

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 620**

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 and 3 (MCL 125.1651 and 125.1653), section 1 as amended by 2013 PA 66 and section 3 as amended by 2005 PA 115.

**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

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

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

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

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

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

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

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

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

24 (g) "Catalyst development project" means a project that is  
25 located in a municipality with a population greater than 600,000,  
26 is designated by the authority as a catalyst development project,  
27 and is expected to result in at least \$300,000,000.00 of capital

1 investment. There shall be no more than 1 catalyst development  
2 project designated within each authority.

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

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

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

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

14 (l) "Downtown district" means that part of an area in a  
15 business district that is specifically designated by ordinance of  
16 the governing body of the municipality pursuant to this act. A  
17 downtown district may include 1 or more separate and distinct  
18 geographic areas in a business district as determined by the  
19 municipality if the municipality enters into an agreement with a  
20 qualified township under section 3(7) or if the municipality is a  
21 city that surrounds another city and that other city lies between  
22 the 2 separate and distinct geographic areas. If the downtown  
23 district contains more than 1 separate and distinct geographic area  
24 in the downtown district, the separate and distinct geographic  
25 areas shall be considered 1 downtown district.

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

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

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

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

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

14           (r) "Initial assessed value" means the assessed value, as  
15 equalized, of all the taxable property within the boundaries of the  
16 development area at the time the ordinance establishing the tax  
17 increment financing plan is approved, as shown by the most recent  
18 assessment roll of the municipality for which equalization has been  
19 completed at the time the resolution is adopted. Property exempt  
20 from taxation at the time of the determination of the initial  
21 assessed value shall be included as zero. For the purpose of  
22 determining initial assessed value, property for which a specific  
23 local tax is paid in lieu of a property tax shall not be considered  
24 to be property that is exempt from taxation. The initial assessed  
25 value of property for which a specific local tax was paid in lieu  
26 of a property tax shall be determined as provided in subdivision  
27 (aa). In the case of a municipality having a population of less

1 than 35,000 that established an authority prior to 1985, created a  
2 district or districts, and approved a development plan or tax  
3 increment financing plan or amendments to a plan, and which plan or  
4 tax increment financing plan or amendments to a plan, and which  
5 plan expired by its terms December 31, 1991, the initial assessed  
6 value for the purpose of any plan or plan amendment adopted as an  
7 extension of the expired plan shall be determined as if the plan  
8 had not expired December 31, 1991. For a development area  
9 designated before 1997 in which a renaissance zone has subsequently  
10 been designated pursuant to the Michigan renaissance zone act, 1996  
11 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the  
12 development area otherwise determined under this subdivision shall  
13 be reduced by the amount by which the current assessed value of the  
14 development area was reduced in 1997 due to the exemption of  
15 property under section 7ff of the general property tax act, 1893 PA  
16 206, MCL 211.7ff, but in no case shall the initial assessed value  
17 be less than zero.

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

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

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

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

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

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

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

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

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

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

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

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

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

11           (w) "Other protected obligation" means:

12           (i) A qualified refunding obligation issued to refund an  
13 obligation described in subparagraph (ii), (iii), or (iv), an  
14 obligation that is not a qualified refunding obligation that is  
15 issued to refund an eligible obligation, or a qualified refunding  
16 obligation issued to refund an obligation described in this  
17 subparagraph.

18           (ii) An obligation issued or incurred by an authority or by a  
19 municipality on behalf of an authority after August 19, 1993, but  
20 before December 31, 1994, to finance a project described in a tax  
21 increment finance plan approved by the municipality in accordance  
22 with this act before December 31, 1993, for which a contract for  
23 final design is entered into by or on behalf of the municipality or  
24 authority before March 1, 1994 or for which a written agreement  
25 with a developer, titled preferred development agreement, was  
26 entered into by or on behalf of the municipality or authority in  
27 July 1993.

1           (iii) An obligation incurred by an authority or municipality  
2 after August 19, 1993, to reimburse a party to a development  
3 agreement entered into by a municipality or authority before August  
4 19, 1993, for a project described in a tax increment financing plan  
5 approved in accordance with this act before August 19, 1993, and  
6 undertaken and installed by that party in accordance with the  
7 development agreement.

