax under section 14(3) or (4) of 1974 PA 198, MCL 207.564, 50% of that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(ee) "Total qualified loss" means the total amount of qualified losses of all municipalities, as determined by the department.

Sec. 7. (1) The local community stabilization authority is established as a metropolitan government for the metropolitan areas of this state under section 27 of article VII of the state constitution of 1963. The authority is a public body corporate and a special authority. The authority is not an agency or instrumentality of state government.

(2) The property of the authority is public property devoted to an essential public and governmental purpose. Any income of the authority is for a public and governmental purpose.

(3) Property of the authority and its income, activities, and

operations are exempt from all taxes and special assessments of this state or a political subdivision of this state. Property of the authority is exempt from any ad valorem property taxes levied under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155, or other law of this state authorizing the taxation of real or personal property. The authority is an entity of government for purposes of section 4a(1)(a) of the general sales tax act, 1933 PA 167, MCL 205.54a, and section 4(1)(h) of the use tax act, 1937 PA 94, MCL 205.94.

(4) The validity of the creation of the authority is presumed unless held invalid by the court of appeals in an original action filed in the court of appeals not later than 60 days after the establishment of the authority under this section. The court of appeals has original jurisdiction to hear an action under this subsection. The court shall hear the action in an expedited manner.

Sec. 9. (1) The authority council is established as the governing body of the authority. The powers, duties, functions, and responsibilities of the authority are vested in the council. The council shall consist of 5 residents of this state appointed by the governor. Not less than 3 members of the council shall be residents of separate metropolitan areas within this state. An officer or employee of this state may not serve as a member of the council.

(2) Of the members of the council initially appointed by the governor, 1 member shall be appointed for an initial term of 5 years, 1 member shall be appointed for an initial term of 4 years, 1 member shall be appointed for an initial term of 3 years, 1 member shall be appointed for an initial term of 2 years, and 1

member shall be appointed for an initial term of 1 year. After the initial appointments, a member of the council shall be appointed for a term of 6 years. If a vacancy on the council occurs other than by expiration of a term, the vacancy shall be filled in the same manner as the original appointment for the balance of the unexpired term. A member of the council may continue to serve until a successor is appointed and qualified. The governor shall designate a member of the council to serve as its chairperson at the pleasure of the governor.

(3) An individual appointed as a member of the council shall take the oath of office as provided under section 1 of article XI of the state constitution of 1963.

(4) A member of the council shall serve without compensation but may be reimbursed by the authority for necessary travel and expenses to the extent not prohibited by law and consistent with a reimbursement policy adopted by the council.

(5) A member of the council shall discharge the duties of his or her position in a nonpartisan manner, in good faith, and with the degree of diligence, care, and skill that an ordinarily prudent person would exercise under similar circumstances in a like position. In discharging his or her duties, a member of the council, when acting in good faith, may rely upon any of the following:

(a) The opinion of legal counsel for the authority.

(b) The report of an independent appraiser selected by the council.

(c) Financial statements of the authority represented to the member of the council to be correct by the officer of the authority having charge of its books of account or stated in a written report by an auditor or a certified public accountant, or a firm of certified accountants, to reflect the financial condition of the authority.

(6) Within not more than 30 days following appointment of the initial members of the council, the council shall hold its first meeting at a date and time determined by the chairperson of the council. The council shall elect from among the members of the council an individual to serve as vice-chairperson of the council and secretary of the council and may elect other officers as the council considers necessary. All officers under this subsection shall be elected annually by the council.

(7) The council shall conduct its business at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The council shall adopt bylaws consistent with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its procedures and the holding of meetings. After organization, the council shall adopt a schedule of regular meetings and adopt a regular meeting date, place, and time. A special meeting of the council may be called by the chairperson of the council or as provided in bylaws adopted by the council. Notice of a special meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(8) The council shall keep a written or printed record of each

meeting, which record and any other document or record prepared, owned, used, in the possession of, or retained by the authority in the performance of an official function shall be made available to the public in compliance with the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(9) The council shall provide for a system of accounts for the authority to conform to a uniform system required by law and for the auditing of the accounts of the authority. The council shall obtain an annual audit of the authority by an independent certified public accountant and report on the audit and auditing procedures in the manner provided by sections 6 to 13 of the uniform budgeting and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit also shall be in accordance with generally accepted government auditing standards.

