

SUBSTITUTE FOR
SENATE BILL NO. 1026

A bill to provide for the establishment of certain tax increment finance authorities; to prescribe the powers and duties of the authorities; to correct and prevent deterioration in residential, commercial, and industrial areas and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create certain boards; to prescribe the powers and duties of certain boards; to authorize the issuance of bonds and other evidences of indebtedness; to levy certain taxes; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; to provide for enforcement of this act; and

to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

Sec. 101. This act shall be known and may be cited as the "recodified tax increment financing act".

Sec. 102. (1) The repeal of a statute or section of law by this act does not relinquish any penalty, forfeiture, or liability, whether criminal or civil in nature, and that statute or section of law shall be treated as still remaining in force as necessary for the purpose of instituting or sustaining any proper action or prosecution for the enforcement of the penalty, forfeiture, or liability.

(2) A bond, note, or any other obligation issued by or on behalf of an authority under a statute or section of law repealed by this act shall continue in effect under its original terms under the corresponding part of this act.

(3) A contractual right, duty, or obligation relating to an authority under a statute or section of law repealed by this act shall continue and remain with the authority under the corresponding part of this act.

(4) A development plan or a tax increment financing plan developed by an authority under a statute or section of law repealed by this act shall remain in effect with the authority under the corresponding part of this act.

Sec. 103. Members of a board of an authority created under a statute or section of law repealed by this act with the same or similar name and functions shall continue in office for the

1 duration of the terms of office for which they were appointed.
2 Members shall be appointed under this act only as terms of the
3 former members expire or vacancies occur. Members of the board of
4 an authority created under a statute or section of law repealed by
5 this act may be appointed to the new board to succeed themselves
6 subject to any limits for the total period of service set forth in
7 this act.

8 PART 2

9 Sec. 201. As used in this part:

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

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

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

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

24 (c) "Authority" means a downtown development authority created
25 pursuant to this part.

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

27 (e) "Business district" means an area in the downtown of a

1 municipality zoned and used principally for business.

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

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

14 (h) "Chief executive officer" means the mayor or city manager
15 of a city, the president or village manager of a village, or the
16 supervisor of a township or, if designated by the township board
17 for purposes of this part, the township superintendent or township
18 manager of a township.

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

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

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

25 (l) "Downtown district" means that part of an area in a
26 business district that is specifically designated by ordinance of
27 the governing body of the municipality pursuant to this part. A

1 downtown district may include 1 or more separate and distinct
2 geographic areas in a business district as determined by the
3 municipality if the municipality enters into an agreement with a
4 qualified township under section 203(7) or if the municipality is a
5 city that surrounds another city and that other city lies between
6 the 2 separate and distinct geographic areas. If the downtown
7 district contains more than 1 separate and distinct geographic area
8 in the downtown district, the separate and distinct geographic
9 areas shall be considered 1 downtown district.

10 (m) "Eligible advance" means an advance made before August 19,
11 1993.

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

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

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

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

25 (r) "Initial assessed value" means the assessed value, as
26 equalized, of all the taxable property within the boundaries of the
27 development area at the time the ordinance establishing the tax

1 increment financing plan is approved, as shown by the most recent
2 assessment roll of the municipality for which equalization has been
3 completed at the time the resolution is adopted. Property exempt
4 from taxation at the time of the determination of the initial
5 assessed value shall be included as zero. For the purpose of
6 determining initial assessed value, property for which a specific
7 local tax is paid in lieu of a property tax shall not be considered
8 to be property that is exempt from taxation. The initial assessed
9 value of property for which a specific local tax was paid in lieu
10 of a property tax shall be determined as provided in subdivision
11 (aa). In the case of a municipality having a population of less
12 than 35,000 that established an authority prior to 1985, created a
13 district or districts, and approved a development plan or tax
14 increment financing plan or amendments to a plan, and which plan or
15 tax increment financing plan or amendments to a plan, and which
16 plan expired by its terms December 31, 1991, the initial assessed
17 value for the purpose of any plan or plan amendment adopted as an
18 extension of the expired plan shall be determined as if the plan
19 had not expired December 31, 1991. For a development area
20 designated before 1997 in which a renaissance zone has subsequently
21 been designated pursuant to the Michigan renaissance zone act, 1996
22 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the
23 development area otherwise determined under this subdivision shall
24 be reduced by the amount by which the current assessed value of the
25 development area was reduced in 1997 due to the exemption of
26 property under section 7ff of the general property tax act, 1893 PA
27 206, MCL 211.7ff, but in no case shall the initial assessed value

1 be less than zero.

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

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

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

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

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

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

23 (v) A letter of credit, paying agent, transfer agent, bond
24 registrar, or trustee fee associated with a contract, agreement,
25 bond, or note.

26 (u) "On behalf of an authority", in relation to an eligible
27 advance made by a municipality, or an eligible obligation or other

protected obligation issued or incurred by a municipality, means in anticipation that an authority would transfer tax increment revenues or reimburse the municipality from tax increment revenues in an amount sufficient to fully make payment required by the eligible advance made by the municipality, or eligible obligation or other protected obligation issued or incurred by the municipality, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

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

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

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

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

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

(w) "Other protected obligation" means:

(i) A qualified refunding obligation issued to refund an obligation described in subparagraph (ii), (iii), or (iv), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this

1 subparagraph.

2 (ii) An obligation issued or incurred by an authority or by a
3 municipality on behalf of an authority after August 19, 1993, but
4 before December 31, 1994, to finance a project described in a tax
5 increment finance plan approved by the municipality in accordance
6 with this part before December 31, 1993, for which a contract for
7 final design is entered into by or on behalf of the municipality or
8 authority before March 1, 1994 or for which a written agreement
9 with a developer, titled preferred development agreement, was
10 entered into by or on behalf of the municipality or authority in
11 July 1993.

12 (iii) An obligation incurred by an authority or municipality
13 after August 19, 1993, to reimburse a party to a development
14 agreement entered into by a municipality or authority before August
15 19, 1993, for a project described in a tax increment financing plan
16 approved in accordance with this part before August 19, 1993, and
17 undertaken and installed by that party in accordance with the
18 development agreement.

19 (iv) An obligation incurred by the authority evidenced by or
20 to finance a contract to purchase real property within a
21 development area or a contract to develop that property within the
22 development area, or both, if all of the following requirements are
23 met:

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

25 (B) Before June 30, 1995, the authority enters a contract for
26 the development of the real property located within the development
27 area.

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

3 (I) The department of natural resources for site reclamation
4 of the real property.

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

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

13 (vi) A loan from a municipality to an authority if the loan
14 was approved by the legislative body of the municipality on April
15 18, 1994.

16 (vii) Funds expended to match a grant received by a
17 municipality on behalf of an authority for sidewalk improvements
18 from the Michigan department of transportation if the legislative
19 body of the municipality approved the grant application on April 5,
20 1993 and the grant was received by the municipality in June 1993.

21 (viii) For taxes captured in 1994, an obligation described in
22 this subparagraph issued or incurred to finance a project. An
23 obligation is considered issued or incurred to finance a project
24 described in this subparagraph only if all of the following are
25 met:

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

1 (B) The obligation was part of a development plan and the tax
2 increment financing plan was approved by a municipality on May 6,
3 1991.

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

7 (D) The authority or municipality captured school taxes during
8 1994.

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

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

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

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

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

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

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

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

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

1 extent that revenues described in subdivision (cc) (ii) and
2 distributions under section 213b to repay the qualified refunding
3 obligation do not exceed \$750,000.00.

4 (iv) The obligation is issued to refund a qualified refunding
5 obligation issued on February 13, 2008, and any subsequent
6 refundings of that obligation, issued before December 31, 2018.

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

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

22 (i) Was not eligible to create an authority prior to January
23 3, 2005.

24 (ii) Adjoins a municipality that previously created an
25 authority.

26 (iii) Along with the adjoining municipality that previously
27 created an authority, is a member of the same joint planning

1 commission under the joint municipal planning act, 2003 PA 226, MCL
2 125.131 to 125.143.

3 (aa) "Specific local tax" means a tax levied under 1974 PA
4 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978
5 PA 255, MCL 207.651 to 207.668, the technology park development
6 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL
7 211.181 to 211.182. The initial assessed value or current assessed
8 value of property subject to a specific local tax shall be the
9 quotient of the specific local tax paid divided by the ad valorem
10 millage rate. However, after 1993, the state tax commission shall
11 prescribe the method for calculating the initial assessed value and
12 current assessed value of property for which a specific local tax
13 was paid in lieu of a property tax.

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

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

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

1 (ii) Tax increment revenues include ad valorem property taxes
2 and specific local taxes attributable to the application of the
3 levy of the state pursuant to the state education tax act, 1993 PA
4 331, MCL 211.901 to 211.906, and local or intermediate school
5 districts upon the captured assessed value of real and personal
6 property in the development area in an amount equal to the amount
7 necessary, without regard to subparagraph (i), to repay eligible
8 advances, eligible obligations, and other protected obligations.

9 (iii) Tax increment revenues do not include any of the
10 following:

11 (A) Ad valorem property taxes attributable either to a portion
12 of the captured assessed value shared with taxing jurisdictions
13 within the jurisdictional area of the authority or to a portion of
14 value of property that may be excluded from captured assessed value
15 or specific local taxes attributable to such ad valorem property
16 taxes.

17 (B) Ad valorem property taxes excluded by the tax increment
18 financing plan of the authority from the determination of the
19 amount of tax increment revenues to be transmitted to the authority
20 or specific local taxes attributable to such ad valorem property
21 taxes.

22 (C) Ad valorem property taxes exempted from capture under
23 section 203(3) or specific local taxes attributable to such ad
24 valorem property taxes.

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

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

3 (II) The art institute authorities act, 2010 PA 296, MCL
4 123.1201 to 123.1229.

5 (iv) The amount of tax increment revenues authorized to be
6 included under subparagraph (ii) or (v), and required to be
7 transmitted to the authority under section 214(1), from ad valorem
8 property taxes and specific local taxes attributable to the
9 application of the levy of the state education tax act, 1993 PA
10 331, MCL 211.901 to 211.906, a local school district or an
11 intermediate school district upon the captured assessed value of
12 real and personal property in a development area shall be
13 determined separately for the levy by the state, each school
14 district, and each intermediate school district as the product of
15 sub-subparagraphs (A) and (B):

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

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

26 (v) Tax increment revenues include ad valorem property taxes
27 and specific local taxes, in an annual amount and for each year

1 approved by the state treasurer, attributable to the levy by this
2 state under the state education tax act, 1993 PA 331, MCL 211.901
3 to 211.906, and by local or intermediate school districts, upon the
4 captured assessed value of real and personal property in the
5 development area of an authority established in a city with a
6 population of 600,000 or more to pay for, or reimburse an advance
7 for, not more than \$8,000,000.00 for the demolition of buildings or
8 structures on public or privately owned property within a
9 development area that commences in 2005, or to pay the annual
10 principal of or interest on an obligation, the terms of which are
11 approved by the state treasurer, issued by an authority, or by a
12 city on behalf of an authority, to pay not more than \$8,000,000.00
13 of the costs to demolish buildings or structures on public or
14 privately owned property within a development area that commences
15 in 2005.

16 (vi) Tax increment revenues include ad valorem property taxes
17 and specific local taxes attributable to the levy by this state
18 under the state education tax act, 1993 PA 331, MCL 211.201 to
19 211.906, and by local or intermediate school districts which were
20 levied on or after July 1, 2010, upon the captured assessed value
21 of real and personal property in the development area of an
22 authority established in a city with a population of 600,000 or
23 more to pay for, or reimburse an advance for, costs associated with
24 the land acquisition, preliminary site work, and construction of a
25 catalyst development project.

26 Sec. 201a. The legislature finds all of the following:

27 (a) That there exists in this state conditions of property

1 value deterioration detrimental to the state economy and the
2 economic growth of the state and its local units of government.

3 (b) That government programs are desirable and necessary to
4 eliminate the causes of property value deterioration thereby
5 benefiting the economic growth of the state.

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

9 (d) That tax increment financing is a government financing
10 program that contributes to economic growth and development by
11 dedicating a portion of the increase in the tax base resulting from
12 economic growth and development to facilities, structures, or
13 improvements within a development area thereby facilitating
14 economic growth and development.

15 (e) That it is necessary for the legislature to exercise its
16 power to legislate tax increment financing as authorized in this
17 part and in the exercise of this power to mandate the transfer of
18 tax increment revenues by city, village, township, school district,
19 and county treasurers to authorities created under this part in
20 order to effectuate the legislative government programs to
21 eliminate property value deterioration and to promote economic
22 growth.

23 (f) That halting property value deterioration and promoting
24 economic growth in the state are essential governmental functions
25 and constitute essential public purposes.

26 (g) That economic development strengthens the tax base upon
27 which local units of government rely and that government programs

1 to eliminate property value deterioration benefit local units of
2 government and are for the use of the local units of government.

3 (h) That the provisions of this part are enacted to provide a
4 means for local units of government to eliminate property value
5 deterioration and to promote economic growth in the communities
6 served by those local units of government.

7 Sec. 202. (1) Except as otherwise provided in this subsection,
8 a municipality may establish 1 authority. If, before November 1,
9 1985, a municipality establishes more than 1 authority, those
10 authorities may continue to exist as separate authorities. Under
11 the conditions described in section 203a, a municipality may have
12 more than 1 authority within that municipality's boundaries. A
13 parcel of property shall not be included in more than 1 authority
14 created by this part.

15 (2) An authority shall be a public body corporate which may
16 sue and be sued in any court of this state. An authority possesses
17 all the powers necessary to carry out the purpose of its
18 incorporation. The enumeration of a power in this part shall not be
19 construed as a limitation upon the general powers of an authority.

20 Sec. 203. (1) When the governing body of a municipality
21 determines that it is necessary for the best interests of the
22 public to halt property value deterioration and increase property
23 tax valuation where possible in its business district, to eliminate
24 the causes of that deterioration, and to promote economic growth,
25 the governing body may, by resolution, declare its intention to
26 create and provide for the operation of an authority.

27 (2) In the resolution of intent, the governing body shall set

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

1 body of the municipality shall not incorporate land into the
2 downtown district not included in the description contained in the
3 notice of public hearing, but it may eliminate described lands from
4 the downtown district in the final determination of the boundaries.

5 (3) Not more than 60 days after a public hearing held after
6 February 15, 1994, the governing body of a taxing jurisdiction
7 levying ad valorem property taxes that would otherwise be subject
8 to capture may exempt its taxes from capture by adopting a
9 resolution to that effect and filing a copy with the clerk of the
10 municipality proposing to create the authority. The resolution
11 takes effect when filed with that clerk and remains effective until
12 a copy of a resolution rescinding that resolution is filed with
13 that clerk.

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

27 (5) The governing body of the municipality may alter or amend

1 the boundaries of the downtown district to include or exclude lands
2 from the downtown district pursuant to the same requirements for
3 adopting the ordinance creating the authority.

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

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

16 (a) Size and makeup of the board.

17 (b) Determination and modification of downtown district,
18 business district, and development area.

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

20 (d) Issuance and repayment of obligations.

21 (e) Capture of taxes.

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

24 Sec. 203a. If a downtown district is part of an area annexed
25 to or consolidated with another municipality, the authority
26 managing that district shall become an authority of the annexing or
27 consolidated municipality. Obligations of that authority incurred

1 under a development or tax increment plan, agreements related to a
2 development or tax increment plan, and bonds issued under this part
3 shall remain in effect following the annexation or consolidation.

4 Sec. 203b. (1) An ordinance enacted by a municipality that has
5 a population of less than 50,000 establishing an authority,
6 creating a district, or approving a development plan or tax
7 increment financing plan, or an amendment to an authority,
8 district, or plan, and all actions taken under that ordinance,
9 including the issuance of bonds, are ratified and validated
10 notwithstanding that notice for the public hearing on the
11 establishment of the authority, creation of the district, or
12 approval of the development plan or tax increment financing plan,
13 or on the amendment, was not published, posted, or mailed at least
14 20 days before the hearing, if the notice was published or posted
15 at least 15 days before the hearing or the authority was
16 established in 1984 by a village that filed the ordinance with the
17 secretary of state not later than March, 1986. This section applies
18 only to an ordinance adopted by a municipality before February 1,
19 1991, and shall include any bonds or amounts to be used by the
20 authority to pay the principal of and interest on bonds that have
21 been issued or that are to be issued by the authority, the
22 incorporating municipality, or a county on behalf of the
23 incorporating municipality. An authority for which an ordinance or
24 amendment to the ordinance establishing the authority has been
25 published before February 1, 1991 is considered for purposes of
26 section 203(4) to have promptly filed the ordinance or amendment to
27 the ordinance with the secretary of state if the ordinance or

1 amendment to the ordinance is filed with the secretary of state
2 before October 1, 1991. As used in this section, "notice was
3 published" means publication of the notice occurred at least once.

4 (2) A development plan and tax increment financing plan
5 approved by a resolution adopted by the village council of a
6 village having a population of less than 3,000 before June 15, 1988
7 rather than by adoption of an ordinance is ratified and validated,
8 if an amendment to the plans was adopted by the village council in
9 compliance with sections 18 and 19.

10 (3) A development plan and tax increment financing plan
11 approved by a resolution adopted by the village council of a
12 village having a population of less than 7,000 before June 1, 1998
13 rather than by adoption of an ordinance is ratified and validated
14 if an amendment to the plans was adopted by the village council in
15 compliance with sections 18 and 19.

16 Sec. 203c. The validity of the proceedings or findings
17 establishing an authority, or of the procedure, adequacy of notice,
18 or findings with respect to the approval of a development plan or
19 tax increment financing plan is conclusive with respect to the
20 capture of tax increment revenues for an other protected obligation
21 that is a bond issued after October 1, 1994.

22 Sec. 203d. An ordinance enacted by a municipality that has a
23 population of greater than 1,000 and less than 2,000 establishing
24 an authority, creating a district, or approving a development plan
25 or tax increment financing plan, or an amendment to an authority,
26 district, or plan, and all actions taken or to be taken under that
27 ordinance, including the issuance of bonds, are ratified and

1 validated notwithstanding that notice for the public hearing on the
2 establishment of the authority, creation of the district, or
3 approval of the development plan or tax increment financing plan,
4 or on the amendment, was not published, posted, or mailed at least
5 20 days before the hearing, provided that the notice was either
6 published or posted at least 10 days before the hearing or that the
7 authority was established in 1990 by a municipality that filed the
8 ordinance with the secretary of state not later than July 1991.

9 This section applies only to an ordinance or an amendment adopted
10 by a municipality before January 1, 1999 and shall include any
11 bonds or amounts to be used by the authority to pay the principal
12 of and interest on bonds that have been issued or that are to be
13 issued by the authority or the incorporating municipality. An
14 authority for which an ordinance or amendment to the ordinance
15 establishing the authority has been published before February 1,
16 1991 is considered for purposes of section 203(3) to have promptly
17 filed the ordinance or amendment to the ordinance with the
18 secretary of state if the ordinance or amendment to the ordinance
19 is filed with the secretary of state before December 31, 2002. The
20 validity of the proceedings or findings establishing an authority
21 described in this section, or of the procedure, adequacy of notice,
22 or findings with respect to the approval of a development plan or
23 tax increment financing plan for an authority described in this
24 section is conclusive with respect to the capture of tax increment
25 revenues for a bond issued after June 1, 2002 and before June 1,
26 2006. As used in this section, "notice was either published or
27 posted" means either publication or posting of the notice occurred

1 at least once.

2 Sec. 204. (1) Except as provided in subsections (7), (8), and
3 (9), an authority shall be under the supervision and control of a
4 board consisting of the chief executive officer of the municipality
5 and not less than 8 or more than 12 members as determined by the
6 governing body of the municipality. Members shall be appointed by
7 the chief executive officer of the municipality, subject to
8 approval by the governing body of the municipality. Not less than a
9 majority of the members shall be persons having an interest in
10 property located in the downtown district or officers, members,
11 trustees, principals, or employees of a legal entity having an
12 interest in property located in the downtown district. Not less
13 than 1 of the members shall be a resident of the downtown district,
14 if the downtown district has 100 or more persons residing within
15 it. Of the members first appointed, an equal number of the members,
16 as near as is practicable, shall be appointed for 1 year, 2 years,
17 3 years, and 4 years. A member shall hold office until the member's
18 successor is appointed. Thereafter, each member shall serve for a
19 term of 4 years. An appointment to fill a vacancy shall be made by
20 the chief executive officer of the municipality for the unexpired
21 term only. Members of the board shall serve without compensation,
22 but shall be reimbursed for actual and necessary expenses. The
23 chairperson of the board shall be elected by the board. The rules
24 of procedure or the bylaws of the authority may provide that a
25 person be appointed to the board in his or her capacity as a public
26 official, whether appointed or elected. The rules of procedure or
27 bylaws may also provide that the public official's term shall

1 expire upon expiration of his or her service as a public official.
2 In addition, the public official's membership on the board expires
3 on his or her resignation from office as a public official.

4 (2) Before assuming the duties of office, a member shall
5 qualify by taking and subscribing to the constitutional oath of
6 office.

7 (3) The business which the board may perform shall be
8 conducted at a public meeting of the board held in compliance with
9 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public
10 notice of the time, date, and place of the meeting shall be given
11 in the manner required by the open meetings act, 1976 PA 267, MCL
12 15.261 to 15.275. The board shall adopt rules consistent with the
13 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its
14 procedure and the holding of regular meetings, subject to the
15 approval of the governing body. Special meetings may be held if
16 called in the manner provided in the rules of the board.

17 (4) Pursuant to notice and after having been given an
18 opportunity to be heard, a member of the board may be removed for
19 cause by the governing body. Removal of a member is subject to
20 review by the circuit court.

21 (5) All expense items of the authority shall be publicized
22 monthly and the financial records shall always be open to the
23 public.