8           (iv) An obligation incurred by the authority evidenced by or  
9 to finance a contract to purchase real property within a  
10 development area or a contract to develop that property within the  
11 development area, or both, if all of the following requirements are  
12 met:

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

14           (B) Before June 30, 1995, the authority enters a contract for  
15 the development of the real property located within the development  
16 area.

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

19           (I) The department of natural resources for site reclamation  
20 of the real property.

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

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



1 August 19, 1993.

2 (vi) A loan from a municipality to an authority if the loan  
3 was approved by the legislative body of the municipality on April  
4 18, 1994.

5 (vii) Funds expended to match a grant received by a  
6 municipality on behalf of an authority for sidewalk improvements  
7 from the Michigan department of transportation if the legislative  
8 body of the municipality approved the grant application on April 5,  
9 1993 and the grant was received by the municipality in June 1993.

10 (viii) For taxes captured in 1994, an obligation described in  
11 this subparagraph issued or incurred to finance a project. An  
12 obligation is considered issued or incurred to finance a project  
13 described in this subparagraph only if all of the following are  
14 met:

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

17 (B) The obligation was part of a development plan and the tax  
18 increment financing plan was approved by a municipality on May 6,  
19 1991.

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

23 (D) The authority or municipality captured school taxes during  
24 1994.

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

(x) "Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency. Public facility includes an improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531. Public facility also includes the acquisition, construction, improvement, and operation of a building owned or leased by the authority to be used as a retail business incubator.

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

(i) The obligation is issued to refund a qualified refunding obligation issued in November 1997 and any subsequent refundings of that obligation issued before January 1, 2010 or the obligation is issued to refund a qualified refunding obligation issued on May 15, 1997 and any subsequent refundings of that obligation issued before January 1, 2010 in an authority in which 1 parcel or group of parcels under common ownership represents 50% or more of the

1 taxable value captured within the tax increment finance district  
2 and that will ultimately provide for at least a 40% reduction in  
3 the taxable value of the property as part of a negotiated  
4 settlement as a result of an appeal filed with the state tax  
5 tribunal. Qualified refunding obligations issued under this  
6 subparagraph are not subject to the requirements of section 611 of  
7 the revised municipal finance act, 2001 PA 34, MCL 141.2611, if  
8 issued before January 1, 2010. The duration of the development  
9 program described in the tax increment financing plan relating to  
10 the qualified refunding obligations issued under this subparagraph  
11 is hereby extended to 1 year after the final date of maturity of  
12 the qualified refunding obligations.

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

14 (A) The net present value of the principal and interest to be  
15 paid on the refunding obligation, including the cost of issuance,  
16 will be less than the net present value of the principal and  
17 interest to be paid on the obligation being refunded, as calculated  
18 using a method approved by the department of treasury.

19 (B) The net present value of the sum of the tax increment  
20 revenues described in subdivision (cc) (ii) and the distributions  
21 under section 13b to repay the refunding obligation will not be  
22 greater than the net present value of the sum of the tax increment  
23 revenues described in subdivision (cc) (ii) and the distributions  
24 under section 13b to repay the obligation being refunded, as  
25 calculated using a method approved by the department of treasury.

26 (iii) The obligation is issued to refund an other protected  
27 obligation issued as a capital appreciation bond delivered to the

1 Michigan municipal bond authority on December 21, 1994 and any  
2 subsequent refundings of that obligation issued before January 1,  
3 2012. Qualified refunding obligations issued under this  
4 subparagraph are not subject to the requirements of section 305(2),  
5 (3), (5), and (6), section 501, section 503, or section 611 of the  
6 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,  
7 141.2503, and 141.2611, if issued before January 1, 2012. The  
8 duration of the development program described in the tax increment  
9 financing plan relating to the qualified refunding obligations  
10 issued under this subparagraph is extended to 1 year after the  
11 final date of maturity of the qualified refunding obligations. The  
12 obligation may be payable through the year 2025 at an interest rate  
13 not exceeding the maximum rate permitted by law, notwithstanding  
14 the bond maturity dates contained in the notice of intent to issue  
15 bonds published by the municipality. An obligation issued under  
16 this subparagraph is a qualified refunding obligation only to the  
17 extent that revenues described in subdivision (cc) (ii) and  
18 distributions under section 13b to repay the qualified refunding  
19 obligation do not exceed \$750,000.00.