(10) Before the beginning of each fiscal year, the council shall prepare a budget for the authority containing an itemized statement of the estimated expenses and revenue of the authority from all sources for the next fiscal year. Before final adoption of the budget, the council shall hold a public hearing as required by 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, and the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The council shall adopt a budget for the fiscal year in compliance with the uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(11) The council shall adopt a procurement policy consistent with the requirements of state law relating to procurement. The procurement policy shall address all of the following:

(a) The purchase of, the contracting for, and the providing of supplies, materials, services, insurance, utilities, third-party financing, equipment, printing, and all other items as needed by the authority to efficiently and effectively meet the needs of the authority using competitive procurement methods to secure the best value for the authority.

(b) That the council shall make all discretionary decisions concerning the solicitation, award, amendment, cancellation, and appeal of authority contracts.

(c) Control, supervision, management, and oversight of each contract to which the authority is a party.

(d) Monitoring of contracts to assure the contract is being performed in compliance with the terms of the contract and applicable law.

(12) Members of the council are public servants subject to 1968 PA 317, MCL 15.321 to 15.330, and are subject to any other applicable law with respect to conflicts of interest. The council shall establish policies and procedures requiring periodic disclosure of relationships which may give rise to conflicts of interest. The council shall require that a member of the council with a direct interest in any matter before the authority disclose the member's interest before the council takes any action with respect to the matter. The council shall establish an ethics manual for the authority governing authority business and the conduct of authority officers and employees. The authority shall establish policies that are no less stringent than those provided for public officers and employees by 1973 PA 196, MCL 15.341 to 15.348, and coordinate efforts for the authority to preclude the opportunity

for and the occurrence of transactions by the authority that would create a conflict of interest involving officers or employees of the authority. At a minimum, the policies shall include compliance by each officer or employee who regularly exercises significant discretion over the award and management of authority procurements with policies governing all of the following:

(a) Immediate disclosure of the existence and nature of any financial interest that could reasonably be expected to create a conflict of interest.

(b) Withdrawal by an officer or employee from participation in or discussion or evaluation of any recommendation or decision involving an authority procurement that would reasonably be expected to create a conflict of interest for that officer or employee.

(13) The governor may remove a member of the council from office for gross neglect of duty, corrupt conduct in office, or any other misfeasance or malfeasance in office.

Sec. 11. (1) The authority may exercise all of the following powers, duties, functions, and responsibilities:

(a) Levy and distribute the local community stabilization share as provided under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(b) Exercise the powers, duties, functions, and responsibilities vested in the authority or the metropolitan extension telecommunications rights-of-way oversight authority under this act or the metropolitan extension telecommunications rights-of-way oversight act, 2002 PA 48, MCL 484.3101 to 484.3120, and other laws of this state. The authority may exercise the powers, duties, functions, and responsibilities under this subdivision through a director hired by the authority.

(2) When exercising the powers, duties, functions, and responsibilities vested in the authority under subsection (1), the authority may do 1 or more of the following:

(a) Establish and maintain an office.

(b) Adopt, amend, and repeal bylaws for the regulation of its affairs and the conduct of its business.

(c) Sue and be sued in its own name and plead and be impleaded.

(d) Solicit, receive, and accept gifts or grants from any public or private source.

(e) Employ personnel, contract for goods and services, and enter into agreements with other governmental entities.

(f) Establish 1 or more depositories for authority money and invest authority money under an investment policy consistent with this act and 1943 PA 20, MCL 129.91 to 129.97a.

(g) Acquire, hold, and dispose of interests in property.

(h) Incur indebtedness, but only in the manner and to the extent authorized by law.

(3) The powers, duties, functions, and responsibilities of the authority may be exercised throughout this state, including all the metropolitan areas of this state. The authority possesses the jurisdiction to exercise its functions on a statewide basis and may do other things and take other action necessary or convenient to the exercise of the powers, duties, functions, and responsibilities

of the authority under this section if they relate to the purposes and jurisdiction of the authority.

Sec. 12. (1) The authority has the exclusive power to levy the local community stabilization share under the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

(2) The department shall administer under the use tax act, 1937 PA 94, MCL 205.91 to 205.111, the receipt and collection of the local community stabilization share on behalf of the authority as an agent of the authority. The authority may enter into an agreement with the department relating to the receipt and collection of the local community stabilization share and the payment of the authority revenue generated by the local community stabilization share to the authority.