24 (6) In addition to the items and records prescribed in
25 subsection (5), a writing prepared, owned, used, in the possession
26 of, or retained by the board in the performance of an official
27 function shall be made available to the public in compliance with

1 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

2 (7) By resolution of its governing body, a municipality having
3 more than 1 authority may establish a single board to govern all
4 authorities in the municipality. The governing body may designate
5 the board of an existing authority as the board for all authorities
6 or may establish by resolution a new board in the same manner as
7 provided in subsection (1). A member of a board governing more than
8 1 authority may be a resident of or have an interest in property in
9 any of the downtown districts controlled by the board in order to
10 meet the requirements of this section.

11 (8) By ordinance, the governing body of a municipality that
12 has a population of less than 5,000 may have the municipality's
13 planning commission created pursuant to former 1931 PA 285 or the
14 Michigan planning enabling act, 2008 PA 33, MCL 125.3801 to
15 125.3885, serve as the board provided for in subsection (1).

16 (9) If a municipality enters into an agreement with a
17 qualified township under section 203(7), the membership of the
18 board may be modified by the interlocal agreement described in
19 section 203(7).

20 Sec. 205. (1) The board may employ and fix the compensation of
21 a director, subject to the approval of the governing body of the
22 municipality. The director shall serve at the pleasure of the
23 board. A member of the board is not eligible to hold the position
24 of director. Before entering upon the duties of his or her office,
25 the director shall take and subscribe to the constitutional oath,
26 and furnish bond, by posting a bond in the penal sum determined in
27 the ordinance establishing the authority payable to the authority

1 for use and benefit of the authority, approved by the board, and
2 filed with the municipal clerk. The premium on the bond shall be
3 deemed an operating expense of the authority, payable from funds
4 available to the authority for expenses of operation. The director
5 shall be the chief executive officer of the authority. Subject to
6 the approval of the board, the director shall supervise, and be
7 responsible for, the preparation of plans and the performance of
8 the functions of the authority in the manner authorized by this
9 part. The director shall attend the meetings of the board, and
10 shall render to the board and to the governing body of the
11 municipality a regular report covering the activities and financial
12 condition of the authority. If the director is absent or disabled,
13 the board may designate a qualified person as acting director to
14 perform the duties of the office. Before entering upon the duties
15 of his or her office, the acting director shall take and subscribe
16 to the oath, and furnish bond, as required of the director. The
17 director shall furnish the board with information or reports
18 governing the operation of the authority as the board requires.

19 (2) The board may employ and fix the compensation of a
20 treasurer, who shall keep the financial records of the authority
21 and who, together with the director, shall approve all vouchers for
22 the expenditure of funds of the authority. The treasurer shall
23 perform such other duties as may be delegated to him or her by the
24 board and shall furnish bond in an amount as prescribed by the
25 board.

26 (3) The board may employ and fix the compensation of a
27 secretary, who shall maintain custody of the official seal and of

1 records, books, documents, or other papers not required to be
2 maintained by the treasurer. The secretary shall attend meetings of
3 the board and keep a record of its proceedings, and shall perform
4 such other duties delegated by the board.

5 (4) The board may retain legal counsel to advise the board in
6 the proper performance of its duties. The legal counsel shall
7 represent the authority in actions brought by or against the
8 authority.

9 (5) The board may employ other personnel deemed necessary by
10 the board.

11 Sec. 206. The employees of an authority shall be eligible to
12 participate in municipal retirement and insurance programs of the
13 municipality as if they were civil service employees except that
14 the employees of an authority are not civil service employees.

15 Sec. 207. (1) The board may:

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

18 (b) Study and analyze the impact of metropolitan growth upon
19 the downtown district.

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

26 (d) Plan, propose, and implement an improvement to a public
27 facility within the development area to comply with the barrier

1 free design requirements of the state construction code promulgated
2 under the Stille-DeRossett-Hale single state construction code act,
3 1972 PA 230, MCL 125.1501 to 125.1531.

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

11 (f) Implement any plan of development in the downtown district
12 necessary to achieve the purposes of this part, in accordance with
13 the powers of the authority as granted by this part.

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

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

23 (i) Improve land and construct, reconstruct, rehabilitate,
24 restore and preserve, equip, improve, maintain, repair, and operate
25 any building, including multiple-family dwellings, and any
26 necessary or desirable appurtenances to that property, within the
27 downtown district for the use, in whole or in part, of any public

1 or private person or corporation, or a combination of them.

2 (j) Fix, charge, and collect fees, rents, and charges for the
3 use of any building or property under its control or any part
4 thereof, or facility therein, and pledge the fees, rents, and
5 charges for the payment of revenue bonds issued by the authority.

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

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

10 (m) Acquire and construct public facilities.

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 203(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 Sec. 208. If a board created under this part serves as the
22 planning commission under the Michigan planning enabling act, 2008
23 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
24 commission business in its agenda.

25 Sec. 209. The authority shall be deemed an instrumentality of
26 a political subdivision for purposes of 1972 PA 227, MCL 213.321 to
27 213.332.

1 Sec. 210. A municipality may take private property under 1911
2 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to the
3 authority, and may transfer the property to the authority for use
4 in an approved development, on terms and conditions it deems
5 appropriate, and the taking, transfer, and use shall be considered
6 necessary for public purposes and for the benefit of the public.

7 Sec. 211. (1) The activities of the authority shall be
8 financed from 1 or more of the following sources:

9 (a) Donations to the authority for the performance of its
10 functions.

11 (b) Proceeds of a tax imposed pursuant to section 212.

12 (c) Money borrowed and to be repaid as authorized by sections
13 213 and 213a.

14 (d) Revenues from any property, building, or facility owned,
15 leased, licensed, or operated by the authority or under its
16 control, subject to the limitations imposed upon the authority by
17 trusts or other agreements.

18 (e) Proceeds of a tax increment financing plan, established
19 under sections 214 to 216.

20 (f) Proceeds from a special assessment district created as
21 provided by law.

22 (g) Money obtained from other sources approved by the
23 governing body of the municipality or otherwise authorized by law
24 for use by the authority or the municipality to finance a
25 development program.

26 (h) Money obtained pursuant to section 213b.

27 (i) Revenue transferred pursuant to section 11a of chapter 2

1 of the city income tax act, 1964 PA 284, MCL 141.611a.

2 (j) Revenue transferred pursuant to section 11b of chapter 2
3 of the city income tax act, 1964 PA 284, MCL 141.611b.

4 (2) Money received by the authority and not covered under
5 subsection (1) shall immediately be deposited to the credit of the
6 authority, subject to disbursement pursuant to this part. Except as
7 provided in this part, the municipality shall not obligate itself,
8 nor shall it ever be obligated to pay any sums from public funds,
9 other than money received by the municipality pursuant to this
10 section, for or on account of the activities of the authority.

11 Sec. 212. (1) An authority with the approval of the municipal
12 governing body may levy an ad valorem tax on the real and tangible
13 personal property not exempt by law and as finally equalized in the
14 downtown district. The tax shall not be more than 1 mill if the
15 downtown district is in a municipality having a population of
16 1,000,000 or more, or not more than 2 mills if the downtown
17 district is in a municipality having a population of less than
18 1,000,000. The tax shall be collected by the municipality creating
19 the authority levying the tax. The municipality shall collect the
20 tax at the same time and in the same manner as it collects its
21 other ad valorem taxes. The tax shall be paid to the treasurer of
22 the authority and credited to the general fund of the authority for
23 purposes of the authority.

24 (2) The municipality may at the request of the authority
25 borrow money and issue its notes under the revised municipal
26 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
27 of collection of the ad valorem tax authorized in this section.

1 Sec. 213. The authority may borrow money and issue its
2 negotiable revenue bonds under the revenue bond act of 1933, 1933
3 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
4 authority shall not except as hereinafter provided be deemed a debt
5 of the municipality or the state. The municipality by majority vote
6 of the members of its governing body may pledge its full faith and
7 credit to support the authority's revenue bonds.

8 Sec. 213a. (1) The authority may with approval of the local
9 governing body borrow money and issue its revenue bonds or notes to
10 finance all or part of the costs of acquiring or constructing
11 property in connection with the implementation of a development
12 plan in the downtown district or to refund or refund in advance
13 bonds or notes issued pursuant to this section. The costs which may
14 be financed by the issuance of revenue bonds or notes may include
15 the cost of purchasing, acquiring, constructing, improving,
16 enlarging, extending, or repairing property in connection with the
17 implementation of a development plan in the downtown district; any
18 engineering, architectural, legal, accounting, or financial
19 expenses; the costs necessary or incidental to the borrowing of
20 money; interest on the bonds or notes during the period of
21 construction; a reserve for payment of principal and interest on
22 the bonds or notes; and a reserve for operation and maintenance
23 until sufficient revenues have developed. The authority may secure
24 the bonds and notes by mortgage, assignment, or pledge of the
25 property and any money, revenues, or income received in connection
26 therewith.

27 (2) A pledge made by the authority shall be valid and binding

1 from the time the pledge is made. The money or property pledged by
2 the authority immediately shall be subject to the lien of the
3 pledge without a physical delivery, filing, or further act. The
4 lien of such a pledge shall be valid and binding as against parties
5 having claims of any kind in tort, contract, or otherwise, against
6 the authority, irrespective of whether the parties have notice of
7 the lien. Neither the resolution, the trust agreement, nor any
8 other instrument by which a pledge is created need be filed or
9 recorded.

10 (3) Bonds or notes issued pursuant to this section shall be
11 exempt from all taxation in this state except inheritance and
12 transfer taxes, and the interest on the bonds or notes shall be
13 exempt from all taxation in this state, notwithstanding that the
14 interest may be subject to federal income tax.

15 (4) The municipality shall not be liable on bonds or notes of
16 the authority issued pursuant to this section and the bonds or
17 notes shall not be a debt of the municipality. The bonds or notes
18 shall contain on their face a statement to that effect.

19 (5) The bonds and notes of the authority may be invested in by
20 all public officers, state agencies and political subdivisions,
21 insurance companies, banks, savings and loan associations,
22 investment companies, and fiduciaries and trustees, and may be
23 deposited with and received by all public officers and the agencies
24 and political subdivisions of this state for any purpose for which
25 the deposit of bonds is authorized.

26 Sec. 213b. (1) If the amount of tax increment revenues lost as
27 a result of the reduction of taxes levied by local school districts

1 for school operating purposes required by the millage limitations
2 under section 1211 of the school code of 1976, 1976 PA 451, MCL
3 380.1211, reduced by the amount of tax increment revenues received
4 from the capture of taxes levied under or attributable to the state
5 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
6 the tax increment revenues received in a fiscal year by an
7 authority under section 215 to be insufficient to repay an eligible
8 advance or to pay an eligible obligation, the legislature shall
9 appropriate and distribute to the authority the amount described in
10 subsection (5).

11 (2) Not less than 30 days before the first day of a fiscal
12 year, an authority eligible to retain tax increment revenues from
13 taxes levied by a local or intermediate school district or this
14 state or to receive a distribution under this section for that
15 fiscal year shall file a claim with the department of treasury. The
16 claim shall include the following information:

17 (a) The property tax millage rates levied in 1993 by local
18 school districts within the jurisdictional area of the authority
19 for school operating purposes.

20 (b) The property tax millage rates expected to be levied by
21 local school districts within the jurisdictional area of the
22 authority for school operating purposes for that fiscal year.

23 (c) The tax increment revenues estimated to be received by the
24 authority for that fiscal year based upon actual property tax
25 levies of all taxing jurisdictions within the jurisdictional area
26 of the authority.

27 (d) The tax increment revenues the authority estimates it

1 would have received for that fiscal year if property taxes were
2 levied by local school districts within the jurisdictional area of
3 the authority for school operating purposes at the millage rates
4 described in subdivision (a) and if no property taxes were levied
5 by this state under the state education tax act, 1993 PA 331, MCL
6 211.901 to 211.906.

7 (e) A list and documentation of eligible obligations and
8 eligible advances and the payments due on each of those eligible
9 obligations or eligible advances in that fiscal year, and the total
10 amount of all the payments due on those eligible obligations and
11 eligible advances in that fiscal year.

12 (f) The amount of money, other than tax increment revenues,
13 estimated to be received in that fiscal year by the authority that
14 is primarily pledged to, and to be used for, the payment of an
15 eligible obligation or the repayment of an eligible advance. That
16 amount shall not include excess tax increment revenues of the
17 authority that are permitted by law to be retained by the authority
18 for purposes that further the development program. However, that
19 amount shall include money to be obtained from sources authorized
20 by law, which law is enacted on or after December 1, 1993, for use
21 by the municipality or authority to finance a development project.

22 (g) The amount of a distribution received pursuant to this
23 part for a fiscal year in excess of or less than the distribution
24 that would have been required if calculated upon actual tax
25 increment revenues received for that fiscal year.

26 (h) A list and documentation of other protected obligations
27 and the payments due on each of those other protected obligations

1 in that fiscal year, and the total amount of all the payments due
2 on those other protected obligations in that fiscal year.

3 (3) For the fiscal year that commences after September 30,
4 1993 and before October 1, 1994, an authority may make a claim with
5 all information required by subsection (2) at any time after March
6 15, 1994.

7 (4) After review and verification of claims submitted pursuant
8 to this section, amounts appropriated by the state in compliance
9 with this part shall be distributed as 2 equal payments on March 1
10 and September 1 after receipt of a claim. An authority shall
11 allocate a distribution it receives for an eligible obligation
12 issued on behalf of a municipality to the municipality.

13 (5) Subject to subsections (6) and (7), the aggregate amount
14 to be appropriated and distributed pursuant to this section to an
15 authority shall be the sum of the amounts determined pursuant to
16 subdivisions (a) and (b) minus the amount determined pursuant to
17 subdivision (c), as follows:

18 (a) The amount by which the tax increment revenues the
19 authority would have received for the fiscal year, excluding taxes
20 exempt under section 7ff of the general property tax act, 1893 PA
21 206, MCL 211.7ff, if property taxes were levied by local school
22 districts for school operating purposes at the millage rates
23 described in subsection (2)(a) and if no property taxes were levied
24 under the state education tax act, 1993 PA 331, MCL 211.901 to
25 211.906, exceed the tax increment revenues the authority actually
26 received for the fiscal year.

27 (b) A shortfall required to be reported pursuant to subsection

1 (2)(g) that had not previously increased a distribution.

2 (c) An excess amount required to be reported pursuant to
3 subsection (2)(g) that had not previously decreased a distribution.

4 (6) The amount distributed under subsection (5) shall not
5 exceed the difference between the amount described in subsection
6 (2)(e) and the sum of the amounts described in subsection (2)(c)
7 and (f).

8 (7) If, based upon the tax increment financing plan in effect
9 on August 19, 1993, the payment due on eligible obligations or
10 eligible advances anticipates the use of excess prior year tax
11 increment revenues permitted by law to be retained by the
12 authority, and if the sum of the amounts described in subsection
13 (2)(c) and (f) plus the amount to be distributed under subsections
14 (5) and (6) is less than the amount described in subsection (2)(e),
15 the amount to be distributed under subsections (5) and (6) shall be
16 increased by the amount of the shortfall. However, the amount
17 authorized to be distributed pursuant to this section shall not
18 exceed that portion of the cumulative difference, for each
19 preceding fiscal year, between the amount that could have been
20 distributed pursuant to subsection (5) and the amount actually
21 distributed pursuant to subsections (5) and (6) and this
22 subsection.

23 (8) A distribution under this section replacing tax increment
24 revenues pledged by an authority or a municipality is subject to
25 the lien of the pledge, whether or not there has been physical
26 delivery of the distribution.

27 (9) Obligations for which distributions are made pursuant to

1 this section are not a debt or liability of this state; do not
2 create or constitute an indebtedness, liability, or obligation of
3 this state; and are not and do not constitute a pledge of the faith
4 and credit of this state.

5 (10) Not later than July 1 of each year, the authority shall
6 certify to the local tax collecting treasurer the amount of the
7 distribution required under subsection (5), calculated without
8 regard to the receipt of tax increment revenues attributable to
9 local or intermediate school district taxes or attributable to
10 taxes levied under the state education tax act, 1993 PA 331, MCL
11 211.901 to 211.906.

12 (11) Calculations of distributions under this section and
13 claims reports required to be made under subsection (2) shall be
14 made on the basis of each development area of the authority.

15 (12) The state tax commission may provide that the
16 reimbursement calculations under this section and the calculation
17 of allowable capture of school taxes shall be made for each
18 calendar year's tax increment revenues using a 12-month debt
19 payment period used by the authority and approved by the state tax
20 commission.

21 Sec. 213c. (1) If the amount of tax increment revenues lost as
22 a result of the personal property tax exemptions provided by
23 section 1211(4) of the revised school code, 1976 PA 451, MCL
24 380.1211, section 3 of the state education tax act, 1993 PA 331,
25 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
26 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
27 reduce the allowable school tax capture received in a fiscal year,

1 then, notwithstanding any other provision of this part, the
2 authority, with approval of the department of treasury under
3 subsection (3), may request the local tax collecting treasurer to
4 retain and pay to the authority taxes levied under the state
5 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
6 for the following:

7 (a) To repay an eligible advance.

8 (b) To repay an eligible obligation.

9 (c) To repay an other protected obligation.

10 (2) Not later than June 15, 2008, not later than September 30,
11 2009, and not later than June 1 of each subsequent year, except for
12 2011, not later than June 15, an authority eligible under
13 subsection (1) to have taxes levied under the state education tax
14 act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the
15 authority under this section, shall apply for approval with the
16 department of treasury. The application for approval shall include
17 the following information:

18 (a) The property tax millage rates expected to be levied by
19 local school districts within the jurisdictional area of the
20 authority for school operating purposes for that fiscal year.

21 (b) The tax increment revenues estimated to be received by the
22 authority for that fiscal year based upon actual property tax
23 levies of all taxing jurisdictions within the jurisdictional area
24 of the authority.

25 (c) The tax increment revenues the authority estimates it
26 would have received for that fiscal year if the personal property
27 tax exemptions described in subsection (1) were not in effect.

1 (d) A list of eligible obligations, eligible advances, and
2 other protected obligations, the payments due on each of those in
3 that fiscal year, and the total amount of all the payments due on
4 all of those in that fiscal year.

5 (e) The amount of money, other than tax increment revenues,
6 estimated to be received in that fiscal year by the authority that
7 is primarily pledged to, and to be used for, the payment of an
8 eligible obligation, the repayment of an eligible advance, or the
9 payment of an other protected obligation. That amount shall not
10 include excess tax increment revenues of the authority that are
11 permitted by law to be retained by the authority for purposes that
12 further the development program. However, that amount shall include
13 money to be obtained from sources authorized by law, which law is
14 enacted on or after December 1, 1993, for use by the municipality
15 or authority to finance a development plan.

16 (f) The amount of a distribution received pursuant to this
17 part for a fiscal year in excess of or less than the distribution
18 that would have been required if calculated upon actual tax
19 increment revenues received for that fiscal year.

20 (3) Not later than August 15, 2008; for 2009, not later than
21 February 3, 2010; for 2011 only, not later than 30 days after the
22 effective date of the amendatory act that amended this sentence;
23 and not later than August 15 for 2010, 2012, and each subsequent
24 year, based on the calculations under subsection (5), the
25 department of treasury shall approve, modify, or deny the
26 application for approval to have taxes levied under the state
27 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained

1 and paid to the authority under this section. If the application
2 for approval contains the information required under subsection
3 (2)(a) through (f) and appears to be in substantial compliance with
4 the provisions of this section, then the department of treasury
5 shall approve the application. If the application is denied by the
6 department of treasury, then the department of treasury shall
7 provide the opportunity for a representative of the authority to
8 discuss the denial within 21 days after the denial occurs and shall
9 sustain or modify its decision within 30 days after receiving
10 information from the authority. If the application for approval is
11 approved or modified by the department of treasury, the local tax
12 collecting treasurer shall retain and pay to the authority the
13 amount described in subsection (5) as approved by the department.
14 If the department of treasury denies the authority's application
15 for approval, the local tax collecting treasurer shall not retain
16 or pay to the authority the taxes levied under the state education
17 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
18 department does not prohibit a subsequent audit of taxes retained
19 in accordance with the procedures currently authorized by law.

20 (4) Each year the legislature shall appropriate and distribute
21 an amount sufficient to pay each authority the following:

22 (a) If the amount to be retained and paid under subsection (3)
23 is less than the amount calculated under subsection (5), the
24 difference between those amounts.

25 (b) If the application for approval is denied by the
26 department of treasury, an amount verified by the department equal
27 to the amount calculated under subsection (5).

1 (5) Subject to subsection (6), the aggregate amount under this
2 section shall be the sum of the amounts determined under
3 subdivisions (a) and (b) minus the amount determined under
4 subdivision (c), as follows:

5 (a) The amount by which the tax increment revenues the
6 authority would have received and retained for the fiscal year,
7 excluding taxes exempt under section 7ff of the general property
8 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
9 exemptions described in subsection (1) were not in effect, exceed
10 the tax increment revenues the authority actually received for the
11 fiscal year.

12 (b) A shortfall required to be reported under subsection
13 (2)(f) that had not previously increased a distribution.

14 (c) An excess amount required to be reported under subsection
15 (2)(f) that had not previously decreased a distribution.

16 (6) A distribution or taxes retained under this section
17 replacing tax increment revenues pledged by an authority or a
18 municipality are subject to any lien of the pledge described in
19 subsection (1), whether or not there has been physical delivery of
20 the distribution.

21 (7) Obligations for which distributions are made under this
22 section are not a debt or liability of this state; do not create or
23 constitute an indebtedness, liability, or obligation of this state;
24 and are not and do not constitute a pledge of the faith and credit
25 of this state.

26 (8) Not later than September 15 of each year, the authority
27 shall provide a copy of the application for approval approved by

1 the department of treasury to the local tax collecting treasurer
2 and provide the amount of the taxes retained and paid to the
3 authority under subsection (5).