20 (iv) The obligation is issued to refund a qualified refunding  
21 obligation issued on February 13, 2008, and any subsequent  
22 refundings of that obligation, issued before December 31, 2018.  
23 Qualified refunding obligations issued under this subparagraph are  
24 not subject to the requirements of section 305(2), (3), (5), and  
25 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA  
26 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of  
27 the development program described in the tax increment financing

1 plan relating to the qualified refunding obligations issued under  
2 this subparagraph is extended to 1 year after the final date of  
3 maturity of the qualified refunding obligations. Revenues described  
4 in subdivision (cc) (ii) and distributions made under section 13b in  
5 excess of the amount needed for current year debt service on an  
6 obligation issued under this subparagraph may be paid to the  
7 authority to the extent necessary to pay future years' debt service  
8 on the obligation as determined by the board.

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

11 (i) Was not eligible to create an authority prior to January  
12 3, 2005.

13 (ii) Adjoins a municipality that previously created an  
14 authority.

15 (iii) Along with the adjoining municipality that previously  
16 created an authority, is a member of the same joint planning  
17 commission under the joint municipal planning act, 2003 PA 226, MCL  
18 125.131 to 125.143.

19 (aa) "Specific local tax" means a tax levied under 1974 PA  
20 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978  
21 PA 255, MCL 207.651 to 207.668, the technology park development  
22 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL  
23 211.181 to 211.182. The initial assessed value or current assessed  
24 value of property subject to a specific local tax shall be the  
25 quotient of the specific local tax paid divided by the ad valorem  
26 millage rate. However, after 1993, the state tax commission shall  
27 prescribe the method for calculating the initial assessed value and

1 current assessed value of property for which a specific local tax  
2 was paid in lieu of a property tax.

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

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

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

17 (ii) Tax increment revenues include ad valorem property taxes  
18 and specific local taxes attributable to the application of the  
19 levy of the state pursuant to the state education tax act, 1993 PA  
20 331, MCL 211.901 to 211.906, and local or intermediate school  
21 districts upon the captured assessed value of real and personal  
22 property in the development area in an amount equal to the amount  
23 necessary, without regard to subparagraph (i), to repay eligible  
24 advances, eligible obligations, and other protected obligations.

25 (iii) Tax increment revenues do not include any of the  
26 following:

27 (A) Ad valorem property taxes attributable either to a portion

1 of the captured assessed value shared with taxing jurisdictions  
2 within the jurisdictional area of the authority or to a portion of  
3 value of property that may be excluded from captured assessed value  
4 or specific local taxes attributable to such ad valorem property  
5 taxes.

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

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

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

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

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

21 **(III) EXCEPT AS OTHERWISE PROVIDED IN SECTION 3(3), AD VALOREM**  
22 **PROPERTY TAXES OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD**  
23 **VALOREM PROPERTY TAXES LEVIED FOR A SEPARATE MILLAGE FOR PUBLIC**  
24 **LIBRARY PURPOSES APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2016.**

25 (iv) The amount of tax increment revenues authorized to be  
26 included under subparagraph (ii) or (v), and required to be  
27 transmitted to the authority under section 14(1), from ad valorem

1 property taxes and specific local taxes attributable to the  
2 application of the levy of the state education tax act, 1993 PA  
3 331, MCL 211.901 to 211.906, a local school district or an  
4 intermediate school district upon the captured assessed value of  
5 real and personal property in a development area shall be  
6 determined separately for the levy by the state, each school  
7 district, and each intermediate school district as the product of  
8 sub-subparagraphs (A) and (B):

9 (A) The percentage that the total ad valorem taxes and  
10 specific local taxes available for distribution by law to the  
11 state, local school district, or intermediate school district,  
12 respectively, bears to the aggregate amount of ad valorem millage  
13 taxes and specific taxes available for distribution by law to the  
14 state, each local school district, and each intermediate school  
15 district.