(3) Money generated by the local community stabilization share is money of the authority, not state funds, and shall not be credited to the state treasury as state funds.

Sec. 13. (1) Not later than June 5, 2014, the assessor for each city and township shall report to the county equalization director all of the following:

(a) The 2013 taxable value of commercial personal property and industrial personal property for each municipality in the city or township.

(b) The 2014 taxable value of commercial personal property and industrial personal property for each municipality in the city or township.

(c) The small taxpayer exemption loss for each municipality in the city or township.

(2) Not later than June 20, 2014, the equalization director for each county shall report to the department the information described in subsection (1) for each municipality in the county. For each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable value under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile the municipality's information described in subsection (1).

(3) Not later than June 5, 2015, and each June 5 thereafter, the assessor for each city and township shall report to the county equalization director the current year taxable value of commercial personal property and industrial personal property for each municipality in the city or township. Not later than June 20, 2015, and each June 20 thereafter, the equalization director for each county shall report to the department the current year taxable value of commercial personal property and industrial personal property for each municipality in the county. For each municipality levying a millage in more than 1 county, the county equalization director responsible for compiling the municipality's taxable value under section 34d of the general property tax act, 1893 PA 206, MCL 211.34d, shall compile the municipality's information described in this subsection.

(4) Not later than August 15, 2014, and each August 15 thereafter, each municipality shall report to the department the millage rate levied or to be levied that year for a millage described in section 5(g) or (w). For 2014 and 2015, the rate of that millage shall be calculated using the sum of the

municipality's taxable value and the municipality's small taxpayer exemption loss. Beginning in 2016 and each year thereafter, the rate of that millage shall be calculated using the sum of the municipality's taxable value and the municipality's personal property exemption loss. For 2014 and 2015, the department shall calculate each municipality's debt loss or school debt loss by multiplying the municipality's millage rate reported under this subsection by the municipality's small taxpayer exemption loss. Beginning in 2016 and each year thereafter, the department shall calculate each municipality's debt loss or school debt loss by multiplying the municipality's millage rate reported under this subsection by the municipality's personal property exemption loss.

(5) The department shall calculate and make available to each municipality by May 1 of each year that municipality's sum of the lowest rate of each individual millage levied in the period between 2012 and the year immediately preceding the current year. For a municipality, other than a municipality described in section 14, the calculation shall exclude debt millage. For an individual millage rate not levied in 1 of the years, the lowest millage rate is zero. A millage used to make the calculations under this act must be levied against both real property and personal property.

Sec. 14. (1) Not later than August 15, 2016, and each August 15 thereafter, for each municipality that is not a local school district, intermediate school district, or tax increment finance authority, the department shall do all of the following:

(a) Calculate the municipality's personal property exemption loss.

(b) Multiply the municipality's personal property exemption loss by the millage rates calculated under section 13(5).

(c) Adjust the amount calculated under subdivision (b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation under this section. An adjustment under this subdivision shall only be made for municipalities for which changes in prior year taxable values can be calculated from taxable values reported under section 151(1) of the state school aid act of 1979, 1979 PA 94, MCL 388.1751.

(d) Adjust the amount calculated under subdivision (b), as adjusted by subdivision (c), by the amount calculated under section 16a(2) for captured taxes levied by the municipality not including taxes attributable to increased captured value.

(2) Not later than August 15, 2016, and each August 15 thereafter, for each municipality that is a county, township, village, city, or authority that provides essential services, the department shall do all of the following:

(a) Add to the amount calculated under subsection (1)(a) any increased value from expired tax exemptions for the current year.

(b) Subtract from the amount calculated under subdivision (a) the small taxpayer exemption loss and the amount calculated under section 16a(2)(b) for the municipality, not including any amount attributable to increased captured value.

(c) Multiply the result of the calculation in subdivision (b) by the millage rate calculated under section 13(5) for general operating millage.

(d) Multiply the result of the calculation in subdivision (c) by the percentage of the municipality's general operating millage used to fund the cost of essential services in the municipality's fiscal year ending in 2012. Each municipality's comprehensive annual financial report for the municipality's fiscal year ending in 2014 must include a calculation of the municipality's percentage of general operating revenues used to fund essential services in the municipality's fiscal year ending in 2012.