4 (9) Calculations of amounts retained and paid and
5 appropriations to be distributed under this section shall be made
6 on the basis of each development area of the authority.

7 (10) The state tax commission may provide that the
8 reimbursement calculations under this section and the calculation
9 of allowable capture of school taxes shall be made for each
10 calendar year's tax increment revenues using a 12-month debt
11 payment period used by the authority and approved by the state tax
12 commission.

13 (11) It is the intent of the legislature that, to the extent
14 that the total amount of taxes levied under the state education tax
15 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
16 retained under this section and section 411b, section 15a of the
17 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
18 and section 312b, exceeds the difference of the total school aid
19 fund revenue for the tax year minus the estimated amount of revenue
20 the school aid fund would have received for the tax year had the
21 tax exemptions described in subsection (1) and the earmark created
22 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
23 208.1515, not taken effect, the general fund shall reimburse the
24 school aid fund the difference.

25 Sec. 214. (1) When the authority determines that it is
26 necessary for the achievement of the purposes of this part, the
27 authority shall prepare and submit a tax increment financing plan

1 to the governing body of the municipality. The plan shall include a
2 development plan as provided in section 217, a detailed explanation
3 of the tax increment procedure, the maximum amount of bonded
4 indebtedness to be incurred, and the duration of the program, and
5 shall be in compliance with section 215. The plan shall contain a
6 statement of the estimated impact of tax increment financing on the
7 assessed values of all taxing jurisdictions in which the
8 development area is located. The plan may provide for the use of
9 part or all of the captured assessed value, but the portion
10 intended to be used by the authority shall be clearly stated in the
11 tax increment financing plan. The authority or municipality may
12 exclude from captured assessed value growth in property value
13 resulting solely from inflation. The plan shall set forth the
14 method for excluding growth in property value resulting solely from
15 inflation.

16 (2) The percentage of taxes levied for school operating
17 purposes that is captured and used by the tax increment financing
18 plan shall not be greater than the plan's percentage capture and
19 use of taxes levied by a municipality or county for operating
20 purposes. For purposes of the previous sentence, taxes levied by a
21 county for operating purposes include only millage allocated for
22 county or charter county purposes under the property tax limitation
23 act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this
24 subsection, tax increment revenues used to pay bonds issued by a
25 municipality under section 216(1) shall be considered to be used by
26 the tax increment financing plan rather than shared with the
27 municipality. The limitation of this subsection does not apply to

1 the portion of the captured assessed value shared pursuant to an
2 agreement entered into before 1989 with a county or with a city in
3 which an enterprise zone is approved under section 13 of the
4 enterprise zone act, 1985 PA 224, MCL 125.2113.

5 (3) Approval of the tax increment financing plan shall be
6 pursuant to the notice, hearing, and disclosure provisions of
7 section 218. If the development plan is part of the tax increment
8 financing plan, only 1 hearing and approval procedure is required
9 for the 2 plans together.

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

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

25 (6) Under a tax increment financing plan that includes a
26 catalyst development project, an authority may pledge available tax
27 increment revenues of the authority as security for any bonds

1 issued to develop and construct a catalyst development project.

2 Sec. 215. (1) The municipal and county treasurers shall
3 transmit to the authority tax increment revenues.

4 (2) The authority shall expend the tax increment revenues
5 received for the development program only pursuant to the tax
6 increment financing plan. Surplus funds shall revert
7 proportionately to the respective taxing bodies. These revenues
8 shall not be used to circumvent existing property tax limitations.
9 The governing body of the municipality may abolish the tax
10 increment financing plan when it finds that the purposes for which
11 it was established are accomplished. However, the tax increment
12 financing plan shall not be abolished, allowed to expire, or
13 otherwise terminate until the principal of, and interest on, bonds
14 issued pursuant to section 216 have been paid or funds sufficient
15 to make the payment have been segregated.

16 Sec. 216. (1) The municipality may by resolution of its
17 governing body authorize, issue, and sell general obligation bonds
18 subject to the limitations set forth in this subsection to finance
19 the development program of the tax increment financing plan and
20 shall pledge its full faith and credit for the payment of the
21 bonds. The municipality may pledge as additional security for the
22 bonds any money received by the authority or the municipality
23 pursuant to section 211. The bonds are subject to the revised
24 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before
25 the municipality may authorize the borrowing, the authority shall
26 submit an estimate of the anticipated tax increment revenues and
27 other revenue available under section 211 to be available for

1 payment of principal and interest on the bonds, to the governing
2 body of the municipality. This estimate shall be approved by the
3 governing body of the municipality by resolution adopted by
4 majority vote of the members of the governing body in the
5 resolution authorizing the bonds. If the governing body of the
6 municipality adopts the resolution authorizing the bonds, the
7 estimate of the anticipated tax increment revenues and other
8 revenue available under section 211 to be available for payment of
9 principal and interest on the bonds shall be conclusive for
10 purposes of this section. The bonds issued under this subsection
11 shall be considered a single series for the purposes of the revised
12 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2801.

13 (2) By resolution of its governing body, the authority may
14 authorize, issue, and sell tax increment bonds subject to the
15 limitations set forth in this subsection to finance the development
16 program of the tax increment financing plan. The tax increment
17 bonds issued by the authority under this subsection shall pledge
18 solely the tax increment revenues of a development area in which
19 the project is located or a development area from which tax
20 increment revenues may be used for this project, or both. In
21 addition or in the alternative, the bonds issued by the authority
22 pursuant to this subsection may be secured by any other revenues
23 identified in section 211 as sources of financing for activities of
24 the authority that the authority shall specifically pledge in the
25 resolution. However, the full faith and credit of the municipality
26 shall not be pledged to secure bonds issued pursuant to this
27 subsection. The bond issue may include a sum sufficient to pay

1 interest on the tax increment bonds until full development of tax
2 increment revenues from the project and also a sum to provide a
3 reasonable reserve for payment of principal and interest on the
4 bonds. The resolution authorizing the bonds shall create a lien on
5 the tax increment revenues and other revenues pledged by the
6 resolution that shall be a statutory lien and shall be a first lien
7 subject only to liens previously created. The resolution may
8 provide the terms upon which additional bonds may be issued of
9 equal standing and parity of lien as to the tax increment revenues
10 and other revenues pledged under the resolution. Bonds issued under
11 this subsection that pledge revenue received under section 211 for
12 repayment of the bonds are subject to the revised municipal finance
13 act, 2001 PA 34, MCL 141.2101 to 141.2821.

14 (3) Notwithstanding any other provision of this part, if the
15 state treasurer determines that an authority or municipality can
16 issue a qualified refunding obligation and the authority or
17 municipality does not make a good faith effort to issue the
18 qualified refunding obligation as determined by the state
19 treasurer, the state treasurer may reduce the amount claimed by the
20 authority or municipality under section 213b by an amount equal to
21 the net present value saving that would have been realized had the
22 authority or municipality refunded the obligation or the state
23 treasurer may require a reduction in the capture of tax increment
24 revenues from taxes levied by a local or intermediate school
25 district or this state by an amount equal to the net present value
26 savings that would have been realized had the authority or
27 municipality refunded the obligation. This subsection does not

1 authorize the state treasurer to require the authority or
2 municipality to pledge security greater than the security pledged
3 for the obligation being refunded.

4 Sec. 217. (1) When a board decides to finance a project in the
5 downtown district by the use of revenue bonds as authorized in
6 section 213 or tax increment financing as authorized in sections
7 214, 215, and 216, it shall prepare a development plan.

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

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

11 (b) The location and extent of existing streets and other
12 public facilities within the development area, shall designate the
13 location, character, and extent of the categories of public and
14 private land uses then existing and proposed for the development
15 area, including residential, recreational, commercial, industrial,
16 educational, and other uses, and shall include a legal description
17 of the development area.

18 (c) A description of existing improvements in the development
19 area to be demolished, repaired, or altered, a description of any
20 repairs and alterations, and an estimate of the time required for
21 completion.

22 (d) The location, extent, character, and estimated cost of the
23 improvements including rehabilitation contemplated for the
24 development area and an estimate of the time required for
25 completion.

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

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

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

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

8 (i) An estimate of the cost of the development, a statement of
9 the proposed method of financing the development, and the ability
10 of the authority to arrange the financing.

11 (j) Designation of the person or persons, natural or
12 corporate, to whom all or a portion of the development is to be
13 leased, sold, or conveyed in any manner and for whose benefit the
14 project is being undertaken if that information is available to the
15 authority.

16 (k) The procedures for bidding for the leasing, purchasing, or
17 conveying in any manner of all or a portion of the development upon
18 its completion, if there is no express or implied agreement between
19 the authority and persons, natural or corporate, that all or a
20 portion of the development will be leased, sold, or conveyed in any
21 manner to those persons.

22 (l) Estimates of the number of persons residing in the
23 development area and the number of families and individuals to be
24 displaced. If occupied residences are designated for acquisition
25 and clearance by the authority, a development plan shall include a
26 survey of the families and individuals to be displaced, including
27 their income and racial composition, a statistical description of

1 the housing supply in the community, including the number of
2 private and public units in existence or under construction, the
3 condition of those units in existence, the number of owner-occupied
4 and renter-occupied units, the annual rate of turnover of the
5 various types of housing and the range of rents and sale prices, an
6 estimate of the total demand for housing in the community, and the
7 estimated capacity of private and public housing available to
8 displaced families and individuals.

9 (m) A plan for establishing priority for the relocation of
10 persons displaced by the development in any new housing in the
11 development area.

12 (n) Provision for the costs of relocating persons displaced by
13 the development and financial assistance and reimbursement of
14 expenses, including litigation expenses and expenses incident to
15 the transfer of title, in accordance with the standards and
16 provisions of the federal uniform relocation assistance and real
17 property acquisition policies act of 1970, Public Law 91-646, 42
18 USC 4601.

19 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
20 213.332.

21 (p) Other material that the authority, local public agency, or
22 governing body considers pertinent.

23 Sec. 218. (1) The governing body, before adoption of an
24 ordinance approving or amending a development plan or approving or
25 amending a tax increment financing plan, shall hold a public
26 hearing on the development plan. Notice of the time and place of
27 the hearing shall be given by publication twice in a newspaper of

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

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

1 the development plan. The governing body shall make and preserve a
2 record of the public hearing, including all data presented thereat.

3 Sec. 219. (1) The governing body after a public hearing on the
4 development plan or the tax increment financing plan, or both, with
5 notice of the hearing given in accordance with section 218, shall
6 determine whether the development plan or tax increment financing
7 plan constitutes a public purpose. If it determines that the
8 development plan or tax increment financing plan constitutes a
9 public purpose, it shall then approve or reject the plan, or
10 approve it with modification, by ordinance based on the following
11 considerations:

12 (a) The findings and recommendations of a development area
13 citizens council, if a development area citizens council was
14 formed.

15 (b) The plan meets the requirements set forth in section
16 217(2).

17 (c) The proposed method of financing the development is
18 feasible and the authority has the ability to arrange the
19 financing.

20 (d) The development is reasonable and necessary to carry out
21 the purposes of this part.

22 (e) The land included within the development area to be
23 acquired is reasonably necessary to carry out the purposes of the
24 plan and of this part in an efficient and economically satisfactory
25 manner.

26 (f) The development plan is in reasonable accord with the
27 master plan of the municipality.

1 (g) Public services, such as fire and police protection and
2 utilities, are or will be adequate to service the project area.

3 (h) Changes in zoning, streets, street levels, intersections,
4 and utilities are reasonably necessary for the project and for the
5 municipality.

6 (2) Amendments to an approved development plan or tax
7 increment plan must be submitted by the authority to the governing
8 body for approval or rejection.

9 (3) Proposed amendments made to an approved development plan
10 to incorporate a catalyst development project plan shall be
11 submitted by the authority to the Michigan strategic fund for
12 approval or rejection of that part of the plan relating to the
13 catalyst development project. Amendments not approved or rejected
14 under this subsection by the Michigan strategic fund within 45 days
15 of submission for approval shall be considered approved.

16 Sec. 220. A person to be relocated under this part shall be
17 given not less than 90 days' written notice to vacate unless
18 modified by court order for good cause.

19 Sec. 221. (1) If a proposed development area has residing
20 within it 100 or more residents, a development area citizens
21 council shall be established at least 90 days before the public
22 hearing on the development or tax increment financing plan. The
23 development area citizens council shall be established by the
24 governing body and shall consist of not less than 9 members. The
25 members of the development area citizens council shall be residents
26 of the development area and shall be appointed by the governing
27 body. A member of a development area citizens council shall be at

1 least 18 years of age.

2 (2) A development area citizens council shall be
3 representative of the development area.

4 Sec. 222. A development area citizens council established
5 pursuant to this part shall act an advisory body to the authority
6 and the governing body in the adoption of the development or tax
7 increment financing plans.

8 Sec. 223. Periodically a representative of the authority
9 responsible for preparation of a development or tax increment
10 financing plan within the development area shall consult with and
11 advise the development area citizens council regarding the aspects
12 of a development plan, including the development of new housing for
13 relocation purposes located either inside or outside of the
14 development area. The consultation shall begin before any final
15 decisions by the authority and the governing body regarding a
16 development or tax increment financing plan. The consultation shall
17 continue throughout the preparation and implementation of the
18 development or tax increment financing plan.

19 Sec. 224. (1) Meetings of the development area citizens
20 council shall be open to the public. Notice of the time and place
21 of the meetings shall be given by publication in a newspaper of
22 general circulation not less than 5 days before the dates set for
23 meetings of the development area citizens council. A person present
24 at those meetings shall have reasonable opportunity to be heard.

25 (2) A record of the meetings of a development area citizens
26 council, including information and data presented, shall be
27 maintained by the council.

1 (3) A development area citizens council may request of and
2 receive from the authority information and technical assistance
3 relevant to the preparation of the development plan for the
4 development area.

5 (4) Failure of a development area citizens council to organize
6 or to consult with and be advised by the authority, or failure to
7 advise the governing body, as provided in this part, shall not
8 preclude the adoption of a development plan by a municipality if
9 the municipality complies with the other provisions of this part.

10 Sec. 225. In a development area where a citizens district
11 council established according to 1945 PA 344, MCL 125.71 to 125.84,
12 already exists the governing body may designate it as the
13 development area citizens council authorized by this part.

14 Sec. 226. Within 20 days after the public hearing on a
15 development or tax increment financing plan, the development area
16 citizens council shall notify the governing body, in writing, of
17 its findings and recommendations concerning a proposed development
18 plan.

19 Sec. 227. A development area citizens council may not be
20 required and, if formed, may be dissolved in any of the following
21 situations:

22 (a) On petition of not less than 20% of the adult resident
23 population of the development area by the last federal decennial or
24 municipal census, a governing body, after public hearing with
25 notice thereof given in accordance with section 218 and by a 2/3
26 vote, may adopt an ordinance for the development area to eliminate
27 the necessity of a development area citizens council.

1 (b) When there are less than 18 residents, real property
2 owners, or representatives of establishments located in the
3 development area eligible to serve on the development area citizens
4 council.

5 (c) Upon termination of the authority by ordinance of the
6 governing body.

7 Sec. 228. (1) The director of the authority shall prepare and
8 submit for the approval of the board a budget for the operation of
9 the authority for the ensuing fiscal year. The budget shall be
10 prepared in the manner and contain the information required of
11 municipal departments. Before the budget may be adopted by the
12 board, it shall be approved by the governing body of the
13 municipality. Funds of the municipality shall not be included in
14 the budget of the authority except those funds authorized in this
15 part or by the governing body of the municipality.

16 (2) The governing body of the municipality may assess a
17 reasonable pro rata share of the funds for the cost of handling and
18 auditing the funds against the funds of the authority, other than
19 those committed, which cost shall be paid annually by the board
20 pursuant to an appropriate item in its budget.

21 Sec. 228a. Beginning January 1, 2010, the authority shall be
22 exempt from all taxation on its earnings or property. Instruments
23 of conveyance from an authority are exempt from transfer taxes
24 under 1966 PA 134, MCL 207.501 to 207.513, and the state real
25 estate transfer tax act, 1993 PA 330, MCL 207.521 to 207.537.

26 Sec. 229. (1) A public facility, building, or structure that
27 is determined by the municipality to have significant historical

1 interests shall be preserved in a manner as considered necessary by
2 the municipality in accordance with laws relative to the
3 preservation of historical sites. The preservation of facilities,
4 buildings, or structures determined to be historic sites by a
5 municipality shall include, at a minimum, equipping the historic
6 site with a fire alarm system.

7 (2) An authority shall refer all proposed changes to the
8 exterior of sites listed on the state register of historic sites
9 and the national register of historic places to the applicable
10 historic district commission created under the local historic
11 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
12 state housing development authority for review.

13 Sec. 230. (1) An authority that has completed the purposes for
14 which it was organized shall be dissolved by ordinance of the
15 governing body. The property and assets of the authority remaining
16 after the satisfaction of the obligations of the authority belong
17 to the municipality.

18 (2) An authority established under this part before December
19 31, 1988, that is dissolved by ordinance of the governing body
20 before September 30, 1990 and that is reinstated by ordinance of
21 the governing body after notice and public hearing as provided in
22 section 203(2) shall not be invalidated pursuant to a claim that,
23 based upon the standards set forth in section 203(1), a governing
24 body improperly determined that the necessary conditions existed
25 for the reinstatement of an authority under this part if at the
26 time the governing body established the authority the governing
27 body determined or could have determined that the necessary

1 conditions existed for the establishment of an authority under this
2 part or could have determined that establishment of an authority
3 under this part would serve to promote economic growth and
4 notwithstanding that the boundaries of the downtown district are
5 altered at the time of reinstatement of the authority.

6 (3) In the resolution of intent, the municipality shall set a
7 date for the holding of a public hearing on the adoption of a
8 proposed ordinance reinstating the authority. The procedure for
9 publishing the notice of hearing, holding the hearing, and adopting
10 the ordinance reinstating the authority shall be as provided in
11 section 203(2), (4), and (5).

12 (4) The validity of the proceedings, findings, and
13 determinations reinstating an authority shall be conclusive unless
14 contested in a court of competent jurisdiction within 60 days after
15 the last of the following occurs:

16 (a) Publication of the ordinance reinstating the authority as
17 adopted.

18 (b) Filing of the ordinance reinstating the authority with the
19 secretary of state.

20 (c) May 27, 1993.

21 PART 3

22 Sec. 301. As used in this part:

23 (a) "Advance" means a transfer of funds made by a municipality
24 to an authority or to another person on behalf of the authority.
25 Evidence of the intent to repay an advance is required and may
26 include, but is not limited to, an executed agreement to repay,
27 provisions contained in a tax increment financing plan approved

1 before the advance or before August 14, 1993, or a resolution of
2 the authority or the municipality.

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

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

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

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

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

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

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

23 (g) "Chief executive officer" means the mayor or city manager
24 of a city, the president of a village, or the supervisor of a
25 township.

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

1 (i) "Development area citizens council" or "council" means
2 that advisory body established pursuant to section 20.

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

5 (k) "Development program" means the implementation of the
6 development plan.

7 (l) "Eligible advance" means an advance made before August 19,
8 1993.

9 (m) "Eligible obligation" means an obligation issued or
10 incurred by an authority or by a municipality on behalf of an
11 authority before August 19, 1993 and its subsequent refunding by a
12 qualified refunding obligation. Eligible obligation includes an
13 authority's written agreement entered into before August 19, 1993
14 to pay an obligation issued after August 18, 1993 and before
15 December 31, 1996 by another entity on behalf of the authority.
16 Eligible obligation also includes an ongoing management contract or
17 contract for professional services or development services that was
18 entered into by the authority or a municipality on behalf of the
19 authority in 1991, and related similar written agreements executed
20 before 1984, if the 1991 agreement both provides for automatic
21 annual renewal and incorporates by reference the prior related
22 agreements; however, receipt by an authority of tax increment
23 revenues authorized under subdivision (aa)(ii) in order to pay
24 costs arising under those contracts shall be limited to:

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

1 (ii) For taxes levied after June 30, 2005 and before July 1,
2 2006, \$3,000,000.00.

3 (iii) For taxes levied after June 30, 2006 and before July 1,
4 2007, \$3,000,000.00.

5 (iv) For taxes levied after June 30, 2007 and before July 1,
6 2008, \$3,000,000.00.

7 (v) For taxes levied after June 30, 2008 and before July 1,
8 2009, \$3,000,000.00.

9 (vi) For taxes levied after June 30, 2009 and before July 1,
10 2010, \$3,000,000.00.

11 (vii) For taxes levied after June 30, 2010 and before July 1,
12 2011, \$2,650,000.00.

13 (viii) For taxes levied after June 30, 2011 and before July 1,
14 2012, \$2,400,000.00.

15 (ix) For taxes levied after June 30, 2012 and before July 1,
16 2013, \$2,125,000.00.

17 (x) For taxes levied after June 30, 2013 and before July 1,
18 2014, \$1,500,000.00.

19 (xi) For taxes levied after June 30, 2014 and before July 1,
20 2015, \$1,150,000.00.

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

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

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

25 (p) "Initial assessed value" means the assessed value, as
26 equalized, of all the taxable property within the boundaries of the
27 development area at the time the resolution establishing the tax

1 increment financing plan is approved as shown by the most recent
2 assessment roll of the municipality for which equalization has been
3 completed at the time the resolution is adopted. Property exempt
4 from taxation at the time of the determination of the initial
5 assessed value shall be included as zero. For the purpose of
6 determining initial assessed value, property for which a specific
7 local tax is paid in lieu of a property tax shall not be considered
8 property that is exempt from taxation. The initial assessed value
9 of property for which a specific tax was paid in lieu of a property
10 tax shall be determined as provided in subdivision (w).

11 (q) "Municipality" means a city.

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

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

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

26 (iii) A payment required on a contract, agreement, bond, or
27 note if the requirement to make or assume the payment arose before

1 August 19, 1993.

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

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

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

19 (i) A reimbursement agreement between the municipality and an
20 authority it established.