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

19 (v) Tax increment revenues include ad valorem property taxes  
20 and specific local taxes, in an annual amount and for each year  
21 approved by the state treasurer, attributable to the levy by this  
22 state under the state education tax act, 1993 PA 331, MCL 211.901  
23 to 211.906, and by local or intermediate school districts, upon the  
24 captured assessed value of real and personal property in the  
25 development area of an authority established in a city with a  
26 population of 600,000 or more to pay for, or reimburse an advance  
27 for, not more than \$8,000,000.00 for the demolition of buildings or



1 structures on public or privately owned property within a  
2 development area that commences in 2005, or to pay the annual  
3 principal of or interest on an obligation, the terms of which are  
4 approved by the state treasurer, issued by an authority, or by a  
5 city on behalf of an authority, to pay not more than \$8,000,000.00  
6 of the costs to demolish buildings or structures on public or  
7 privately owned property within a development area that commences  
8 in 2005.

9 (vi) Tax increment revenues include ad valorem property taxes  
10 and specific local taxes attributable to the levy by this state  
11 under the state education tax act, 1993 PA 331, MCL 211.201 to  
12 211.906, and by local or intermediate school districts which were  
13 levied on or after July 1, 2010, upon the captured assessed value  
14 of real and personal property in the development area of an  
15 authority established in a city with a population of 600,000 or  
16 more to pay for, or reimburse an advance for, costs associated with  
17 the land acquisition, preliminary site work, and construction of a  
18 catalyst development project.

19 Sec. 3. (1) When the governing body of a municipality  
20 determines that it is necessary for the best interests of the  
21 public to halt property value deterioration and increase property  
22 tax valuation where possible in its business district, to eliminate  
23 the causes of that deterioration, and to promote economic growth,  
24 the governing body may, by resolution, declare its intention to  
25 create and provide for the operation of an authority.

26 (2) In the resolution of intent, the governing body shall set  
27 a date for the holding of a public hearing on the adoption of a

1 proposed ordinance creating the authority and designating the  
2 boundaries of the downtown district. Notice of the public hearing  
3 shall be published twice in a newspaper of general circulation in  
4 the municipality, not less than 20 or more than 40 days before the  
5 date of the hearing. Not less than 20 days before the hearing, the  
6 governing body proposing to create the authority shall also mail  
7 notice of the hearing to the property taxpayers of record in the  
8 proposed district and for a public hearing to be held after  
9 February 15, 1994 to the governing body of each taxing jurisdiction  
10 levying taxes that would be subject to capture if the authority is  
11 established and a tax increment financing plan is approved.  
12 Beginning June 1, 2005, the notice of hearing within the time frame  
13 described in this subsection shall be mailed by certified mail to  
14 the governing body of each taxing jurisdiction levying taxes that  
15 would be subject to capture if the authority is established and a  
16 tax increment financing plan is approved. Failure of a property  
17 taxpayer to receive the notice shall not invalidate these  
18 proceedings. Notice of the hearing shall be posted in at least 20  
19 conspicuous and public places in the proposed downtown district not  
20 less than 20 days before the hearing. The notice shall state the  
21 date, time, and place of the hearing, and shall describe the  
22 boundaries of the proposed downtown district. A citizen, taxpayer,  
23 or property owner of the municipality or an official from a taxing  
24 jurisdiction with millage that would be subject to capture has the  
25 right to be heard in regard to the establishment of the authority  
26 and the boundaries of the proposed downtown district. The governing  
27 body of the municipality shall not incorporate land into the

1 downtown district not included in the description contained in the  
2 notice of public hearing, but it may eliminate described lands from  
3 the downtown district in the final determination of the boundaries.