(e) Add to the result of the calculation in subdivision (d) an amount calculated by multiplying the amount calculated under subsection (2)(b) by the millage rates calculated under section 13(5) that are dedicated solely for the cost of essential services levied on industrial personal property and commercial personal property. A millage levied to fund a pension under the fire fighters and police officers retirement act, 1937 PA 345, MCL 38.551 to 38.562, is dedicated solely for the cost of essential services.

(3) Not later than August 15, 2016, for each municipality that is a city, the department shall do all of the following:

(a) Calculate the municipality's small taxpayer exemption loss.

(b) Multiply the amount calculated under subdivision (a) by the millage rates calculated under section 13(5) for 2014.

(c) Multiply the amount calculated under subdivision (a) by the millage rates calculated under section 13(5) for 2015.

(d) Add the amounts calculated under subdivisions (b) and (c).

(e) Subtract from the amount calculated under subdivision (d) the sum of the municipality's debt loss for 2014 and 2015.

(f) Subtract from the amount calculated under subdivision (e) the amount of any tax increment small taxpayer loss for captured taxes levied by the municipality in 2014 and 2015.

Sec. 15. Not later than August 15, 2016, and each August 15 thereafter, for each municipality that is a local school district, the department shall do all of the following:

(a) Calculate the municipality's personal property exemption loss.

(b) Multiply the result of the calculation in subdivision (a) by the sum of the lowest rate of each individual millage levied under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, and section 2 of 1917 PA 156, MCL 123.52, levied by that municipality in the period between 2012 and the year immediately preceding the current year.

(c) Adjust the amount calculated under subdivision (b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation under this section.

(d) Subtract from the result of the calculation in subdivision (b), as adjusted by subdivision (c), the amount calculated under section 16a(2) for captured taxes levied by the municipality under section 1212 of the revised school code, 1976 PA 451, MCL 380.1212, and section 2 of 1917 PA 156, MCL 123.52, not including taxes attributable to increased captured value.

Sec. 16. Not later than August 15, 2016, and each August 15 thereafter, for each municipality that is an intermediate school district, the department shall do all of the following:

(a) Calculate the municipality's personal property exemption loss.

(b) Multiply the result of the calculation in subdivision (a) by the millage rates calculated under section 13(5).

(c) Adjust the amount calculated under subdivision (b) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation under this section.

(d) Subtract from the result of the calculation in subdivision (b), as adjusted by subdivision (c), the amount calculated under section 16a(2) for captured taxes levied by that municipality not including taxes attributable to increased captured value.

Sec. 16a. (1) Not later than June 15, 2014 and June 15, 2015, each municipality that is a tax increment finance authority shall calculate and report to the department the municipality's tax increment small taxpayer loss for the current calendar year.

(2) Not later than June 15, 2016, and each June 15 thereafter, each municipality that is a tax increment finance authority shall do all of the following for each of its tax increment financing plans:

(a) Calculate the total captured value of all industrial personal property and commercial personal property in the municipality that is a tax increment finance authority in 2013 and add any increased captured value for the current year.

(b) From the amount calculated in subdivision (a), subtract the total captured value of all industrial personal property and commercial personal property in the municipality that is a tax increment finance authority in the current year. If the resulting amount, when added to the taxable value of all property within the tax increment finance authority in the current year, would result in a captured value for all property within the tax increment finance authority that is less than the resulting amount, then this captured value shall be used instead of the resulting amount.

(c) Multiply the result of the calculation in subdivision (b) by the sum of the lowest rate of each individual millage levied in the period between 2012 and the year immediately preceding the current year, to the extent the millage is subject to capture by that tax increment finance authority. A millage used to make the calculation under this subdivision must be eligible to be levied against both real property and personal property.

(d) Adjust the amount calculated under subdivision (c) by the amount required to reflect the final order of a court or body of competent jurisdiction related to any prior year calculation under this section.

(e) For an obligation refinanced after 2012, estimate for the term of the obligation:

(*i*) The cumulative school district operating tax and state education tax that would have been captured to repay the obligation had the obligation not been refinanced.

(*ii*) The cumulative amount calculated under subdivision (c), as adjusted by subdivision (d), for school district operating tax and state education tax for the obligation had it not been refinanced.