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

23 (iii) A resolution of the authority agreeing to make payments
24 to the incorporating unit.

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

27 (t) "Other protected obligation" means:

1 (i) A qualified refunding obligation issued to refund an
2 obligation described in subparagraph (ii) or (iii), an obligation
3 that is not a qualified refunding obligation that is issued to
4 refund an eligible obligation, or a qualified refunding obligation
5 issued to refund an obligation described in this subparagraph.

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

13 (iii) An obligation incurred by an authority or municipality
14 after August 19, 1993, to reimburse a party to a development
15 agreement entered into by a municipality or authority before August
16 19, 1993, for a project described in a tax increment financing plan
17 approved in accordance with this part before August 19, 1993, and
18 undertaken and installed by that party in accordance with the
19 development agreement.

20 (iv) An obligation issued or incurred by an authority or by a
21 municipality on behalf of an authority to implement a project
22 described in a tax increment finance plan approved by the
23 municipality in accordance with this part before August 19, 1993,
24 that is located on land owned by a public university on the date
25 the tax increment financing plan is approved, and for which a
26 contract for final design is entered into before December 31, 1993.

27 (v) An ongoing management or professional services contract

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

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

14 (vii) An obligation issued or incurred by an authority or by a
15 municipality on behalf of an authority that meets all of the
16 following qualifications:

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

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

23 (C) A portion of the obligation issued or incurred by the
24 authority before December 31, 1994 for the purpose of financing the
25 project was retired prior to December 31, 1996.

26 (D) The obligation does not exceed the dollar amount of the
27 portion of the obligation retired prior to December 31, 1996.

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

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

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

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

15 (i) A street, plaza, or pedestrian mall, and any improvements
16 to a street, plaza, boulevard, alley, or pedestrian mall, including
17 street furniture and beautification, park, parking facility,
18 recreation facility, playground, school, library, public
19 institution or administration building, right of way, structure,
20 waterway, bridge, lake, pond, canal, utility line or pipeline,
21 transit-oriented development, transit-oriented facility, and other
22 similar facilities and necessary easements of these facilities
23 designed and dedicated to use by the public generally or used by a
24 public agency. As used in this subparagraph, public institution or
25 administration building includes, but is not limited to, a police
26 station, fire station, court building, or other public safety
27 facility.

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

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

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

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

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

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

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

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

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

1 However, after 1993, the state tax commission shall prescribe the
2 method for calculating the initial assessed value and current
3 assessed value of property for which a specific local tax was paid
4 in lieu of a property tax.

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

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

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

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

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

23 (ii) Tax increment revenues include ad valorem property taxes
24 and specific local taxes attributable to the application of the
25 levy of the state pursuant to the state education tax act, 1993 PA
26 331, MCL 211.901 to 211.906, and local or intermediate school
27 districts upon the captured assessed value of real and personal

1 property in the development area in an amount equal to the amount
2 necessary, without regard to subparagraph (i), to repay eligible
3 advances, eligible obligations, and other protected obligations.

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

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

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

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

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

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

24 (iv) The amount of tax increment revenues authorized to be
25 included under subparagraph (ii), and required to be transmitted to
26 the authority under section 314(1), from ad valorem property taxes
27 and specific local taxes attributable to the application of the

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

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

14 (B) The maximum amount of ad valorem property taxes and
15 specific local taxes considered tax increment revenues under
16 subparagraph (ii).

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

22 (cc) "Transit-oriented facility" means a facility that houses
23 a transit station in a manner that promotes transit ridership or
24 passenger rail use.

25 Sec. 301a. This part shall be known and may be cited as "the
26 tax increment finance authority part".

27 Sec. 302. (1) A municipality may establish not more than 1

1 authority. An authority shall exercise its powers in all
2 development areas designated pursuant to this part.

3 (2) The authority shall be a public body corporate which may
4 sue and be sued in any court of this state. The authority possesses
5 all the powers necessary to carry out the purpose of its
6 incorporation. The enumeration of a power in this part shall not be
7 construed as a limitation upon the general powers of the authority.
8 The powers granted in this part to an authority may be exercised
9 notwithstanding that bonds are not issued by the authority.

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

17 (2) In the resolution of intent, the governing body shall set
18 a date for the holding of a public hearing on the adoption of a
19 proposed resolution creating the authority and designating the
20 boundaries of the authority district. Notice of the public hearing
21 shall be published twice in a newspaper of general circulation in
22 the municipality, not less than 20 nor more than 40 days before the
23 date of the hearing. Notice shall also be mailed to the property
24 taxpayers of record in the proposed authority district not less
25 than 20 days before the hearing. Beginning June 1, 2005, the notice
26 of hearing within the time frame described in this subsection shall
27 be mailed by certified mail to the governing body of each taxing

1 jurisdiction levying taxes that would be subject to capture if the
2 authority is established and a tax increment financing plan is
3 approved. Failure to receive the notice shall not invalidate these
4 proceedings. The notice shall state the date, time, and place of
5 the hearing, and shall describe the boundaries of the proposed
6 authority district. At that hearing, a citizen, taxpayer, or
7 property owner of the municipality has the right to be heard in
8 regard to the establishment of the authority and the boundaries of
9 the proposed authority district. The governing body of the
10 municipality shall not incorporate land into the authority district
11 not included in the description contained in the notice of public
12 hearing, but it may eliminate described lands from the authority
13 district in the final determination of the boundaries.

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

26 (4) The governing body may alter or amend the boundaries of
27 the authority district to include or exclude lands from the

1 authority district in accordance with the same requirements
2 prescribed for adopting the resolution creating the authority.

3 (5) The validity of the proceedings establishing an authority
4 shall be conclusive unless contested in a court of competent
5 jurisdiction within 60 days after the last of the following takes
6 place:

7 (a) Publication of the resolution as adopted.

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

9 Sec. 304. (1) The authority shall be under the supervision and
10 control of a board chosen by the governing body which may by
11 majority vote designate any 1 of the following to constitute the
12 board:

13 (a) The board of directors of the economic development
14 corporation of the municipality established pursuant to the
15 economic development corporations act, 1974 PA 338, MCL 125.1601 to
16 125.1636.

17 (b) The trustees of the board of a downtown development
18 authority established pursuant to part 2.

19 (c) The trustees of the board of an urban redevelopment
20 corporation established pursuant to the urban redevelopment
21 corporations law, 1941 PA 250, MCL 125.901 to 125.922.

22 (d) The members of the commission established pursuant to 1945
23 PA 344, MCL 125.71 to 125.84.

24 (e) In a municipality that has a population of less than
25 5,000, the planning commission of the municipality established
26 pursuant to Michigan planning enabling act, 2008 PA 33, MCL
27 125.3801 to 125.3885.

1 (f) Not less than 7 nor more than 13 persons appointed by the
2 chief executive officer of the municipality subject to the approval
3 of the governing body. Of the members appointed, an equal number,
4 as near as practicable, shall be appointed for 1 year, 2 years, 3
5 years, and 4 years. A member shall hold office until the member's
6 successor is appointed. Thereafter, each member shall serve for a
7 term of 4 years. An appointment to fill a vacancy shall be made by
8 the chief executive officer of the municipality for the unexpired
9 term only. Members of the board shall serve without compensation,
10 but shall be reimbursed for actual and necessary expenses.

11 (2) The chairperson of the board shall be elected by the
12 board.

13 (3) Before assuming the duties of office, a member shall
14 qualify by taking and subscribing to the constitutional oath of
15 office.

16 (4) The board shall adopt rules governing its procedure and
17 the holding of regular meetings, subject to the approval of the
18 governing body. Special meetings may be held when called in the
19 manner provided in the rules of the board. Meetings of the board
20 shall be open to the public, in accordance with the open meetings
21 act, 1976 PA 267, MCL 15.261 to 15.275.

22 (5) Pursuant to notice and an opportunity to be heard, a
23 member of the board appointed pursuant to subsection (1)(f) may be
24 removed before the expiration of his or her term for cause by the
25 governing body. Removal of a member is subject to the review by the
26 circuit court.

27 (6) All expense items of the authority shall be publicized

1 annually and the financial records shall be open to the public
2 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
3 to 15.246.

4 Sec. 305. (1) The board may employ and fix the compensation of
5 a director, subject to the approval of the governing body. The
6 director shall serve at the pleasure of the board. A member of the
7 board is not eligible to hold the position of director. Before
8 entering upon the duties of the office, the director shall take and
9 subscribe to the constitutional oath and furnish bond by posting a
10 bond in the penal sum determined in the resolution establishing the
11 authority, payable to the authority for use and benefit of the
12 authority, approved by the board, and filed with the clerk of the
13 municipality. The premium on the bond shall be considered an
14 operating expense of the authority, payable from funds available to
15 the authority for expenses of operation. The director shall be the
16 chief executive office of the authority. Subject to the approval of
17 the board, the director shall supervise and be responsible for the
18 preparation of plans and the performance of the functions of the
19 authority in the manner authorized by this part. The director shall
20 attend the meetings of the board and shall render to the board and
21 to the governing body a regular report covering the activities and
22 financial condition of the authority. If the director is absent or
23 disabled, the board may designate a qualified person as acting
24 director to perform the duties of the office. Before entering upon
25 the duties of the office, the acting director shall take and
26 subscribe to the constitutional oath and furnish bond as required
27 of the director. The director shall furnish the board with

1 information or reports governing the operation of the authority as
2 the board requires.

3 (2) The board may appoint or employ and fix the compensation
4 of a treasurer who shall keep the financial records of the
5 authority, and who, together with the director, if a director is
6 appointed, shall approve all vouchers for the expenditure of funds
7 of the authority. The treasurer shall perform such other duties as
8 may be delegated by the board and shall furnish bond in an amount
9 as prescribed by the board.

10 (3) The board may appoint or employ and fix the compensation
11 of a secretary, who shall maintain custody of the official seal and
12 of records, books, documents, or other papers not required to be
13 maintained by the treasurer. The secretary shall attend meetings of
14 the board and keep a record of its proceedings and shall perform
15 such other duties as may be delegated by the board.

16 (4) The board may retain legal counsel to advise the board in
17 the proper performance of its duties. The legal counsel shall
18 represent the authority in actions brought by or against the
19 authority.

20 (5) The board may employ other personnel considered necessary
21 by the board.

22 (6) The employees of an authority may be eligible to
23 participate in municipal retirement and insurance programs of the
24 municipality as if they were civil service employees on the same
25 basis as civil service employees.

26 Sec. 307. The board may:

27 (a) Prepare an analysis of economic changes taking place in

1 the municipality and its environs as those changes relate to urban
2 deterioration in the development areas.

3 (b) Study and analyze the impact of growth upon development
4 areas.

5 (c) Plan and propose the construction, renovation, repair,
6 remodeling, rehabilitation, restoration, preservation, or
7 reconstruction of a public facility, an existing building, or a
8 multiple family dwelling unit which may be necessary or appropriate
9 to the execution of a plan which, in the opinion of the board, aids
10 in the revitalization and growth of the development area.

11 (d) Plan, propose, and implement an improvement to a public
12 facility within the development area to comply with the barrier
13 free design requirements of the state construction code promulgated
14 under the Stille-Derossett-Hale single state construction code act,
15 1972 PA 230, MCL 125.1501 to 125.1531.

16 (e) Develop long-range plans, in cooperation with the agency
17 which is chiefly responsible for planning in the municipality,
18 designed to halt the decline of property values and to promote the
19 growth of the development area, and take such steps as may be
20 necessary to implement the plans to the fullest extent possible.

21 (f) Implement any plan of development in a development area
22 necessary to achieve the purposes of this part, in accordance with
23 the powers of the authority as granted by this part.

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

26 (h) Acquire by purchase or otherwise, on terms and conditions
27 and in a manner the authority considers proper, own, convey,

1 demolish, relocate, rehabilitate, or otherwise dispose of, or lease
2 as lessor or lessee, land and other property, real or personal, or
3 rights or interests therein, which the authority determines is
4 reasonably necessary to achieve the purposes of this part, and to
5 grant or acquire licenses, easements, and options with respect
6 thereto.

7 (i) Improve land, prepare sites for buildings, including the
8 demolition of existing structures and construct, reconstruct,
9 rehabilitate, restore, and preserve, equip, improve, maintain,
10 repair, and operate any building, including any type of housing,
11 and any necessary or desirable appurtenances thereto, within the
12 development area for the use, in whole or in part, of any public or
13 private person or corporation, or a combination thereof.

14 (j) Fix, charge, and collect fees, rents, and charges for the
15 use of any building or property or any part of a building or
16 property under its control, or a facility in the building or on the
17 property, and pledge the fees, rents, and charges for the payment
18 of revenue bonds issued by the authority.

19 (k) Lease any building or property or part of a building or
20 property under its control.

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

23 (m) Acquire and construct public facilities.

24 (n) Incur costs in connection with the performance of its
25 authorized functions, including but not limited to, administrative
26 costs, and architects, engineers, legal, and accounting fees.

27 Sec. 308. If a board created under this part serves as the

1 planning commission under the Michigan planning enabling act, 2008
2 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
3 commission business in its agenda.

4 Sec. 309. The authority shall be considered an instrumentality
5 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
6 to 213.332.

7 Sec. 310. A municipality may take private property under 1980
8 PA 87, MCL 213.51 to 213.77 for the purpose of transfer to the
9 authority, and may transfer the property to the authority for use
10 as authorized in the development program, on terms and conditions
11 it considers appropriate. The taking, transfer, and use shall be
12 considered necessary for public purposes and for the benefit of the
13 public.

14 Sec. 311. The activities of the authority shall be financed
15 from 1 or more of the following sources:

16 (a) Contributions to the authority for the performance of its
17 functions.

18 (b) Revenues from any property, building, or facility owned,
19 leased, licensed, or operated by the authority or under its
20 control, subject to the limitations imposed upon the authority by
21 trusts or other agreements.

22 (c) Tax increment revenues received pursuant to a tax
23 increment financing plan established under sections 313 to 315.

24 (d) Proceeds of tax increment bonds issued pursuant to section
25 315.

26 (e) Proceeds of revenue bonds issued pursuant to section 312.

27 (f) Money obtained from any other sources approved by the

1 governing body of the municipality or otherwise authorized by law
2 for use by the authority or the municipality to finance a
3 development program.

4 (g) Money obtained pursuant to section 312a.

5 Sec. 312. (1) The authority may borrow money and issue its
6 negotiable revenue bonds pursuant to the revenue bond act of 1933,
7 1933 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
8 authority shall not, except as hereinafter provided, be considered
9 a debt of the municipality or of the state.

10 (2) The municipality by majority vote of the members of its
11 governing body may pledge its full faith and credit limited tax to
12 support the authority's revenue bonds.

13 Sec. 312a. (1) If the amount of tax increment revenues lost as
14 a result of the reduction of taxes levied by local school districts
15 for school operating purposes required by the millage limitations
16 under section 1211 of the revised school code, 1976 PA 451, MCL
17 380.1211, reduced by the amount of tax increment revenues received
18 from the capture of taxes levied under or attributable to the state
19 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
20 the tax increment revenues received in a fiscal year by an
21 authority under section 314 to be insufficient to repay an eligible
22 advance or to pay an eligible obligation, the legislature shall
23 appropriate and distribute to the authority the amount described in
24 subsection (5).

25 (2) Not less than 30 days before the first day of a fiscal
26 year, an authority eligible to retain tax increment revenues from
27 taxes levied by a local or intermediate school district or this

1 state, or to receive a distribution under this section for that
2 fiscal year shall file a claim with the department of treasury. The
3 claim shall include the following information:

4 (a) The property tax millage rates levied in 1993 by local
5 school districts within the jurisdictional area of the authority
6 for school operating purposes.

7 (b) The property tax millage rates expected to be levied by
8 local school districts within the jurisdictional area of the
9 authority for school operating purposes for that fiscal year.

10 (c) The tax increment revenues estimated to be received by the
11 authority for that fiscal year based upon actual property tax
12 levies of all taxing jurisdictions within the jurisdictional area
13 of the authority plus any tax increment revenues the authority
14 would have received for the fiscal year from property that is
15 exempt from taxation pursuant to the Michigan renaissance zone act,
16 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
17 taxable value at the time the zone is designated.

18 (d) The tax increment revenues the authority estimates it
19 would have received for that fiscal year if property taxes were
20 levied by local school districts within the jurisdictional area of
21 the authority for school operating purposes at the millage rates
22 described in subdivision (a) and if no property taxes were levied
23 by this state under the state education tax act, 1993 PA 331, MCL
24 211.901 to 211.906.

25 (e) A list and documentation of eligible obligations and
26 eligible advances and the payments due on each of those eligible
27 obligations or eligible advances in that fiscal year, and the total

1 amount of all the payments due on those eligible obligations and
2 eligible advances in that fiscal year.

3 (f) The amount of money, other than tax increment revenues,
4 estimated to be received in that fiscal year by the authority that
5 is primarily pledged to, and to be used for, the payment of an
6 eligible obligation or the repayment of an eligible advance. That
7 amount shall not include excess tax increment revenues of the
8 authority that are permitted by law to be retained by the authority
9 for purposes that further the development program. However, that
10 amount shall include money to be obtained from sources authorized
11 by law, which law is enacted on or after December 1, 1993, for use
12 by the municipality or authority to finance a development project.

13 (g) The amount of a distribution received pursuant to this
14 part for a fiscal year in excess of or less than the distribution
15 that would have been required if calculated upon actual tax
16 increment revenues received for that fiscal year.

17 (h) A list and documentation of other protected obligations
18 and the payments due on each of those other protected obligations
19 in that fiscal year, and the total amount of all the payments due
20 on those other protected obligations in that fiscal year.

21 (3) For the fiscal year that commences after September 30,
22 1993 and before October 1, 1994, an authority may make a claim with
23 all information required by subsection (2) at any time after March
24 15, 1994.

25 (4) After review and verification of claims submitted pursuant
26 to this section, amounts appropriated by the state in compliance
27 with this part shall be distributed as 2 equal payments on March 1

1 and September 1 after receipt of a claim. An authority shall
2 allocate a distribution it receives for an eligible obligation
3 issued on behalf of a municipality to the municipality.

4 (5) Subject to subsections (6) and (7), the aggregate amount
5 to be appropriated and distributed pursuant to this section to an
6 authority shall be the sum of the amounts determined pursuant to
7 subdivisions (a) and (b) minus the amount determined pursuant to
8 subdivision (c), as follows:

9 (a) The amount by which the tax increment revenues the
10 authority would have received for the fiscal year, if property
11 taxes were levied by local school districts on property, including
12 property that is exempt from taxation pursuant to the Michigan
13 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
14 on the property's taxable value at the time the zone is designated,
15 for school operating purposes at the millage rates described in
16 subsection (2)(a) and if no property taxes were levied under the
17 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
18 exceed the sum of tax increment revenues the authority actually
19 received for the fiscal year plus any tax increment revenues the
20 authority would have received for the fiscal year from property
21 that is exempt from taxation pursuant to the Michigan renaissance
22 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
23 property's taxable value at the time the zone is designated.

24 (b) A shortfall required to be reported pursuant to subsection
25 (2)(g) that had not previously increased a distribution.

26 (c) An excess amount required to be reported pursuant to
27 subsection (2)(g) that had not previously decreased a distribution.

1 (6) The amount distributed under subsection (5) shall not
2 exceed the difference between the amount described in subsection
3 (2)(e) and the sum of the amounts described in subsection (2)(c)
4 and (f).

5 (7) If, based upon the tax increment financing plan in effect
6 on August 19, 1993, the payment due on eligible obligations or
7 eligible advances anticipates the use of excess prior year tax
8 increment revenues permitted by law to be retained by the
9 authority, and if the sum of the amounts described in subsection
10 (2)(c) and (f) plus the amount to be distributed under subsections
11 (5) and (6) is less than the amount described in subsection (2)(e),
12 the amount to be distributed under subsections (5) and (6) shall be
13 increased by the amount of the shortfall. However, the amount
14 authorized to be distributed pursuant to this section shall not
15 exceed that portion of the cumulative difference, for each
16 preceding fiscal year, between the amount that could have been
17 distributed pursuant to subsection (5) and the amount actually
18 distributed pursuant to subsections (5) and (6) and this
19 subsection.

20 (8) A distribution under this section replacing tax increment
21 revenues pledged by an authority or a municipality is subject to
22 the lien of the pledge, whether or not there has been physical
23 delivery of the distribution.

24 (9) Obligations for which distributions are made pursuant to
25 this section are not a debt or liability of this state; do not
26 create or constitute an indebtedness, liability, or obligation of
27 this state; and are not and do not constitute a pledge of the faith

1 and credit of this state.

2 (10) Not later than July 1 of each year, the authority shall
3 certify to the local tax collecting treasurer the amount of the
4 distribution required under subsection (5), calculated without
5 regard to the receipt of tax increment revenues attributable to
6 local or intermediate school district taxes or attributable to
7 taxes levied under the state education tax act, 1993 PA 331, MCL
8 211.901 to 211.906.

9 (11) Calculations of distributions under this section and
10 claims reports required to be made under subsection (2) shall be
11 made on the basis of each development area of the authority.

12 (12) The state tax commission may provide that the
13 reimbursement calculations under this section and the calculation
14 of allowable capture of school taxes shall be made for each
15 calendar year's tax increment revenues using a 12-month debt
16 payment period used by the authority and approved by the state tax
17 commission.

18 Sec. 312b. (1) If the amount of tax increment revenues lost as
19 a result of the personal property tax exemptions provided by
20 section 1211(4) of the revised school code, 1976 PA 451, MCL
21 380.1211, section 3 of the state education tax act, 1993 PA 331,
22 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
23 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
24 reduce the allowable school tax capture received in a fiscal year,
25 then, notwithstanding any other provision of this part, the
26 authority, with approval of the department of treasury under
27 subsection (3), may request the local tax collecting treasurer to

1 retain and pay to the authority taxes levied within the
2 municipality under the state education tax act, 1993 PA 331, MCL
3 211.901 to 211.906, to be used for the following:

4 (a) To repay an eligible advance.