4 (3) Not more than 60 days after a public hearing held after  
5 February 15, 1994, the governing body of a taxing jurisdiction  
6 levying ad valorem property taxes that would otherwise be subject  
7 to capture may exempt its taxes from capture by adopting a  
8 resolution to that effect and filing a copy with the clerk of the  
9 municipality proposing to create the authority. The resolution  
10 takes effect when filed with that clerk and remains effective until  
11 a copy of a resolution rescinding that resolution is filed with  
12 that clerk. **IF A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES WAS**  
13 **LEVIED BEFORE JANUARY 1, 2017, AND ALL OBLIGATIONS AND OTHER**  
14 **PROTECTED OBLIGATIONS OF THE AUTHORITY ARE PAID, THEN THE LEVY IS**  
15 **EXEMPT FROM CAPTURE UNDER THIS ACT, UNLESS THE LIBRARY BOARD OR**  
16 **COMMISSION ALLOWS ALL OR A PORTION OF ITS TAXES LEVIED TO BE**  
17 **INCLUDED AS TAX INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER**  
18 **THIS ACT UNDER THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY**  
19 **BOARD OR COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL**  
20 **BE FILED WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF A SEPARATE**  
21 **MILLAGE FOR PUBLIC LIBRARY PURPOSES WAS LEVIED BEFORE JANUARY 1,**  
22 **2017, AND THE AUTHORITY ALTERS OR AMENDS THE BOUNDARIES OF A**  
23 **DOWNTOWN DISTRICT OR EXTENDS THE DURATION OF THE EXISTING FINANCE**  
24 **PLAN, THEN THE LIBRARY BOARD OR COMMISSION MAY, NOT LATER THAN 60**  
25 **DAYS AFTER A PUBLIC HEARING IS HELD UNDER THIS SUBSECTION, EXEMPT**  
26 **ALL OR A PORTION OF ITS TAXES FROM CAPTURE BY ADOPTING A RESOLUTION**  
27 **TO THAT EFFECT AND FILING A COPY WITH THE CLERK OF THE MUNICIPALITY**

1 THAT CREATED THE AUTHORITY. FOR AD VALOREM PROPERTY TAXES OR  
2 SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD VALOREM PROPERTY  
3 TAXES LEVIED FOR A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES  
4 APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2016, A LIBRARY BOARD  
5 OR COMMISSION MAY ALLOW ALL OR A PORTION OF ITS TAXES LEVIED TO BE  
6 INCLUDED AS TAX INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER  
7 THIS ACT UNDER THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY  
8 BOARD OR COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL  
9 BE FILED WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF THE  
10 LIBRARY WAS CREATED UNDER SECTION 1 OR 10A OF 1877 PA 164, MCL  
11 397.201 AND 397.210A, OR ESTABLISHED UNDER 1869 LA 233, THEN ANY  
12 ACTION OF THE LIBRARY BOARD OR COMMISSION UNDER THIS SUBSECTION  
13 SHALL HAVE THE CONCURRENCE OF THE CHIEF EXECUTIVE OFFICER OF THE  
14 CITY THAT CREATED THE LIBRARY TO BE EFFECTIVE, AND, IF THE ACTION  
15 OF THE LIBRARY BOARD OR COMMISSION INVOLVES ANY BOND ISSUED BY THIS  
16 STATE OR A STATE AGENCY, THE CONCURRENCE OF THE STATE TREASURER.

17 (4) Not less than 60 days after the public hearing, if the  
18 governing body of the municipality intends to proceed with the  
19 establishment of the authority, it shall adopt, by majority vote of  
20 its members, an ordinance establishing the authority and  
21 designating the boundaries of the downtown district within which  
22 the authority shall exercise its powers. The adoption of the  
23 ordinance is subject to any applicable statutory or charter  
24 provisions in respect to the approval or disapproval by the chief  
25 executive or other officer of the municipality and the adoption of  
26 an ordinance over his or her veto. This ordinance shall be filed  
27 with the secretary of state promptly after its adoption and shall

1 be published at least once in a newspaper of general circulation in  
2 the municipality.

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

7 (6) A municipality that has created an authority may enter  
8 into an agreement with an adjoining municipality that has created  
9 an authority to jointly operate and administer those authorities  
10 under an interlocal agreement under the urban cooperation act of  
11 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

12 (7) A municipality that has created an authority may enter  
13 into an agreement with a qualified township to operate its  
14 authority in a downtown district in the qualified township under an  
15 interlocal agreement under the urban cooperation act of 1967, 1967  
16 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement  
17 between the municipality and the qualified township shall provide  
18 for, but is not limited to, all of the following:

19 (a) Size and makeup of the board.

20 (b) Determination and modification of downtown district,  
21 business district, and development area.

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

23 (d) Issuance and repayment of obligations.

24 (e) Capture of taxes.

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