(f) Once the amount included in subdivision (c), as adjusted by subdivision (d), for the current and prior years for school operating tax and state education tax for the refinanced obligation equals the amount estimated in subdivision (e)(*ii*), subtract from the amount calculated under subdivision (c), as adjusted by subdivision (d), the amount calculated under subdivision (c), as adjusted by subdivision (d), for school district operating tax and state education tax for the refinanced obligation.

(g) Once the amount of school district operating tax and state education tax captured for the current and prior years to pay the refinanced obligation equals the amount estimated under subdivision (e)(*i*), subtract from the amount calculated in subdivision (c), as adjusted by subdivision (d), the amount of school operating tax and state education tax captured to repay the refinanced obligation.

(3) Not later than June 15, 2016, and each June 15 thereafter, each municipality that is a tax increment finance authority shall report to the department all of the following:

(a) The results of the calculations under subsection (2) for each tax increment financing plan.

(b) That municipality's tax increment debt loss shortfall.

Sec. 16b. (1) Each municipality that is a tax increment finance authority shall report to the department the calculation required under section 16a on a form and in a manner prescribed by the department.

(2) If a municipality that is a tax increment finance authority fails to make the calculation and report it to the department by the date provided in section 16a, the department may extend the calculation and reporting date upon good cause as

determined by the department.

(3) The department shall exclude from the calculations under sections 14, 15, and 16 the taxable value of property exempt under section 7ff of the general property tax act, 1893 PA 206, MCL 211.7ff, for millages subject to the exemption.

Sec. 17. (1) The legislature shall appropriate funds for all of the following purposes:

(a) For fiscal year 2014-2015 and fiscal year 2015-2016, to the authority, an amount equal to all debt loss for municipalities that are not a local school district, intermediate school district, or tax increment finance authority, an amount equal to all school debt loss for municipalities that are a local school district or intermediate school district, and an amount equal to all tax increment small taxpayer loss for municipalities that are a tax increment finance authority.

(b) Beginning in fiscal year 2014-2015 and each fiscal year thereafter, an amount equal to the necessary expenses incurred by the authority and the department in implementing this act.

(2) In fiscal year 2014-2015 and fiscal year 2015-2016, the authority shall distribute to municipalities those funds appropriated under subsection (1)(a). However, in fiscal year 2014-2015, if the authority is not able to make the distribution under this subsection, the department shall make the distribution under this subsection on behalf of the authority.

(3) Beginning in fiscal year 2015-2016, the authority shall distribute local community stabilization share revenue as follows in the following order of priority:

(a) The authority shall distribute to each municipality an amount equal to all of the following:

(*i*) 100% of that municipality's school debt loss in the current year and 100% of its amount calculated under section 15.

(*ii*) 100% of that municipality's amount calculated under section 16.

(*iii*) 100% of that municipality's school operating loss not reimbursed by the school aid fund in the current year.

(*iv*) 100% of the amount calculated in section 14(2). However, the amount distributed to a municipality under this subparagraph shall not exceed the amount calculated in section 14(1)(d). All distributions under this subparagraph shall be used to fund essential services.

(*v*) For a municipality that is a tax increment finance authority, 100% of the tax increment debt loss shortfall and 100% of its amount calculated under section 16a(2) related to its increased captured value. The amount calculated under section 16a(2)(c) shall first be attributable to any increased captured value.

(b) Beginning in fiscal year 2017-2018, after the distributions under subdivision (a), and subject to subparagraphs (*v*) and (*vi*), the authority shall distribute 5% of the remaining balance of local community stabilization share fund for the current fiscal year to each municipality in an amount determined as follows:

(*i*) Calculate the total taxable value of all industrial real property in the municipality on which is located personal property exempt under sections 9m and 9n of the general property tax act, 1893 PA 206, MCL 211.9m and 211.9n. For a municipality that is not a tax increment finance authority, the amount calculated under this subparagraph shall be reduced by the industrial real property captured value of any municipality that is a tax increment finance authority.