5 (b) To repay an eligible obligation.

6 (c) To repay an other protected obligation.

7 (2) Not later than June 15, 2008, not later than September 30,
8 2009, and not later than June 1 of each subsequent year, an
9 authority eligible under subsection (1) to have taxes levied under
10 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
11 retained and paid to the authority under this section, shall apply
12 for approval with the department of treasury. The application for
13 approval shall include the following information:

14 (a) The property tax millage rates expected to be levied by
15 local school districts within the jurisdictional area of the
16 authority for school operating purposes for that fiscal year.

17 (b) The tax increment revenues estimated to be received by the
18 authority for that fiscal year based upon actual property tax
19 levies of all taxing jurisdictions within the jurisdictional area
20 of the authority.

21 (c) The tax increment revenues the authority estimates it
22 would have received for that fiscal year if the personal property
23 tax exemptions described in subsection (1) were not in effect.

24 (d) A list of eligible obligations, eligible advances, and
25 other protected obligations, the payments due on each of those in
26 that fiscal year, and the total amount of all the payments due on
27 all of those in that fiscal year.

1 (e) The amount of money, other than tax increment revenues,
2 estimated to be received in that fiscal year by the authority that
3 is primarily pledged to, and to be used for, the payment of an
4 eligible obligation, the repayment of an eligible advance, or the
5 payment of an other protected obligation. That amount shall not
6 include excess tax increment revenues of the authority that are
7 permitted by law to be retained by the authority for purposes that
8 further the development program. However, that amount shall include
9 money to be obtained from sources authorized by law, which law is
10 enacted on or after December 1, 1993, for use by the municipality
11 or authority to finance a development plan.

12 (f) The amount of a distribution received pursuant to this
13 part for a fiscal year in excess of or less than the distribution
14 that would have been required if calculated upon actual tax
15 increment revenues received for that fiscal year.

16 (3) Not later than August 15, 2008; for 2009 only, not later
17 than 30 days after the effective date of the amendatory act that
18 amended this sentence; and not later than August 15 of each
19 subsequent year, based on the calculations under subsection (5),
20 the department of treasury shall approve, modify, or deny the
21 application for approval to have taxes levied under the state
22 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
23 and paid to the authority under this section. If the application
24 for approval contains the information required under subsection
25 (2)(a) through (f) and appears to be in substantial compliance with
26 the provisions of this section, then the department of treasury
27 shall approve the application. If the application is denied by the

1 department of treasury, then the department of treasury shall
2 provide the opportunity for a representative of the authority to
3 discuss the denial within 21 days after the denial occurs and shall
4 sustain or modify its decision within 30 days after receiving
5 information from the authority. If the application for approval is
6 approved or modified by the department of treasury, the local tax
7 collecting treasurer shall retain and pay to the authority the
8 amount described in subsection (5) as approved by the department.
9 If the department of treasury denies the authority's application
10 for approval, the local tax collecting treasurer shall not retain
11 or pay to the authority the taxes levied under the state education
12 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
13 department does not prohibit a subsequent audit of taxes retained
14 in accordance with the procedures currently authorized by law.

15 (4) Each year, the legislature shall appropriate and
16 distribute an amount sufficient to pay each authority the
17 following:

18 (a) If the amount to be retained and paid under subsection (3)
19 is less than the amount calculated under subsection (5), the
20 difference between those amounts.

21 (b) If the application for approval is denied by the
22 department of treasury, an amount verified by the department equal
23 to the amount calculated under subsection (5).

24 (5) Subject to subsection (6), the aggregate amount under this
25 section shall be the sum of the amounts determined under
26 subdivisions (a) and (b) minus the amount determined under
27 subdivision (c), as follows:

1 (a) The amount by which the tax increment revenues the
2 authority would have received and retained for the fiscal year,
3 excluding taxes exempt under section 7ff of the general property
4 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
5 exemptions described in subsection (1) were not in effect, exceed
6 the tax increment revenues the authority actually received for the
7 fiscal year.

8 (b) A shortfall required to be reported under subsection
9 (2)(f) that had not previously increased a distribution.

10 (c) An excess amount required to be reported under subsection
11 (2)(f) that had not previously decreased a distribution.

12 (6) A distribution or taxes retained under this section
13 replacing tax increment revenues pledged by an authority or a
14 municipality are subject to any lien of the pledge described in
15 subsection (1), whether or not there has been physical delivery of
16 the distribution.

17 (7) Obligations for which distributions are made under this
18 section are not a debt or liability of this state; do not create or
19 constitute an indebtedness, liability, or obligation of this state;
20 and are not and do not constitute a pledge of the faith and credit
21 of this state.

22 (8) Not later than September 15 of each year, the authority
23 shall provide a copy of the application for approval approved by
24 the department of treasury to the local tax collecting treasurer
25 and provide the amount of the taxes retained and paid to the
26 authority under subsection (5).

27 (9) Calculations of amounts retained and paid and

1 appropriations to be distributed under this section shall be made
2 on the basis of each development area of the authority.

3 (10) The state tax commission may provide that the
4 reimbursement calculations under this section and the calculation
5 of allowable capture of school taxes shall be made for each
6 calendar year's tax increment revenues using a 12-month debt
7 payment period used by the authority and approved by the state tax
8 commission.

9 (11) It is the intent of the legislature that, to the extent
10 that the total amount of taxes levied under the state education tax
11 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
12 retained under this section and section 411b, section 15a of the
13 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
14 and section 213c, exceeds the difference of the total school aid
15 fund revenue for the tax year minus the estimated amount of revenue
16 the school aid fund would have received for the tax year had the
17 tax exemptions described in subsection (1) and the earmark created
18 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
19 208.1515, not taken effect, the general fund shall reimburse the
20 school aid fund the difference.

21 Sec. 313. (1) When the authority determines that it is
22 necessary for the achievement of the purposes of this part, the
23 authority shall prepare and submit a tax increment financing plan
24 to the governing body. The plan shall be in compliance with section
25 314 and shall include a development plan as provided in section
26 316. The plan shall also contain the following:

27 (a) A statement of the reasons that the plan will result in

1 the development of captured assessed value that could not otherwise
2 be expected. The reasons may include, but are not limited to,
3 activities of the municipality, authority, or others undertaken
4 before formulation or adoption of the plan in reasonable
5 anticipation that the objectives of the plan would be achieved by
6 some means.

7 (b) An estimate of the captured assessed value for each year
8 of the plan. The plan may provide for the use of part or all of the
9 captured assessed value, but the portion intended to be used shall
10 be clearly stated in the plan. The authority or municipality may
11 exclude from captured assessed value growth in property value
12 resulting solely from inflation. The plan shall set forth the
13 method for excluding growth in property value resulting solely from
14 inflation. The percentage of taxes levied for school operating
15 purposes that is captured and used by the plan shall not be greater
16 than the plan's percentage capture and use of taxes levied by a
17 municipality or county for operating purposes. For purposes of the
18 previous sentence, taxes levied by a county for operating purposes
19 include only millage allocated for county or charter county
20 purposes under the property tax limitation act, 1933 PA 62, MCL
21 211.201 to 211.217a. This limitation does not apply to the portion
22 of the captured assessed value shared pursuant to an agreement
23 entered into before 1989 with a county or with a city in which an
24 enterprise zone is approved under section 13 of the enterprise zone
25 act, 1985 PA 224, MCL 125.2113.

26 (c) The estimated tax increment revenues for each year of the
27 plan.

1 (d) A detailed explanation of the tax increment procedure.

2 (e) The maximum amount of bonded indebtedness to be incurred.

3 (f) The amount of operating and planning expenditures of the
4 authority and municipality, the amount of advances extended by or
5 indebtedness incurred by the municipality, and the amount of
6 advances by others to be repaid from tax increment revenues.

7 (g) The costs of the plan anticipated to be paid from tax
8 increment revenues as received.

9 (h) The duration of the development plan and the tax increment
10 plan.

11 (i) An estimate of the impact of tax increment financing on
12 the revenues of all taxing jurisdictions in which the development
13 area is located.

14 (2) Approval of the tax increment financing plan shall be in
15 accordance with the notice, hearing, disclosure, and approval
16 provisions of sections 317 and 318. When the development plan is
17 part of the tax increment financing plan, only 1 hearing and
18 approval procedure is required for the 2 plans together.

19 (3) Before the public hearing on the tax increment financing
20 plan, the governing body shall provide a reasonable opportunity to
21 the taxing jurisdictions in which the development is located to
22 express their views and recommendations regarding the tax increment
23 financing plan. The authority shall fully inform the taxing
24 jurisdictions about the fiscal and economic implications of the
25 proposed tax increment financing plan. The taxing jurisdictions may
26 present their recommendations at the public hearing on the tax
27 increment financing plan. The authority may enter into agreements

1 with the taxing jurisdictions and the governing body of the
2 municipality in which the development area is located to share a
3 portion of the captured assessed value of the district.

4 Sec. 314. (1) The municipal and county treasurers shall
5 transmit to the authority tax increment revenues.

6 (2) The authority shall expend the tax increment revenues
7 received for the development program only in accordance with the
8 tax increment financing plan. Surplus funds may be retained by the
9 authority for the payment of the principal of and interest on
10 outstanding tax increment bonds or for other purposes that, by
11 resolution of the board, are determined to further the development
12 program. Any surplus funds not so used shall revert proportionately
13 to the respective taxing bodies. These revenues shall not be used
14 to circumvent existing property tax laws or a local charter that
15 provides a maximum authorized rate for levy of property taxes. The
16 governing body may abolish the tax increment financing plan when it
17 finds that the purposes for which the plan was established are
18 accomplished. However, the tax increment finance plan shall not be
19 abolished, allowed to expire, or otherwise terminate until the
20 principal of, and interest on, bonds issued pursuant to section 315
21 have been paid or funds sufficient to make the payment have been
22 segregated.

23 Sec. 315. (1) By resolution of its board, the authority may
24 authorize, issue, and sell its tax increment bonds, subject to the
25 limitations set forth in this section, to finance a development
26 program. The bonds are subject to the revised municipal finance
27 act, 2001 PA 34, MCL 141.2101 to 141.2821. The bonds issued under

1 this section shall be considered a single series for the purposes
2 of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
3 141.2821.

4 (2) The municipality by majority vote of the members of its
5 governing body may pledge its full faith and credit for the payment
6 of the principal of and interest on the authority's tax increment
7 bonds. The municipality may pledge as additional security for the
8 bonds any money received by the authority or the municipality
9 pursuant to section 311.

10 (3) Notwithstanding any other provision of this part, if the
11 state treasurer determines that an authority or municipality can
12 issue a qualified refunding obligation and the authority or
13 municipality does not make a good faith effort to issue the
14 qualified refunding obligation as determined by the state
15 treasurer, the state treasurer may reduce the amount claimed by the
16 authority or municipality under section 312a by an amount equal to
17 the net present value saving that would have been realized had the
18 authority or municipality refunded the obligation or the state
19 treasurer may require a reduction in the capture of tax increment
20 revenues from taxes levied by a local or intermediate school
21 district or this state by an amount equal to the net present value
22 savings that would have been realized had the authority or
23 municipality refunded the obligation. This subsection does not
24 authorize the state treasurer to require the authority or
25 municipality to pledge security greater than the security pledged
26 for the obligation being refunded.

27 Sec. 316. (1) When a board decides to finance a project in a

1 development area pursuant to this part, it shall prepare a
2 development plan.

3 (2) To the extent necessary to accomplish the proposed
4 development program the development plan shall contain:

5 (a) The designation of boundaries of the development area in
6 relation to the boundaries of the authority district and any other
7 development areas within the authority district.

8 (b) The designation of boundaries of the development area in
9 relation to highways, streets, or otherwise.

10 (c) The location and extent of existing streets and other
11 public facilities within the development area and the location,
12 character, and extent of the categories of public and private land
13 uses then existing and proposed for the development area, including
14 residential, recreational, commercial, industrial, educational, and
15 other uses and shall include a legal description of the development
16 area.

17 (d) A description of improvements to be made in the
18 development area, a description of any repairs and alterations
19 necessary to make those improvements, and an estimate of the time
20 required for completion of the improvements.

21 (e) The location, extent, character, and estimated cost of the
22 improvements including rehabilitation contemplated for the
23 development area and an estimate of the time required for
24 completion.

25 (f) A statement of the construction or stages of construction
26 planned, and the estimated time of completion of each stage.

27 (g) A description of any parts of the development area to be

1 left as open space and the use contemplated for the space.

2 (h) A description of any portions of the development area
3 which the authority desires to sell, donate, exchange, or lease to
4 or from the municipality and the proposed terms.

5 (i) A description of desired zoning changes and changes in
6 streets, street levels, intersections, and utilities.

7 (j) An estimate of the cost of the development, a statement of
8 the proposed method of financing the development, and the ability
9 of the authority to arrange the financing.

10 (k) Designation of the person or persons, natural or
11 corporate, to whom all or a portion of the development is to be
12 leased, sold, or conveyed and for whose benefit the project is
13 being undertaken, if that information is available to the
14 authority.

15 (l) The procedures for bidding for the leasing, purchasing, or
16 conveying of all or a portion of the development upon its
17 completion, if there is no express or implied agreement between the
18 authority and persons, natural or corporate, that all or a portion
19 of the development will be leased, sold, or conveyed to those
20 persons.

21 (m) Estimates of the number of persons residing in the
22 development area and the number of families and individuals to be
23 displaced. If occupied residences are designated for acquisition
24 and clearance by the authority, a development plan shall include a
25 survey of the families and individuals to be displaced, including
26 their income and racial composition, a statistical description of
27 the housing supply in the community, including the number of

1 private and public units in existence or under construction, the
2 condition of those in existence, the number of owner-occupied and
3 renter-occupied units, the annual rate of turnover of the various
4 types of housing and the range of rents and sale prices, an
5 estimate of the total demand for housing in the community, and the
6 estimated capacity of private and public housing available to
7 displaced families and individuals.

8 (n) A plan for establishing priority for the relocation of
9 persons displaced by the development in any new housing in the
10 development area.

11 (o) Provision for the costs of relocating persons displaced by
12 the development, and financial assistance and reimbursement of
13 expenses, including litigation expenses and expenses incident to
14 the transfer of title, in accordance with the standards and
15 provisions of the federal uniform relocation assistance and real
16 property acquisition policies act of 1970, 42 USC 4601 to 4655.

17 (p) A plan for compliance with 1972 PA 227, MCL 213.321 to
18 213.332.

19 (q) Other material which the authority, local public agency,
20 or governing body considers pertinent.

21 (3) It shall not be necessary for the board to prepare a
22 development plan pursuant to this section where a development plan
23 that adequately provides for accomplishing the proposed development
24 program has already been prepared by any of the organizations
25 described in section 314(1)(a) to (d) and where the development
26 plan has been approved by the board and governing body pursuant to
27 sections 317 and 318.

1 Sec. 317. (1) The governing body, before adoption of a
2 resolution approving or amending a development plan or approving or
3 amending a tax increment financing plan, shall hold a public
4 hearing on the development plan. Notice of the time and place of
5 the hearing shall be given by publication twice in a newspaper of
6 general circulation designated by the municipality, the first of
7 which shall not be less than 20 days before the date set for the
8 hearing. Notice shall also be mailed to all property taxpayers of
9 record in the development area not less than 20 days before the
10 hearing. Beginning June 1, 2005, the notice of hearing within the
11 time frame described in this subsection shall be mailed by
12 certified mail to the governing body of each taxing jurisdiction
13 levying taxes that would be subject to capture if the development
14 plan or the tax increment financing plan is approved or amended.

15 (2) Notice of the time and place of hearing on a development
16 plan shall contain the following:

17 (a) A description of the proposed development area in relation
18 to highways, streets, streams, or otherwise.

19 (b) A statement that maps, plats, and a description of the
20 development plan, including the method of relocating families and
21 individuals who may be displaced from the area, are available for
22 public 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.

25 (c) Other information that the governing body considers
26 appropriate.

27 (3) At the time set for hearing, the governing body shall

1 provide an opportunity for interested persons to be heard and shall
2 receive and consider communications in writing with reference
3 thereto. The hearing shall provide the fullest opportunity for
4 expression of opinion, for argument on the merits, and for
5 introduction of documentary evidence pertinent to the development
6 plan. The governing body shall make and preserve a record of the
7 public hearing, including all data presented at that time.

8 Sec. 318. (1) The governing body, after a public hearing on
9 the development plan or the tax increment financing plan, or both,
10 with notice of the hearing given pursuant to section 317, shall
11 determine whether the development plan or tax increment financing
12 plan constitutes a public purpose. If the governing body determines
13 that the development plan or tax increment financing plan
14 constitutes a public purpose, the governing body shall then approve
15 or reject the plan, or approve it with modification, by resolution
16 based on the following considerations:

17 (a) The findings and recommendations of a development area
18 citizens council, if a development area citizens council was
19 formed.

20 (b) Whether the development plan meets the requirements set
21 forth in section 316(2) and the tax increment financing plan meets
22 the requirements set forth in section 313(1).

23 (c) Whether the proposed method of financing the development
24 is feasible and the authority has the ability to arrange the
25 financing.

26 (d) Whether the development is reasonable and necessary to
27 carry out the purposes of this part.

1 (e) Whether the amount of captured assessed value estimated to
2 result from adoption of the plan is reasonable.

3 (f) Whether the land to be acquired within the development
4 area is reasonably necessary to carry out the purposes of the plan
5 and the purposes of this part.

6 (g) Whether the development plan is in reasonable accord with
7 the approved master plan of the municipality, if an approved master
8 plan exists.

9 (h) Whether public services, such as fire and police
10 protection and utilities, are or will be adequate to service the
11 development area.

12 (i) Whether changes in zoning, streets, street levels,
13 intersections, and utilities are reasonably necessary for the
14 project and for the municipality.

15 (2) Except as provided in this subsection, amendments to an
16 approved development plan or tax increment plan must be submitted
17 by the authority to the governing body for approval or rejection
18 following the same notice and public hearing provisions that are
19 necessary for approval or rejection of the original plan. Notice
20 and hearing shall not be necessary for revisions in the estimates
21 of captured assessed value and tax increment revenues.

22 (3) The procedure, adequacy of notice, and findings with
23 respect to purpose and captured assessed value shall be conclusive
24 unless contested in a court of competent jurisdiction within 60
25 days after adoption of the resolution adopting the plan. A plan
26 adopted before July 18, 1983 is validated and shall be conclusive
27 unless contested in a court of competent jurisdiction within 60

1 days after July 18, 1983. A plan in effect before July 18, 1983
2 shall not be contested to the extent that tax increment revenues
3 are necessary for the payment of principal and interest on
4 outstanding bonds issued pursuant to the plan and payable from the
5 tax increment revenues or to the extent the authority or
6 municipality has incurred other obligations or made commitments
7 dependent upon tax increment revenues.

8 Sec. 319. A person to be relocated under this part shall be
9 given not less than 90 days' written notice to vacate unless
10 modified by court order for good cause.

11 Sec. 320. (1) A development area citizens council shall be
12 established if the proposed development area has 100 or more
13 persons residing within it and a change in zoning or a taking of
14 property by eminent domain is necessary to accomplish the proposed
15 development program. The council shall act as an advisory body to
16 the authority and the governing body in the adoption of the
17 development plan or tax increment financing plan.

18 (2) If a development area citizens council is required, the
19 council shall be appointed by the governing body, and shall consist
20 of not less than 9 members. Each member shall be at least 18 years
21 of age and reside in the development area. The council shall be
22 established at least 60 days before the public hearing on the
23 development plan or the tax increment financing plan, or both.

24 (3) If a development area citizens council is required
25 pursuant to subsection (1) and if the authority was established
26 pursuant to section 304(1)(a), (b), (c), or (d), a council
27 established in conjunction with any of those boards or commissions,

1 may serve in an advisory capacity to the authority, if the
2 authority determines it is representative of the development area.

3 Sec. 321. Periodically a representative of the authority
4 responsible for preparation of a development or tax increment
5 financing plan within the development area shall consult with and
6 advise the development area citizens council regarding the aspects
7 of a development plan, including the development of new housing for
8 relocation purposes located either inside or outside of the
9 development area. The consultation shall begin before any final
10 decisions by the authority and the governing body regarding a
11 development or tax increment financing plan. The consultation shall
12 continue throughout the preparation and implementation of the
13 development or tax increment financing plan.

14 Sec. 322. (1) Meetings of the council shall be open to the
15 public. Notice of the time and place of the meetings shall be
16 posted in at least 10 conspicuous places in the development area
17 accessible to the public not less than 5 days before the dates set
18 for meetings of the council. A person present at those meetings
19 shall have reasonable opportunity to be heard.

20 (2) A record of the meetings of a council, including
21 information and data presented, shall be maintained by the council.

22 (3) A council may request of and receive from the authority
23 information and technical assistance relevant to the preparation of
24 the development plan for the development area.

25 (4) Failure of a council to organize or to consult with and be
26 advised by the authority, or failure to advise the governing body,
27 as provided in this part, shall not preclude the adoption of a

1 development plan by a municipality if the municipality complies
2 with the other provisions of this part.

3 Sec. 323. Within 20 days after the public hearing on a
4 development or tax increment financing plan, the council, if
5 established, shall notify the governing body, in writing, of its
6 findings and recommendations concerning a proposed development
7 plan.

8 Sec. 324. A development area citizens council may not be
9 required and, if formed, may be dissolved in any of the following
10 situations:

11 (a) On petition of not less than 20% of the adult resident
12 population of the development area by the last federal decennial or
13 municipal census, a governing body, after public hearing with
14 notice given in accordance with section 317 and by a 2/3 vote, may
15 adopt a resolution eliminating the necessity of a council for the
16 development area.