(*ii*) For a municipality that is not a tax increment finance authority, multiply the result of the calculation in subparagraph (*i*) by the sum of the lowest rate of each individual millage levied by the municipality in the period between 2012 and the year immediately preceding the current year that is not used to calculate a distribution under subdivision (a) and that is not used to calculate the distribution under section 21(3) of the use tax act, 1937 PA 94, MCL 205.111. For a municipality that is a tax increment finance authority, multiply the industrial real property captured value by the sum of the lowest rate of each individual millage captured by the municipality in the period between 2012 and the year immediately preceding the current year that is not used to calculate the distribution under section 21(3) of the use tax act, 1937 PA 94, MCL 205.111. A millage used to make the calculation under this subparagraph must be eligible to be levied against both real property and personal property.

(*iii*) Divide the result of the calculation in subparagraph (*ii*) by the sum of the calculation under subparagraph (*ii*) for all municipalities.

(*iv*) Multiply the result of the calculation in subparagraph (*iii*) by the amount to be distributed under this subdivision.

(*v*) For fiscal year 2018-2019, and each fiscal year thereafter, the percentage amount described in this subdivision shall be increased an additional 5% each year, not to exceed 100%.

(*vi*) For a municipality that is a tax increment finance authority, the amount calculated under this subdivision shall be reduced by its tax increment debt loss shortfall.

(c) After the distributions in subdivisions (a) and (b), the authority shall distribute the remaining balance of that fiscal year's local community stabilization share fund to each municipality in an amount determined by multiplying the remaining balance by a fraction, the numerator of which is that municipality's qualified loss and the denominator of which is the total qualified loss. For a municipality that is a tax increment finance authority, the amount calculated under this subdivision shall be reduced by its tax increment debt loss shortfall.

(4) The authority shall make the payments required by subsection (3) not later than on the following dates:

(a) For county allocated millage, September 20 of the year the millage is levied.

(b) For county extra-voted millage, township millage, and other millage levied 100% in December of a year, February 20 of the following year.

(c) For other millages, October 20 of the year the millage is levied.

(5) If the authority has insufficient funds to make the payments on the dates required in subsection (4), the department shall advance to the authority the amount necessary for the

authority to make the required payments. The authority shall repay the advance to the department from the local community stabilization share.

Sec. 18. (1) Beginning in fiscal year 2015-2016, and each fiscal year thereafter, the department shall determine the amount of the distributions under this act.

(2) Each municipality shall submit to the department sufficient information for the department to make its calculations under this act, as determined by the department.

Sec. 19. (1) A local unit of government may issue bonds or other obligations in anticipation of the distribution of local community stabilization share revenue under section 17(3)(a)(*iv*).

(2) Bonds or other obligations issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(3) If authorized by a majority vote of the qualified electors of the local unit of government, the local unit of government may, at the time of issuance, pledge the full faith and credit of the local unit of government for the payment of bonds or other obligations issued under this section.

Sec. 20. From the amount of local community stabilization share revenue distributed under section 17(3)(a)(*iv*), a municipality shall first replace the amount of ad valorem property taxes used for the payment of principal and interest of essential services obligations incurred before 2013 pledging the unlimited or limited taxing power of the municipality, that are lost from the exemptions provided by sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o. A municipality shall not receive distributions under section 17(3)(a)(*iv*) if it has increased a millage rate for essential service obligations incurred before 2013 pledging the unlimited or limited taxing power of the municipality as a result of the exemptions provided by sections 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o.

Sec. 21. From the amount received under section 17, a municipality shall first replace debt loss or school debt loss, as applicable. A municipality shall not receive a distribution under this act if it has increased its millage rate to replace debt loss or school debt loss, as applicable.

Sec. 22. This act shall be construed to effectuate the legislative intent and the purposes of this act as complete and independent authorization for the performance of each and every act and thing authorized in the act, and all powers granted in this act shall be broadly interpreted to effectuate the intent and purposes of this act and not as to limitation of powers.

Enacting section 1. The Michigan metropolitan areas metropolitan authority act, 2012 PA 407, MCL 123.1311 to 123.1330, is repealed.

Enacting section 2. This act does not take effect unless Senate Bill No. ____ or House Bill No. ____ (request no. 03611'13) of the 97th Legislature is approved by a majority of the qualified electors of this state voting on the question at an election to be held on the August regular election date in 2014.

Enacting section 3. If Senate Bill No. 822 of the 97th

Legislature is not approved by the majority of the qualified electors of this state voting on the question at an election to be held on the August regular election in 2014, for fiscal year 2014-2015, the legislature shall appropriate an amount sufficient to make the appropriation described in section 17(1)(a) for fiscal year 2014-2015.