17 (b) If there are less than 18 residents located in the
18 development area eligible to serve on the council.

19 (c) Upon termination of the authority by resolution of the
20 governing body.

21 Sec. 325. (1) The director of the authority shall prepare and
22 submit for the approval of the board a budget for the operation of
23 the authority for the ensuing fiscal year. The budget shall be
24 prepared in the manner and contain the information required of
25 municipal departments. Before the budget may be adopted by the
26 board, it shall be approved by the governing body. Funds of the
27 municipality shall not be included in the budget of the authority

1 except those funds authorized in this part or by the governing
2 body.

3 (2) The governing body may assess a reasonable pro rata share
4 of the funds for the cost of handling and auditing the funds
5 against the funds of the authority, other than those committed for
6 designated purposes, which cost shall be paid annually by the board
7 pursuant to an appropriate item in its budget.

8 Sec. 326. (1) A public facility, building, or structure which
9 is determined by the municipality to have significant historical
10 interests shall be preserved in a manner as considered necessary by
11 the municipality in accordance with laws relative to the
12 preservation of historical sites.

13 (2) An authority shall refer all proposed changes to the
14 exterior of sites listed on the state register of historic sites
15 and the national register of historic places to the applicable
16 historic district commission created under the local historic
17 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
18 state housing development authority for review.

19 Sec. 327. An authority which has completed the purposes for
20 which it was organized shall be dissolved by resolution of the
21 governing body. The property and assets of the authority remaining
22 after the satisfaction of the obligations of the authority shall
23 belong to the municipality.

24 Sec. 328. Notwithstanding the limitation provided by section
25 302(1) on having more than 1 authority, if an authority district is
26 part of an area annexed to or consolidated with another
27 municipality, the authority managing that authority district shall

1 become an authority of the annexing or consolidated municipality.
2 All obligations of that authority incurred pursuant to development
3 plans or tax increment plans, all agreements related to the plans,
4 and bonds issued pursuant to this part shall remain in effect
5 following the annexation or consolidation.

6 Sec. 329. (1) Beginning January 1, 1987, a new authority or
7 authority district shall not be created and the boundaries of an
8 authority district shall not be expanded to include additional
9 land.

10 (2) A tax increment finance authority, authority district,
11 development area, development plan, or tax increment financing plan
12 established under this part before December 30, 1986 shall not be
13 invalidated pursuant to a claim that based on the standards set
14 forth in section 303(1), a governing body improperly determined
15 that the necessary conditions existed for the establishment of a
16 tax increment financing authority under this part, if, at the time
17 the governing body established the authority, the governing body
18 could have determined that establishment of an authority under this
19 part would serve to create jobs or promote economic development
20 growth.

21 (3) A development area created or expanded after December 29,
22 1986 shall be subject to the requirements of section 303(1).

23 PART 4

24 Sec. 401. (1) The legislature finds all of the following:

25 (a) That there exists in this state conditions of
26 unemployment, underemployment, and joblessness detrimental to the
27 state economy and the economic growth of the state economy.

1 (b) That government programs are desirable and necessary to
2 eliminate the causes of unemployment, underemployment, and
3 joblessness therefore benefiting the economic growth of the state.

4 (c) That it is appropriate to finance these government
5 programs by means available to the state and local units of
6 government, including tax increment financing.

7 (d) That tax increment financing is a government financing
8 program which contributes to economic growth and development by
9 dedicating a portion of the tax base resulting from the economic
10 growth and development to certain public facilities and structures
11 or improvements of the type designed and dedicated to public use
12 and thereby facilitate certain projects which create economic
13 growth and development.

14 (e) That it is necessary for the legislature to exercise the
15 sovereign power to legislate tax increment financing as authorized
16 in this part and in the exercise of this sovereign power to mandate
17 the transfer of tax increment revenues by city, village, township,
18 school district, and county treasurers to authorities created under
19 this part in order to effectuate the legislated government programs
20 to eliminate the conditions of unemployment, underemployment, and
21 joblessness and to promote state economic growth.

22 (f) That the creation of jobs and the promotion of economic
23 growth in the state are essential governmental functions and
24 constitute essential public purposes.

25 (g) That the creation of jobs and the promotion of economic
26 growth stabilize and strengthen the tax bases upon which local
27 units of government rely and that government programs to eliminate

1 causes of unemployment, underemployment, and joblessness benefit
2 local units of government and are for the use of those local units
3 of government.

4 (h) That the provisions of this part are enacted to provide a
5 means for local units of government to eliminate the conditions of
6 unemployment, underemployment, and joblessness and to promote
7 economic growth in the communities served by these local units of
8 government.

9 (2) This part shall be known and may be cited as "the local
10 development financing part".

11 Sec. 402. As used in this part:

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

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

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

1 (ii) The process of generating and putting into a usable form
2 the energy generated by an alternative energy system. Alternative
3 energy technology does not include those component parts of an
4 alternative energy system that are required regardless of the
5 energy source.

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

8 (iv) Research, development, and manufacturing of an
9 alternative energy system.

10 (v) Research, development, and manufacturing of an anaerobic
11 digester energy system.

12 (vi) Research, development, and manufacturing of a
13 hydroelectric energy system.

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

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

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

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

26 (e) "Authority" means a local development finance authority
27 created pursuant to this part.

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

3 (g) "Board" means the governing body of an authority.

4 (h) "Business development area" means an area designated as a
5 certified industrial park under this part prior to June 29, 2000,
6 or an area designated in the tax increment financing plan that
7 meets all of the following requirements:

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

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

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

13 (i) Is located in a certified technology park or a certified
14 alternative energy park.

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

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

20 (j) "Captured assessed value" means the amount in any 1 year
21 by which the current assessed value of the eligible property
22 identified in the tax increment financing plan or, for a certified
23 technology park, a certified alternative energy park, or a next
24 Michigan development area, the real and personal property included
25 in the tax increment financing plan, including the current assessed
26 value of property for which specific local taxes are paid in lieu
27 of property taxes as determined pursuant to subdivision (hh),

1 exceeds the initial assessed value. The state tax commission shall
2 prescribe the method for calculating captured assessed value.
3 Except as otherwise provided in this act, tax abated property in a
4 renaissance zone as defined under section 3 of the Michigan
5 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded
6 from the calculation of captured assessed value to the extent that
7 the property is exempt from ad valorem property taxes or specific
8 local taxes.

9 (k) "Certified alternative energy park" means that portion of
10 an authority district designated by a written agreement entered
11 into pursuant to section 412c between the authority, the
12 municipality or municipalities, and the Michigan economic
13 development corporation.

14 (l) "Certified business park" means a business development
15 area that has been designated by the Michigan economic development
16 corporation as meeting criteria established by the Michigan
17 economic development corporation. The criteria shall establish
18 standards for business development areas including, but not limited
19 to, use, types of building materials, landscaping, setbacks,
20 parking, storage areas, and management.

21 (m) "Certified technology park" means that portion of the
22 authority district designated by a written agreement entered into
23 pursuant to section 412a between the authority, the municipality,
24 and the Michigan economic development corporation.

25 (n) "Chief executive officer" means the mayor or city manager
26 of a city, the president of a village, or, for other local units of
27 government or school districts, the person charged by law with the

1 supervision of the functions of the local unit of government or
2 school district.

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

5 (p) "Development program" means the implementation of a
6 development plan.

7 (q) "Eligible advance" means an advance made before August 19,
8 1993.

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

16 (s) "Eligible property" means land improvements, buildings,
17 structures, and other real property, and machinery, equipment,
18 furniture, and fixtures, or any part or accessory thereof whether
19 completed or in the process of construction comprising an
20 integrated whole, located within an authority district, of which
21 the primary purpose and use is or will be 1 of the following:

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

24 (ii) Agricultural processing.

25 (iii) A high technology activity.

26 (iv) The production of energy by the processing of goods or
27 materials by physical or chemical change by a small power

1 production facility as defined by the Federal Energy Regulatory
2 Commission pursuant to the public utility regulatory policies act
3 of 1978, Public Law 95-617, which facility is fueled primarily by
4 biomass or wood waste. This part does not affect a person's rights
5 or liabilities under law with respect to groundwater contamination
6 described in this subparagraph. This subparagraph applies only if
7 all of the following requirements are met:

8 (A) Tax increment revenues captured from the eligible property
9 will be used to finance, or will be pledged for debt service on tax
10 increment bonds used to finance, a public facility in or near the
11 authority district designed to reduce, eliminate, or prevent the
12 spread of identified soil and groundwater contamination, pursuant
13 to law.

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

18 (C) The municipality that created the authority establishes a
19 special assessment district whereby not less than 50% of the
20 operating expenses of the public facility described in this
21 subparagraph will be paid for by special assessments. Not less than
22 50% of the amount specially assessed against all parcels in the
23 special assessment district shall be assessed against parcels owned
24 by parties potentially responsible for the identified groundwater
25 contamination pursuant to law.

26 (v) A business incubator.

27 (vi) An alternative energy technology business.

1 (vii) A transit-oriented facility.

2 (viii) A transit-oriented development.

3 (ix) An eligible next Michigan business, as that term is
4 defined in section 3 of the Michigan economic growth authority act,
5 1995 PA 24, MCL 207.803, and other businesses within a next
6 Michigan development area, but only to the extent designated as
7 eligible property within a development plan approved by a next
8 Michigan development corporation.

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

10 (u) "Governing body" means, except as otherwise provided in
11 this subdivision, the elected body having legislative powers of a
12 municipality creating an authority under this act. For a next
13 Michigan development corporation, governing body means the
14 executive committee of the next Michigan development corporation,
15 unless otherwise provided in the interlocal agreement or articles
16 of incorporation creating the next Michigan development corporation
17 or the governing body of an eligible urban entity or its designee
18 as provided in the next Michigan development act, 2010 PA 275, MCL
19 125.2951 to 125.2959.

20 (v) "High-technology activity" means that term as defined in
21 section 3 of the Michigan economic growth authority act, 1995 PA
22 24, MCL 207.803.

23 (w) "Initial assessed value" means the assessed value of the
24 eligible property identified in the tax increment financing plan
25 or, for a certified technology park, a certified alternative energy
26 park, or a next Michigan development area, the assessed value of
27 any real and personal property included in the tax increment

1 financing plan, at the time the resolution establishing the tax
2 increment financing plan is approved as shown by the most recent
3 assessment roll for which equalization has been completed at the
4 time the resolution is adopted or, for property that becomes
5 eligible property in other than a certified technology park or a
6 certified alternative energy park after the date the plan is
7 approved, at the time the property becomes eligible property.
8 Property exempt from taxation at the time of the determination of
9 the initial assessed value shall be included as zero. Property for
10 which a specific local tax is paid in lieu of property tax shall
11 not be considered exempt from taxation. The initial assessed value
12 of property for which a specific local tax was paid in lieu of
13 property tax shall be determined as provided in subdivision (hh).

14 (x) "Michigan economic development corporation" means the
15 public body corporate created under section 28 of article VII of
16 the state constitution of 1963 and the urban cooperation act of
17 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
18 interlocal agreement effective April 5, 1999 between local
19 participating economic development corporations formed under the
20 economic development corporations act, 1974 PA 338, MCL 125.1601 to
21 125.1636, and the Michigan strategic fund. If the Michigan economic
22 development corporation is unable for any reason to perform its
23 duties under this act, those duties may be exercised by the
24 Michigan strategic fund.

25 (y) "Michigan strategic fund" means the Michigan strategic
26 fund as described in the Michigan strategic fund act, 1984 PA 270,
27 MCL 125.2001 to 125.2094.

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

5 (aa) "Next Michigan development area" means a portion of an
6 authority district designated by a next Michigan development
7 corporation under section 412e to which a development plan is
8 applicable.

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

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

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

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

26 (iii) A payment required on a contract, agreement, bond, or
27 note if the requirement to make or assume the payment arose before

1 August 19, 1993.

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

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

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

19 (i) A reimbursement agreement between the municipality and an
20 authority it established.

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

23 (iii) A resolution of the authority agreeing to make payments
24 to the incorporating unit.

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

27 (ee) "Other protected obligation" means:

1 (i) A qualified refunding obligation issued to refund an
2 obligation described in subparagraph (ii) or (iii), an obligation
3 that is not a qualified refunding obligation that is issued to
4 refund an eligible obligation, or a qualified refunding obligation
5 issued to refund an obligation described in this subparagraph.

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

13 (iii) An obligation incurred by an authority or municipality
14 after August 19, 1993, to reimburse a party to a development
15 agreement entered into by a municipality or authority before August
16 19, 1993, for a project described in a tax increment financing plan
17 approved in accordance with this part before August 19, 1993, and
18 undertaken and installed by that party in accordance with the
19 development agreement.

20 (iv) An ongoing management or professional services contract
21 with the governing body of a county that was entered into before
22 March 1, 1994 and that was preceded by a series of limited term
23 management or professional services contracts with the governing
24 body of the county, the last of which was entered into before
25 August 19, 1993.

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

27 (i) A street, road, bridge, storm water or sanitary sewer,

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

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

23 (iii) All administrative and real and personal property
24 acquisition and disposal costs related to a public facility
25 described in subparagraphs (i) and (iv), including, but not limited
26 to, architect's, engineer's, legal, and accounting fees as
27 permitted by the district's development plan.

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

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

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

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

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

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

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

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

26 (ii) The net present value of the sum of the tax increment
27 revenues described in subdivision (jj) (ii) and the distributions

1 under section 411a to repay the refunding obligation will not be
2 greater than the net present value of the sum of the tax increment
3 revenues described in subdivision (jj) (ii) and the distributions
4 under section 411a to repay the obligation being refunded, as
5 calculated using a method approved by the department of treasury.

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

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

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

1 park, a next Michigan development area, or a certified alternative
2 energy park and included within the tax increment financing plan,
3 subject to the following requirements:

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

11 (ii) Tax increment revenues include ad valorem property taxes
12 and specific local taxes attributable to the application of the
13 levy of the state pursuant to the state education tax act, 1993 PA
14 331, MCL 211.901 to 211.906, and local or intermediate school
15 districts upon the captured assessed value of real and personal
16 property in the development area in an amount equal to the amount
17 necessary, without regard to subparagraph (i), for the following
18 purposes:

19 (A) To repay eligible advances, eligible obligations, and
20 other protected obligations.

21 (B) To fund or to repay an advance or obligation issued by or
22 on behalf of an authority to fund the cost of public facilities
23 related to or for the benefit of eligible property located within a
24 certified technology park or a certified alternative energy park to
25 the extent the public facilities have been included in an agreement
26 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as
27 determined by the state treasurer, of the amounts levied by the

1 state pursuant to the state education tax act, 1993 PA 331, MCL
2 211.901 to 211.906, and local and intermediate school districts for
3 a period, except as otherwise provided in this sub-subparagraph,
4 not to exceed 15 years, as determined by the state treasurer, if
5 the state treasurer determines that the capture under this sub-
6 subparagraph is necessary to reduce unemployment, promote economic
7 growth, and increase capital investment in the municipality.
8 However, upon approval of the state treasurer and the president of
9 the Michigan economic development corporation, a certified
10 technology park may capture under this sub-subparagraph for an
11 additional period of 5 years if the authority agrees to additional
12 reporting requirements and modifies its tax increment financing
13 plan to include regional collaboration as determined by the state
14 treasurer and the president of the Michigan economic development
15 corporation. In addition, upon approval of the state treasurer and
16 the president of the Michigan economic development corporation, if
17 a municipality that has created a certified technology park that
18 has entered into an agreement with another authority that does not
19 contain a certified technology park to designate a distinct
20 geographic area under section 412b, that authority that has created
21 the certified technology park and the associated distinct
22 geographic area may both capture under this sub-subparagraph for an
23 additional period of 15 years as determined by the state treasurer
24 and the president of the Michigan economic development corporation.

25 (C) To fund the cost of public facilities related to or for
26 the benefit of eligible property located within a next Michigan
27 development area to the extent that the public facilities have been

1 included in a development plan, not to exceed 50%, as determined by
2 the state treasurer, of the amounts levied by the state pursuant to
3 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
4 and local and intermediate school districts for a period not to
5 exceed 15 years, as determined by the state treasurer, if the state
6 treasurer determines that the capture under this sub-subparagraph
7 is necessary to reduce unemployment, promote economic growth, and
8 increase capital investment in the authority district.

9 (iii) Tax increment revenues do not include any of the
10 following:

11 (A) Ad valorem property taxes or specific local taxes that are
12 excluded from and not made part of the tax increment financing
13 plan. Ad valorem personal property taxes or specific local taxes
14 associated with personal property may be excluded from and may not
15 be part of the tax increment financing plan.

16 (B) Ad valorem property taxes and specific local taxes
17 attributable to ad valorem property taxes excluded by the tax
18 increment financing plan of the authority from the determination of
19 the amount of tax increment revenues to be transmitted to the
20 authority.

21 (C) Ad valorem property taxes exempted from capture under
22 section 404(3) or specific local taxes attributable to such ad
23 valorem property taxes.

24 (D) Ad valorem property taxes specifically levied for the
25 payment of principal and interest of obligations approved by the
26 electors or obligations pledging the unlimited taxing power of the
27 local governmental unit or specific local taxes attributable to

1 such ad valorem property taxes.

2 (E) The amount of ad valorem property taxes or specific taxes
3 captured by a downtown development authority under part 2, tax
4 increment financing authority under part 3, or brownfield
5 redevelopment authority under the brownfield redevelopment
6 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, if those
7 taxes were captured by these other authorities on the date that the
8 initial assessed value of a parcel of property was established
9 under this part.

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

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

15 (II) The art institute authorities act, 2010 PA 296, MCL
16 123.1201 to 123.1229.

17 (iv) The amount of tax increment revenues authorized to be
18 included under subparagraph (ii), and required to be transmitted to
19 the authority under section 413(1), from ad valorem property taxes
20 and specific local taxes attributable to the application of the
21 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
22 211.906, or a local school district or an intermediate school
23 district upon the captured assessed value of real and personal
24 property in a development area shall be determined separately for
25 the levy by the state, each school district, and each intermediate
26 school district as the product of sub-subparagraphs (A) and (B):

27 (A) The percentage that the total ad valorem taxes and

1 specific local taxes available for distribution by law to the
2 state, local school district, or intermediate school district,
3 respectively, bears to the aggregate amount of ad valorem millage
4 taxes and specific taxes available for distribution by law to the
5 state, each local school district, and each intermediate school
6 district.

7 (B) The maximum amount of ad valorem property taxes and
8 specific local taxes considered tax increment revenues under
9 subparagraph (ii).

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

15 (ll) "Transit-oriented facility" means a facility that houses
16 a transit station in a manner that promotes transit ridership or
17 passenger rail use.

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

20 (i) Meets all of the following requirements:

21 (A) Has a population of 20,000 or more, or has a population of
22 10,000 or more but is located in a county with a population of
23 400,000 or more.

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

25 (C) Provides sewer, water, and other public services to all or
26 a part of the township.

27 (ii) Meets all of the following requirements:

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

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

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

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

10 (iii) Meets all of the following requirements:

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

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

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

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

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

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

22 (iv) Meets all of the following requirements:

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

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

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

27 (v) Meets all of the following requirements:

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

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

6 (C) Has a master plan in effect.

7 (vi) Meets all of the following requirements:

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

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

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

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

16 (E) Has rail service.

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

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

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

23 Sec. 403. (1) Except as otherwise provided by subsection (2),
24 a municipality may establish not more than 1 authority under the
25 provisions of this part. An authority established under this
26 subsection shall exercise its powers in all authority districts.

27 (2) In addition to an authority established under subsection

1 (1), a municipality may join with 1 or more other municipalities
2 located within the same county to establish an authority under this
3 part. An authority created under this subsection may only exercise
4 its powers in a certified technology park designated in an
5 agreement made under section 412a or 412b or in a certified
6 alternative energy park designated in an agreement under section
7 412c. A municipality shall not establish more than 1 authority
8 under this subsection.

9 (3) A next Michigan development corporation may establish not
10 more than 1 authority under the provisions of this part. An
11 authority established under this subsection shall exercise its
12 powers within its authority district and in all next Michigan
13 development areas. The authority district in which the authority
14 may exercise its powers shall include all or part of the territory
15 of a next Michigan development corporation, as determined by the
16 governing body of the next Michigan development corporation.

17 (4) The authority shall be a public body corporate which may
18 sue and be sued in any court of this state. The authority possesses
19 all the powers necessary to carry out the purpose of its
20 incorporation. The enumeration of a power in this part shall not be
21 construed as a limitation upon the general powers of the authority.
22 The powers granted in this part to an authority may be exercised
23 notwithstanding that bonds are not issued by the authority.

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

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

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

8 (3) Except as otherwise provided in subsection (8), not more
9 than 60 days after a public hearing held after February 15, 1994,
10 the governing body of a taxing jurisdiction with millage that would
11 otherwise be subject to capture may exempt its taxes from capture
12 by adopting a resolution to that effect and filing a copy with the
13 clerk of the municipality proposing to create the authority.
14 However, a resolution by a governing body of a taxing jurisdiction
15 to exempt its taxes from capture is not effective for the capture
16 of taxes that are used for a certified technology park or a
17 certified alternative energy park. The resolution takes effect when
18 filed with that clerk and remains effective until a copy of a
19 resolution rescinding that resolution is filed with that clerk.

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

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

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

14 (6) The validity of the proceedings establishing an authority
15 shall be conclusive unless contested in a court of competent
16 jurisdiction within 60 days after the last of the following takes
17 place:

18 (a) Publication of the resolution creating the authority as
19 adopted.

20 (b) Filing of the resolution creating the authority with the
21 secretary of state.

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

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

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

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

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

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

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

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

1 Sec. 405. (1) The authority shall be under the supervision and
2 control of a board of 7 members appointed by the chief executive
3 officer of the city, village, or urban township creating the
4 authority subject to the approval of the governing body creating
5 the authority. The board shall include 1 member appointed by the
6 county board of commissioners of the county in which the authority
7 is located. The board shall include 1 member representing a
8 community or junior college in whose district the authority is
9 located appointed by the chief executive officer of that community
10 or junior college. The board shall also include 2 members appointed
11 by the chief executive officer of each local governmental unit,
12 other than the city, village, or urban township creating the
13 authority, which levied 20% or more of the ad valorem property
14 taxes levied against all property located in an authority district
15 in the year before the year in which the authority district is
16 established. However, those additional members shall only vote on
17 matters relating to authority districts located within their
18 respective local unit of government. Of the members first
19 appointed, an equal number, as near as possible, shall have terms
20 designated by the governing body creating the authority of 1 year,
21 2 years, 3 years, and 4 years. However, a member shall hold office
22 until the member's successor is appointed. After the first
23 appointment, each member shall serve for a term of 4 years. An
24 appointment to fill a vacancy shall be made in the same manner as
25 the original appointment. An appointment to fill an unexpired term
26 shall be for the unexpired portion of the term only. Members of the
27 board shall serve without compensation, but shall be reimbursed for

1 actual and necessary expenses.

2 (2) The chairperson of the board shall be elected by the
3 board.

4 (3) Before assuming the duties of office, a member shall
5 qualify by taking and subscribing to the constitutional oath of
6 office.

7 (4) The board shall adopt rules governing its procedure and
8 the holding of regular meetings, subject to the approval of the
9 governing body. Special meetings may be held when called in the
10 manner provided in the rules of the board. Meetings of the board
11 shall be open to the public, in accordance with the open meetings
12 act, 1976 PA 267, MCL 15.261 to 15.275.

13 (5) Subject to notice and an opportunity to be heard, a member
14 of the board may be removed before the expiration of his or her
15 term for cause by the governing body. Removal of a member is
16 subject to review by the circuit court.

17 (6) All expense items of the authority shall be publicized
18 annually and the financial records shall be open to the public
19 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
20 to 15.246.

21 (7) The provisions of subsections (1) and (5) of this section
22 shall not apply to an authority exercising its powers under section
23 403(3).

24 Sec. 406. (1) The board may employ and fix the compensation of
25 a director, subject to the approval of the governing body creating
26 the authority. The director shall serve at the pleasure of the
27 board. A member of the board is not eligible to hold the position

1 of director. Before entering upon the duties of the office, the
2 director shall take and subscribe to the constitutional oath of
3 office and shall furnish bond by posting a bond in the penal sum
4 determined in the resolution establishing the authority. The bond
5 shall be payable to the authority for the use and benefit of the
6 authority, approved by the board, and filed with the clerk of the
7 municipality. The premium on the bond shall be considered an
8 operating expense of the authority, payable from funds available to
9 the authority for expenses of operation. The director shall be the
10 chief executive officer of the authority. Subject to the approval
11 of the board, the director shall supervise and be responsible for
12 the preparation of plans and the performance of the functions of
13 the authority in the manner authorized by this act. The director
14 shall attend the meetings of the board and shall render to the
15 board and to the governing body a regular report covering the
16 activities and financial condition of the authority. If the
17 director is absent or disabled, the board may designate a qualified
18 person as acting director to perform the duties of the office.
19 Before entering upon the duties of the office, the acting director
20 shall take and subscribe to the constitutional oath of office and
21 furnish bond as required of the director. The director shall
22 furnish the board with information or reports governing the
23 operation of the authority as the board requires.

24 (2) The board may appoint or employ and fix the compensation
25 of a treasurer who shall keep the financial records of the
26 authority and who, together with the director, if a director is
27 appointed, shall approve all vouchers for the expenditure of funds

1 of the authority. The treasurer shall perform other duties as may
2 be delegated by the board and shall furnish bond in an amount as
3 prescribed by the board.

4 (3) The board may appoint or employ and fix the compensation
5 of a secretary who shall maintain custody of the official seal and
6 of records, books, documents, or other papers not required to be
7 maintained by the treasurer. The secretary shall attend meetings of
8 the board and keep a record of its proceedings and shall perform
9 other duties as may be delegated by the board.

10 (4) The board may retain legal counsel to advise the board in
11 the proper performance of its duties. The legal counsel may
12 represent the authority in actions brought by or against the
13 authority.

14 (5) The board may employ other personnel considered necessary
15 by the board.

16 (6) The employees of an authority may be eligible to
17 participate in municipal retirement and insurance programs of the
18 municipality as if they were civil service employees on the same
19 basis as civil service employees.

20 Sec. 407. The board may:

21 (a) Study and analyze unemployment, underemployment, and
22 joblessness and the impact of growth upon the authority district or
23 districts.

24 (b) Plan and propose the construction, renovation, repair,
25 remodeling, rehabilitation, restoration, preservation, or
26 reconstruction of a public facility.

27 (c) Develop long-range plans, in cooperation with the agency

1 which is chiefly responsible for planning in the municipality, to
2 promote the growth of the authority district or districts, and take
3 the steps that are necessary to implement the plans to the fullest
4 extent possible to create jobs, and promote economic growth.

5 (d) Implement any plan of development necessary to achieve the
6 purposes of this part in accordance with the powers of the
7 authority as granted by this part.

8 (e) Make and enter into contracts necessary or incidental to
9 the exercise of the board's powers and the performance of its
10 duties.

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

19 (g) Improve land, prepare sites for buildings, including the
20 demolition of existing structures, and construct, reconstruct,
21 rehabilitate, restore and preserve, equip, improve, maintain,
22 repair, or operate a building, and any necessary or desirable
23 appurtenances to a building, as provided in section 412(2) for the
24 use, in whole or in part, of a public or private person or
25 corporation, or a combination thereof.

26 (h) Fix, charge, and collect fees, rents, and charges for the
27 use of a building or property or a part of a building or property

1 under the board's control, or a facility in the building or on the
2 property, and pledge the fees, rents, and charges for the payment
3 of revenue bonds issued by the authority.

4 (i) Lease a building or property or part of a building or
5 property under the board's control.

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

8 (k) Acquire and construct public facilities.

9 (l) Incur costs in connection with the performance of the
10 board's authorized functions including, but not limited to,
11 administrative costs, and architects, engineers, legal, and
12 accounting fees.

13 (m) Plan, propose, and implement an improvement to a public
14 facility on eligible property to comply with the barrier free
15 design requirements of the state construction code promulgated
16 under the Stille-DeRossett-Hale single state constitution code act,
17 1972 PA 230, MCL 125.1501 to 125.1531.

18 Sec. 408. The authority shall be considered an instrumentality
19 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
20 to 213.332.

21 Sec. 409. A municipality may take private property under the
22 uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to
23 213.75, for the purpose of transfer to the authority, and may
24 transfer the property to the authority for use as authorized in the
25 development plan, on terms and conditions it considers appropriate.
26 The taking, transfer, and use shall be considered necessary for
27 public purposes and for the benefit of the public.

1 Sec. 410. The activities of the authority shall be financed
2 from 1 or more of the following sources:

3 (a) Contributions to the authority for the performance of its
4 functions.

5 (b) Revenues from any property, building, or facility owned,
6 leased, licensed, or operated by the authority or under its
7 control, subject to the limitations imposed upon the authority by
8 trusts or other agreements.

9 (c) Tax increment revenues received pursuant to a tax
10 increment financing plan established under sections 412 to 414.

11 (d) Proceeds of tax increment bonds issued pursuant to section
12 414.

13 (e) Proceeds of revenue bonds issued pursuant to section 411.

14 (f) Money obtained from any other legal source approved by the
15 governing body of the municipality or otherwise authorized by law
16 for use by the authority or the municipality to finance a
17 development program.

18 (g) Money obtained pursuant to section 411a.

19 (h) Loans from the Michigan strategic fund or the Michigan
20 economic development corporation.

21 Sec. 411. (1) The authority may borrow money and issue its
22 negotiable revenue bonds pursuant to the revenue bond act of 1933,
23 1933 PA 94, MCL 141.101 to 141.135. Except as provided in
24 subsection (2), revenue bonds issued by the authority shall not be
25 considered a debt of the municipality or of the state.

26 (2) The municipality by a majority vote of the members of its
27 governing body may make a limited tax pledge to support the

1 authority's revenue bonds or, if authorized by the voters of the
2 municipality, may pledge its full faith and credit to support the
3 authority's revenue bonds.

4 Sec. 411a. (1) If the amount of tax increment revenues lost as
5 a result of the reduction of taxes levied by local school districts
6 for school operating purposes required by the millage limitations
7 under section 1211 of the revised school code, 1976 PA 451, MCL
8 380.1211, reduced by the amount of tax increment revenues received
9 from the capture of taxes levied under or attributable to the state
10 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
11 the tax increment revenues received in a fiscal year by an
12 authority under section 413 to be insufficient to repay an eligible
13 advance or to pay an eligible obligation, the legislature shall
14 appropriate and distribute to the authority the amount described in
15 subsection (5).

16 (2) Not less than 30 days before the first day of a fiscal
17 year, an authority eligible to retain tax increment revenues from
18 taxes levied by a local or intermediate school district or this
19 state or to receive a distribution under this section for that
20 fiscal year shall file a claim with the department of treasury. The
21 claim shall include the following information:

22 (a) The property tax millage rates levied in 1993 by local
23 school districts within the jurisdictional area of the authority
24 for school operating purposes.

25 (b) The property tax millage rates expected to be levied by
26 local school districts within the jurisdictional area of the
27 authority for school operating purposes for that fiscal year.

1 (c) The tax increment revenues estimated to be received by the
2 authority for that fiscal year based upon actual property tax
3 levies of all taxing jurisdictions within the jurisdictional area
4 of the authority plus any tax increment revenues the authority
5 would have received for the fiscal year from property that is
6 exempt from taxation pursuant to the Michigan renaissance zone act,
7 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
8 taxable value at the time the zone is designated.

9 (d) The tax increment revenues the authority estimates it
10 would have received for that fiscal year if property taxes were
11 levied by local school districts within the jurisdictional area of
12 the authority for school operating purposes at the millage rates
13 described in subdivision (a) and if no property taxes were levied
14 by this state under the state education tax act, 1993 PA 331, MCL
15 211.901 to 211.906.

16 (e) A list and documentation of eligible obligations and
17 eligible advances and the payments due on each of those eligible
18 obligations or eligible advances in that fiscal year, and the total
19 amount of all the payments due on those eligible obligations and
20 eligible advances in that fiscal year.

21 (f) The amount of money, other than tax increment revenues,
22 estimated to be received in that fiscal year by the authority that
23 is primarily pledged to, and to be used for, the payment of an
24 eligible obligation or the repayment of an eligible advance. That
25 amount shall not include excess tax increment revenues of the
26 authority that are permitted by law to be retained by the authority
27 for purposes that further the development program. However, that

1 amount shall include money to be obtained from sources authorized
2 by law, which law is enacted on or after December 1, 1993, for use
3 by the municipality or authority to finance a development project.

4 (g) The amount of a distribution received pursuant to this
5 part for a fiscal year in excess of or less than the distribution
6 that would have been required if calculated upon actual tax
7 increment revenues received for that fiscal year.

8 (h) A list and documentation of other protected obligations
9 and the payments due on each of those other protected obligations
10 in that fiscal year, and the total amount of all the payments due
11 on those other protected obligations in that fiscal year.

12 (3) For the fiscal year that commences after September 30,
13 1993 and before October 1, 1994, an authority may make a claim with
14 all information required by subsection (2) at any time after March
15 15, 1994.

16 (4) After review and verification of claims submitted pursuant
17 to this section, amounts appropriated by the state in compliance
18 with this part shall be distributed as 2 equal payments on March 1
19 and September 1 after receipt of a claim. An authority shall
20 allocate a distribution it receives for an eligible obligation
21 issued on behalf of a municipality to the municipality.

22 (5) Subject to subsections (6) and (7), the aggregate amount
23 to be appropriated and distributed pursuant to this section to an
24 authority shall be the sum of the amounts determined pursuant to
25 subdivisions (a) and (b) minus the amount determined pursuant to
26 subdivision (c), as follows:

27 (a) The amount by which the tax increment revenues the

1 authority would have received for the fiscal year, if property
2 taxes were levied by local school districts on property, including
3 property that is exempt from taxation pursuant to the Michigan
4 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
5 on the property's taxable value at the time the zone is designated,
6 for school operating purposes at the millage rates described in
7 subsection (2)(a) and if no property taxes were levied under the
8 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
9 exceed the sum of tax increment revenues the authority actually
10 received for the fiscal year plus any tax increment revenues the
11 authority would have received for the fiscal year from property
12 that is exempt from taxation pursuant to the Michigan renaissance
13 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
14 property's taxable value at the time the zone is designated.

15 (b) A shortfall required to be reported pursuant to subsection
16 (2)(g) that had not previously increased a distribution.

17 (c) An excess amount required to be reported pursuant to
18 subsection (2)(g) that had not previously decreased a distribution.

19 (6) The amount distributed under subsection (5) shall not
20 exceed the difference between the amount described in subsection
21 (2)(e) and the sum of the amounts described in subsection (2)(c)
22 and (f).

23 (7) If, based upon the tax increment financing plan in effect
24 on August 19, 1993, the payment due on eligible obligations or
25 eligible advances anticipates the use of excess prior year tax
26 increment revenues permitted by law to be retained by the
27 authority, and if the sum of the amounts described in subsection

1 (2)(c) and (f) plus the amount to be distributed under subsections
2 (5) and (6) is less than the amount described in subsection (2)(e),
3 the amount to be distributed under subsections (5) and (6) shall be
4 increased by the amount of the shortfall. However, the amount
5 authorized to be distributed pursuant to this section shall not
6 exceed that portion of the cumulative difference, for each
7 preceding fiscal year, between the amount that could have been
8 distributed pursuant to subsection (5) and the amount actually
9 distributed pursuant to subsections (5) and (6) and this
10 subsection.

11 (8) A distribution under this section replacing tax increment
12 revenues pledged by an authority or a municipality is subject to
13 the lien of the pledge, whether or not there has been physical
14 delivery of the distribution.

15 (9) Obligations for which distributions are made pursuant to
16 this section are not a debt or liability of this state; do not
17 create or constitute an indebtedness, liability, or obligation of
18 this state; and are not and do not constitute a pledge of the faith
19 and credit of this state.

20 (10) Not later than July 1 of each year, the authority shall
21 certify to the local tax collecting treasurer the amount of the
22 distribution required under subsection (5), calculated without
23 regard to the receipt of tax increment revenues attributable to
24 local or intermediate school district operating taxes or
25 attributable to taxes levied under the state education tax act,
26 1993 PA 331, MCL 211.901 to 211.906.

27 (11) Calculations of distributions under this section and

1 claims reports required to be made under subsection (2) shall be
2 made on the basis of each development area of the authority.

3 (12) The state tax commission may provide that the
4 reimbursement calculations under this section and the calculation
5 of allowable capture of school taxes shall be made for each
6 calendar year's tax increment revenues using a 12-month debt
7 payment period used by the authority and approved by the state tax
8 commission.

9 Sec. 411b. (1) If the amount of tax increment revenues lost as
10 a result of the personal property tax exemptions provided by
11 section 1211(4) of the revised school code, 1976 PA 451, MCL
12 380.1211, section 3 of the state education tax act, 1993 PA 331,
13 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
14 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
15 reduce the allowable school tax capture received in a fiscal year,
16 then, notwithstanding any other provision of this part, the
17 authority, with approval of the department of treasury under
18 subsection (3), may request the local tax collecting treasurer to
19 retain and pay to the authority taxes levied under the state
20 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
21 for the following:

22 (a) To repay an eligible advance.

23 (b) To repay an eligible obligation.

24 (c) To repay an other protected obligation.

25 (d) To pay an advance or an obligation identified in a
26 development plan, or an amendment to that plan for property located
27 in a certified technology park approved by board of the authority

1 not later than 90 days after July 19, 2010 if the plan contains all
2 of the following and the plan for the capture of school taxes has
3 been approved within 1 year after July 19, 2010:

4 (i) A detailed description of the project.

5 (ii) A statement of the estimated cost of the project.

6 (iii) The specific location of the project.

7 (iv) The name of any developer of the project.

8 (e) To pay an advance or an obligation identified in a
9 development plan, or an amendment to that plan for property located
10 in a certified alternative energy park approved by the board of the
11 authority if the plan contains all of the following and the plan
12 for the capture of school taxes has been approved not later than
13 December 31, 2012:

14 (i) A detailed description of the project.

15 (ii) A statement of the estimated cost of the project.

16 (iii) The specific location of the project.

17 (iv) The name of any developer of the project.

18 (2) Not later than June 15, 2008, not later than September 30,
19 2009, and not later than June 1 of each subsequent year, an
20 authority eligible under subsection (1) to have taxes levied under
21 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
22 retained and paid to the authority under this section, shall apply
23 for approval with the department of treasury. The application for
24 approval shall include the following information:

25 (a) The property tax millage rates expected to be levied by
26 local school districts within the jurisdictional area of the
27 authority for school operating purposes for that fiscal year.

1 (b) The tax increment revenues estimated to be received by the
2 authority for that fiscal year based upon actual property tax
3 levies of all taxing jurisdictions within the jurisdictional area
4 of the authority.

5 (c) The tax increment revenues the authority estimates it
6 would have received for that fiscal year if the personal property
7 tax exemptions described in subsection (1) were not in effect.

8 (d) A list of eligible obligations, eligible advances, other
9 protected obligations, and advances and obligations described in
10 subsection (1)(d) for expenditures authorized in a certified
11 technology park or described in subsection (1)(e) for expenditures
12 authorized in a certified alternative energy park; the payments due
13 on each of those in that fiscal year; and the total amount of
14 payments due on all of those in that fiscal year.

15 (e) The amount of money, other than tax increment revenues,
16 estimated to be received in that fiscal year by the authority that
17 is primarily pledged to, and to be used for, the payment of an
18 eligible obligation, the repayment of an eligible advance, the
19 payment of another protected obligation, the payment of obligations
20 or advances described in subsection (1)(d) for expenditures
21 authorized in a certified technology park, or the payment of
22 obligations or advances described in subsection (1)(e) for
23 expenditures authorized in a certified alternative energy park.
24 That amount shall not include excess tax increment revenues of the
25 authority that are permitted by law to be retained by the authority
26 for purposes that further the development program. However, that
27 amount shall include money to be obtained from sources authorized

1 by law, which law is enacted on or after December 1, 1993, for use
2 by the municipality or authority to finance a development plan.

3 (f) The amount of a distribution received pursuant to this
4 part for a fiscal year in excess of or less than the distribution
5 that would have been required if calculated upon actual tax
6 increment revenues received for that fiscal year.

7 (3) Not later than August 15, 2008; for 2009 only, not later
8 than 30 days after August 1, 2012; and not later than August 15 of
9 each subsequent year, based on the calculations under subsection
10 (5), the department of treasury shall approve, modify, or deny the
11 application for approval to have taxes levied under the state
12 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
13 and paid to the authority under this section. If the application
14 for approval contains the information required under subsection
15 (2)(a) through (f) and appears to be in substantial compliance with
16 the provisions of this section, then the department of treasury
17 shall approve the application. If the application is denied by the
18 department of treasury, then the department of treasury shall
19 provide the opportunity for a representative of the authority to
20 discuss the denial within 21 days after the denial occurs and shall
21 sustain or modify its decision within 30 days after receiving
22 information from the authority. If the application for approval is
23 approved or modified by the department of treasury, the local tax
24 collecting treasurer shall retain and pay to the authority the
25 amount described in subsection (5) as approved by the department.
26 If the department of treasury denies the authority's application
27 for approval, the local tax collecting treasurer shall not retain

1 or pay to the authority the taxes levied under the state education
2 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
3 department does not prohibit a subsequent audit of taxes retained
4 in accordance with the procedures currently authorized by law.

5 (4) Each year, the legislature shall appropriate and
6 distribute an amount sufficient to pay each authority the
7 following:

8 (a) If the amount to be retained and paid under subsection (3)
9 is less than the amount calculated under subsection (5), the
10 difference between those amounts.

11 (b) If the application for approval is denied by the
12 department of treasury, an amount verified by the department equal
13 to the amount calculated under subsection (5).

14 (5) Subject to subsection (6), the aggregate amount under this
15 section shall be the sum of the amounts determined under
16 subdivisions (a) and (b) minus the amount determined under
17 subdivision (c), as follows:

18 (a) The amount by which the tax increment revenues the
19 authority would have received and retained for the fiscal year,
20 excluding taxes exempt under section 7ff of the general property
21 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
22 exemptions described in subsection (1) were not in effect, exceed
23 the tax increment revenues the authority actually received for the
24 fiscal year.

25 (b) A shortfall required to be reported under subsection
26 (2)(f) that had not previously increased a distribution.

27 (c) An excess amount required to be reported under subsection

1 (2)(f) that had not previously decreased a distribution.

2 (6) A distribution or taxes retained under this section
3 replacing tax increment revenues pledged by an authority or a
4 municipality are subject to any lien of the pledge described in
5 subsection (1), whether or not there has been physical delivery of
6 the distribution.

7 (7) Obligations for which distributions are made under this
8 section are not a debt or liability of this state; do not create or
9 constitute an indebtedness, liability, or obligation of this state;
10 and are not and do not constitute a pledge of the faith and credit
11 of this state.

12 (8) Not later than September 15 of each year, the authority
13 shall provide a copy of the application for approval approved by
14 the department of treasury to the local tax collecting treasurer
15 and provide the amount of the taxes retained and paid to the
16 authority under subsection (5).

17 (9) Calculations of amounts retained and paid and
18 appropriations to be distributed under this section shall be made
19 on the basis of each development area of the authority.

20 (10) The state tax commission may provide that the
21 reimbursement calculations under this section and the calculation
22 of allowable capture of school taxes shall be made for each
23 calendar year's tax increment revenues using a 12-month debt
24 payment period used by the authority and approved by the state tax
25 commission.

26 (11) It is the intent of the legislature that, to the extent
27 that the total amount of taxes levied under the state education tax

1 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
2 retained under this section and section 15a of the brownfield
3 redevelopment financing act, 1996 PA 381, MCL 125.2665a, section
4 312b, and section 213c exceeds the difference of the total school
5 aid fund revenue for the tax year minus the estimated amount of
6 revenue the school aid fund would have received for the tax year
7 had the tax exemptions described in subsection (1) and the earmark
8 created by section 515 of the Michigan business tax act, 2007 PA
9 36, MCL 208.1515, not taken effect, the general fund shall
10 reimburse the school aid fund the difference.

11 Sec. 412. (1) If the board determines that it is necessary for
12 the achievement of the purposes of this part, the board shall
13 prepare and submit a tax increment financing plan to the governing
14 body. The plan shall be in compliance with section 413 and shall
15 include a development plan as provided in section 415. The plan
16 shall also contain the following:

17 (a) A statement of the reasons that the plan will result in
18 the development of captured assessed value that could not otherwise
19 be expected. The reasons may include, but are not limited to,
20 activities of the municipality, authority, or others undertaken
21 before formulation or adoption of the plan in reasonable
22 anticipation that the objectives of the plan would be achieved by
23 some means.

24 (b) An estimate of the captured assessed value for each year
25 of the plan. The plan may provide for the use of part or all of the
26 captured assessed value or, subject to subsection (3), of the tax
27 increment revenues attributable to the levy of any taxing

1 jurisdiction, but the portion intended to be used shall be clearly
2 stated in the plan. The board or the municipality creating the
3 authority may exclude from captured assessed value a percentage of
4 captured assessed value as specified in the plan or growth in
5 property value resulting solely from inflation. If excluded, the
6 plan shall set forth the method for excluding growth in property
7 value resulting solely from inflation.

8 (c) The estimated tax increment revenues for each year of the
9 plan.

10 (d) A detailed explanation of the tax increment procedure.

11 (e) The maximum amount of note or bonded indebtedness to be
12 incurred, if any.

13 (f) The amount of operating and planning expenditures of the
14 authority and municipality, the amount of advances extended by or
15 indebtedness incurred by the municipality, and the amount of
16 advances by others to be repaid from tax increment revenues.

17 (g) The costs of the plan anticipated to be paid from tax
18 increment revenues as received.

19 (h) The duration of the development plan and the tax increment
20 plan.

21 (i) An estimate of the impact of tax increment financing on
22 the revenues of all taxing jurisdictions in which the eligible
23 property is or is anticipated to be located.

24 (j) A legal description of the eligible property to which the
25 tax increment financing plan applies or shall apply upon
26 qualification as eligible property.

27 (k) An estimate of the number of jobs to be created as a

1 result of implementation of the tax increment financing plan.

2 (1) The proposed boundaries of a certified technology park to
3 be created under an agreement proposed to be entered into pursuant
4 to section 412a, or of a certified alternative energy park to be
5 created under an agreement proposed to be entered into pursuant to
6 section 412c, or of a next Michigan development area designated
7 under section 412e, an identification of the real property within
8 the certified technology park, the certified alternative energy
9 park, or the next Michigan development area to be included in the
10 tax increment financing plan for purposes of determining tax
11 increment revenues, and whether personal property located in the
12 certified technology park, the certified alternative energy park,
13 or the next Michigan development area is exempt from determining
14 tax increment revenues.

15 (2) Except as provided in subsection (7), a tax increment
16 financing plan shall provide for the use of tax increment revenues
17 for public facilities for eligible property whose captured assessed
18 value produces the tax increment revenues or, to the extent the
19 eligible property is located within a business development area or
20 a next Michigan development area, for other eligible property
21 located in the business development area or the next Michigan
22 development area. Public facilities for eligible property include
23 the development or improvement of access to and around, or within
24 the eligible property, of road facilities reasonably required by
25 traffic flow to be generated by the eligible property, and the
26 development or improvement of public facilities that are necessary
27 to service the eligible property, whether or not located on that

1 eligible property. If the eligible property identified in the tax
2 increment financing plan is property to which section 402(p)(iv)
3 applies, the tax increment financing plan shall not provide for the
4 use of tax increment revenues for public facilities other than
5 those described in the development plan as of April 1, 1991.

6 Whether or not provided in the tax increment financing plan, if the
7 eligible property identified in the tax increment financing plan is
8 property to which section 402(s)(iv) applies, then to the extent
9 that captured tax increment revenues are utilized for the costs of
10 cleanup of identified soil and groundwater contamination, the
11 captured tax increment revenues shall be first credited against the
12 shares of responsibility for the total costs of cleanup of
13 uncollectible parties who are responsible for the identified soil
14 and groundwater contamination pursuant to law, and then shall be
15 credited on a pro rata basis against the shares of responsibility
16 for the total costs of cleanup of other parties who are responsible
17 for the identified soil and groundwater contamination pursuant to
18 law.

19 (3) The percentage of taxes levied for school operating
20 purposes that is captured and used by the tax increment financing
21 plan and the tax increment financing plans under part 2, part 3,
22 and the brownfield redevelopment financing act, 1996 PA 381, MCL
23 125.2651 to 125.2672, shall not be greater than the percentage
24 capture and use of taxes levied by a municipality or county for
25 operating purposes under the tax increment financing plan and tax
26 increment financing plans under part 2, part 3, and the brownfield
27 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.

1 For purposes of the previous sentence, taxes levied by a county for
2 operating purposes include only millage allocated for county or
3 charter county purposes under the property tax limitation act, 1933
4 PA 62, MCL 211.201 to 211.217a.

5 (4) Except as otherwise provided by this subsection, approval
6 of the tax increment financing plan shall be in accordance with the
7 notice, hearing, disclosure, and approval provisions of sections
8 416 and 417. If the development plan is part of the tax increment
9 financing plan, only 1 hearing and approval procedure is required
10 for the 2 plans together. For a plan submitted by an authority
11 established by 2 or more municipalities under sections 403(2) and
12 404(7) or by an authority established by a next Michigan
13 development corporation under sections 403(3) and 404(8), the
14 notice required by section 416 may be published jointly by the
15 municipalities in which the authority district is located or by the
16 next Michigan development corporation. For a plan submitted by an
17 authority exercising its powers under sections 403(2) and 404(7),
18 the plan shall not be considered approved unless each governing
19 body in which the authority district is located makes the
20 determinations required by section 417 and approves the same plan,
21 including the same modifications, if any, made to the plan by any
22 other governing body. A plan submitted by an authority exercising
23 its powers under sections 403(3) and 404(8) shall be approved if
24 the governing body of the next Michigan development corporation
25 makes the determinations required by section 417.

26 (5) Before the public hearing on the tax increment financing
27 plan, the governing body shall provide a reasonable opportunity to

1 the taxing jurisdictions levying taxes subject to capture to
2 express their views and recommendations regarding the tax increment
3 financing plan. The authority shall fully inform the taxing
4 jurisdictions about the fiscal and economic implications of the
5 proposed tax increment financing plan. The taxing jurisdictions may
6 present their recommendations at the public hearing on the tax
7 increment financing plan. The authority may enter into agreements
8 with the taxing jurisdictions and the governing body of the
9 municipality in which the authority district is located to share a
10 portion of the captured assessed value of the district or to
11 distribute tax increment revenues among taxing jurisdictions. Upon
12 adoption of the plan, the collection and transmission of the amount
13 of tax increment revenues, as specified in this act, shall be
14 binding on all taxing units levying ad valorem property taxes or
15 specific local taxes against property located in the authority
16 district.

17 (6) Property qualified as a public facility under section
18 402(ff)(ii) that is acquired by an authority may be sold, conveyed,
19 or otherwise disposed to any person, public or private, for fair
20 market value or reasonable monetary consideration established by
21 the authority with the concurrence of the Michigan economic
22 development corporation and the municipality in which the eligible
23 property is located based on a fair market value appraisal from a
24 fee appraiser only if the property is sold for fair market value.
25 Unless the property acquired by an authority was located within a
26 certified business park, a certified technology park, a certified
27 alternative energy park, or a next Michigan development area at the

1 time of disposition, an authority shall remit all monetary proceeds
2 received from the sale or disposition of property that qualified as
3 a public facility under section 402(ff)(ii) and was purchased with
4 tax increment revenues to the taxing jurisdictions. Proceeds
5 distributed to taxing jurisdictions shall be remitted in proportion
6 to the amount of tax increment revenues attributable to each taxing
7 jurisdiction in the year the property was acquired. If the property
8 was acquired in part with funds other than tax increment revenues,
9 only that portion of the monetary proceeds received upon
10 disposition that represent the proportion of the cost of
11 acquisition paid with tax increment revenues is required to be
12 remitted to taxing jurisdictions. If the property is located within
13 a certified business park, a certified technology park, or a
14 certified alternative energy park, or a next Michigan development
15 area at the time of disposition, the monetary proceeds received
16 from the sale or disposition of that property may be retained by
17 the authority for any purpose necessary to further the development
18 program for the certified business park, certified technology park,
19 certified alternative energy park, or next Michigan development
20 area in accordance with the tax increment financing plan.

21 (7) The tax increment financing plan may provide for the use
22 of tax increment revenues from a certified technology park for
23 public facilities for any eligible property located in the
24 certified technology park. The tax increment financing plan may
25 provide for the use of tax increment revenues from a certified
26 alternative energy park for public facilities for any eligible
27 property located in the certified alternative energy park. The tax

1 increment financing plan may provide for the use of tax increment
2 revenues within or without the development area from which the tax
3 increment revenues are derived, provided that the tax increment
4 revenues shall be used for public facilities within a next Michigan
5 development area within the municipality whose levy has contributed
6 to the tax increment revenues except as otherwise provided in the
7 interlocal agreement creating the next Michigan development
8 corporation that established the authority.

9 (8) If title to property qualified as a public facility under
10 section 402(ff)(ii) and acquired by an authority with tax increment
11 revenues is sold, conveyed, or otherwise disposed of pursuant to
12 subsection (6) for less than fair market value, the authority shall
13 enter into an agreement relating to the use of the property with
14 the person to whom the property is sold, conveyed, or disposed of,
15 which agreement shall include a penalty provision addressing
16 repayment to the authority if any interest in the property is sold,
17 conveyed, or otherwise disposed of by the person within 12 years
18 after the person received title to the property from the authority.
19 This subsection shall not require enforcement of a penalty
20 provision for a conveyance incident to a merger, acquisition,
21 reorganization, sale-lease back transaction, employee stock
22 ownership plan, or other change in corporate or business form or
23 structure.

24 (9) The penalty provision described in subsection (8) shall
25 not be less than an amount equal to the difference between the fair
26 market value of the property when originally sold, conveyed, or
27 otherwise disposed of and the actual consideration paid by the

1 person to whom the property was originally sold, conveyed, or
2 otherwise disposed of.

3 Sec. 412a. (1) A municipality that has created an authority
4 may apply to the Michigan economic development corporation for
5 designation of all or a portion of the authority district as a
6 certified technology park and to enter into an agreement governing
7 the terms and conditions of the designation. The form of the
8 application shall be in a form specified by the Michigan economic
9 development corporation and shall include information the Michigan
10 economic development corporation determines necessary to make the
11 determinations required under this section.

12 (2) After receipt of an application, the Michigan economic
13 development corporation may designate, pursuant to an agreement
14 entered into under subsection (3), a certified technology park that
15 is determined by the Michigan economic development corporation to
16 satisfy 1 or more of the following criteria based on the
17 application:

18 (a) A demonstration of significant support from an institution
19 of higher education, a private research-based institute, or a
20 large, private corporate research and development center located
21 within the proximity of the proposed certified technology park, as
22 evidenced by, but not limited to, the following types of support:

23 (i) Grants of preferences for access to and commercialization
24 of intellectual property.

25 (ii) Access to laboratory and other facilities owned by or
26 under control of the institution of higher education or private
27 research-based institute.

1 (iii) Donations of services.

2 (iv) Access to telecommunication facilities and other
3 infrastructure.

4 (v) Financial commitments.

5 (vi) Access to faculty, staff, and students.

6 (vii) Opportunities for adjunct faculty and other types of
7 staff arrangements or affiliations.

8 (b) A demonstration of a significant commitment on behalf of
9 the institution of higher education, private research-based
10 institute, or a large, private corporate research and development
11 center to the commercialization of research produced at the
12 certified technology park, as evidenced by the intellectual
13 property and, if applicable, tenure policies that reward faculty
14 and staff for commercialization and collaboration with private
15 businesses.

16 (c) A demonstration that the proposed certified technology
17 park will be developed to take advantage of the unique
18 characteristics and specialties offered by the public and private
19 resources available in the area in which the proposed certified
20 technology park will be located.

21 (d) The existence of or proposed development of a business
22 incubator within the proposed certified technology park that
23 exhibits the following types of resources and organization:

24 (i) Significant financial and other types of support from the
25 public or private resources in the area in which the proposed
26 certified technology park will be located.

27 (ii) A business plan exhibiting the economic utilization and

1 availability of resources and a likelihood of successful
2 development of technologies and research into viable business
3 enterprises.

4 (iii) A commitment to the employment of a qualified full-time
5 manager to supervise the development and operation of the business
6 incubator.

7 (e) The existence of a business plan for the proposed
8 certified technology park that identifies its objectives in a
9 clearly focused and measurable fashion and that addresses the
10 following matters:

11 (i) A commitment to new business formation.

12 (ii) The clustering of businesses, technology, and research.

13 (iii) The opportunity for and costs of development of
14 properties under common ownership or control.

15 (iv) The availability of and method proposed for development
16 of infrastructure and other improvements, including
17 telecommunications technology, necessary for the development of the
18 proposed certified technology park.

19 (v) Assumptions of costs and revenues related to the
20 development of the proposed certified technology park.

21 (f) A demonstrable and satisfactory assurance that the
22 proposed certified technology park can be developed to principally
23 contain eligible property as defined by section 402(s) (iii) and
24 (v) .

25 (3) An authority and a municipality that incorporated the
26 authority may enter into an agreement with the Michigan economic
27 development corporation establishing the terms and conditions

1 governing the certified technology park. Upon designation of the
2 certified technology park pursuant to the terms of the agreement,
3 the subsequent failure of any party to comply with the terms of the
4 agreement shall not result in the termination or rescission of the
5 designation of the area as a certified technology park. The
6 agreement shall include, but is not limited to, the following
7 provisions:

8 (a) A description of the area to be included within the
9 certified technology park.

10 (b) Covenants and restrictions, if any, upon all or a portion
11 of the properties contained within the certified technology park
12 and terms of enforcement of any covenants or restrictions.

13 (c) The financial commitments of any party to the agreement
14 and of any owner or developer of property within the certified
15 technology park.

16 (d) The terms of any commitment required from an institution
17 of higher education or private research-based institute for support
18 of the operations and activities at eligible properties within the
19 certified technology park.

20 (e) The terms of enforcement of the agreement, which may
21 include the definition of events of default, cure periods, legal
22 and equitable remedies and rights, and penalties and damages,
23 actual or liquidated, upon the occurrence of an event of default.

24 (f) The public facilities to be developed for the certified
25 technology park.

26 (g) The costs approved for public facilities under section
27 402(dd).

1 (4) If the Michigan economic development corporation has
2 determined that a sale price or rental value at below market rate
3 will assist in increasing employment or private investment in the
4 certified technology park, the authority and municipality have
5 authority to determine the sale price or rental value for public
6 facilities owned or developed by the authority and municipality in
7 the certified technology park at below market rate.

8 (5) If public facilities developed pursuant to an agreement
9 entered into under this section are conveyed or leased at less than
10 fair market value or at below market rates, the terms of the
11 conveyance or lease shall include legal and equitable remedies and
12 rights to assure the public facilities are used as eligible
13 property. Legal and equitable remedies and rights may include
14 penalties and actual or liquidated damages.

15 (6) Except as otherwise provided in this section, an agreement
16 designating a certified technology park may not be made after
17 December 31, 2002, but any agreement made on or before December 31,
18 2002 may be amended after that date. However, the Michigan economic
19 development corporation may enter into an agreement with a
20 municipality after December 31, 2002 and on or before December 31,
21 2005 if that municipality has adopted a resolution of interest to
22 create a certified technology park before December 31, 2002.

23 (7) The Michigan economic development corporation shall market
24 the certified technology parks and the certified business parks.
25 The Michigan economic development corporation and an authority may
26 contract with each other or any third party for these marketing
27 services.

1 (8) Except as otherwise provided in subsections (9), (10), and
2 (11), the Michigan economic development corporation shall not
3 designate more than 10 certified technology parks. For purposes of
4 this subsection only, 2 certified technology parks located in a
5 county that contains a city with a population of more than 750,000,
6 shall be counted as 1 certified technology park. Not more than 7 of
7 the certified technology parks designated under this section may
8 not include a firm commitment from at least 1 business engaged in a
9 high technology activity creating a significant number of jobs.

10 (9) The Michigan economic development corporation may
11 designate an additional 5 certified technology parks after November
12 1, 2002 and before December 31, 2007. The Michigan economic
13 development corporation shall not accept applications for the
14 additional certified technology parks under this subsection until
15 after November 1, 2002.

16 (10) The Michigan economic development corporation may
17 designate an additional 3 certified technology parks after February
18 1, 2008 and before December 31, 2008. The Michigan economic
19 development corporation shall not accept applications for the
20 additional certified technology parks under this subsection until
21 after February 1, 2008.

22 (11) The Michigan economic development corporation may
23 designate an additional 3 certified technology parks before March
24 31, 2013. It is the intent of the legislature that after the
25 additional 3 certified technology parks are designated under this
26 subsection, no additional certified technology parks shall be
27 designated under this section.

1 (12) The Michigan economic development corporation shall give
2 priority to applications that include new business activity.

3 (13) For an authority established by 2 or more municipalities
4 under sections 403(2) and 404(7), each municipality in which the
5 authority district is located by a majority vote of the members of
6 its governing body may make a limited tax pledge to support the
7 authority's tax increment bonds issued under section 14 or, if
8 authorized by the voters of the municipality, may pledge its full
9 faith and credit for the payment of the principal of and interest
10 on the bonds. The municipalities that have made a pledge to support
11 the authority's tax increment bonds may approve by resolution an
12 agreement among themselves establishing obligations each may have
13 to the other party or parties to the agreement for reimbursement of
14 all or any portion of a payment made by a municipality related to
15 its pledge to support the authority's tax increment bonds.

16 (14) Not including certified technology parks designated under
17 subsection (8), but for certified technology parks designated under
18 subsections (9), (10), and (11) only, this state shall do all of
19 the following:

20 (a) Reimburse intermediate school districts each year for all
21 tax revenue lost that was captured by an authority for a certified
22 technology park designated by the Michigan economic development
23 corporation after October 3, 2002.

24 (b) Reimburse local school districts each year for all tax
25 revenue lost that was captured by an authority for a certified
26 technology park designated by the Michigan economic development
27 corporation after October 3, 2002.

1 (c) Reimburse the school aid fund from funds other than those
2 appropriated in section 411 of the state school aid act of 1979,
3 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
4 calculations under subdivisions (a) and (b) and for all revenue
5 lost that was captured by an authority for a certified technology
6 park designated by the Michigan economic development corporation
7 after October 3, 2002. Foundation allowances calculated under
8 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
9 388.1620, shall not be reduced as a result of tax revenue lost that
10 was captured by an authority for a certified technology park
11 designated by the Michigan economic development corporation under
12 subsection (9), (10), or (11) after October 3, 2002.

13 Sec. 412b. (1) A municipality that has created an authority in
14 which a certified technology park has been designated under this
15 part may enter into an agreement with another authority that does
16 not contain a certified technology park to designate a distinct
17 geographic area within the authority district as a certified
18 technology park. The authority shall consider the advantages of the
19 unique characteristics and specialties offered by the public and
20 private resources available in the distinct geographic area, shall
21 consider the benefits to regional cooperation and collaboration,
22 and shall consider whether designating the additional distinct
23 geographic area adds value to the mission of the designated
24 certified technology park. The distinct geographic area is subject
25 to the provisions of section 412a(3), (4), and (5). The state
26 treasurer shall not approve the capture of amounts levied by the
27 state under the state education tax act, 1993 PA 331, MCL 211.901

1 to 211.906, and by local and intermediate school districts as
2 permitted in section 402(jj)(ii)(B) for more than 9 distinct
3 geographic areas designated under this section. In addition,
4 beginning on July 21, 2015, the state treasurer shall not approve
5 the capture of amounts described in this subsection unless the
6 application for approval of a distinct geographic area under this
7 subsection is also approved by the Michigan economic development
8 corporation as provided in subsection (2). A copy of the
9 designation shall be filed with the Michigan economic development
10 corporation.

11 (2) Beginning on July 21, 2015, the Michigan economic
12 development corporation shall designate the distinct geographic
13 areas under subsection (1) pursuant to a competitive application
14 process that has an initial application period and a final
15 application period and that meets all the following:

16 (a) The initial application period shall begin on July 21,
17 2015 and end on October 1, 2015. All applications submitted during
18 the initial application period shall be approved or denied not
19 later than November 1, 2015. The Michigan economic development
20 corporation may approve up to 3 applications as a result of the
21 initial application period. Applications submitted outside the
22 initial application period shall not be considered under this
23 subdivision.

24 (b) The final application period shall begin on January 1,
25 2016 and end on July 1, 2016. All applications submitted during the
26 final application period shall be approved or denied by September
27 1, 2016. The Michigan economic development corporation may approve

1 the remaining designations available under subsection (1) as a
2 result of the final application period. However, there is no
3 requirement that all 9 designations be made under this section.
4 Applications submitted outside the final application period shall
5 not be considered under this subdivision.

6 (c) The Michigan economic development corporation shall
7 publish the application process and competitive criteria upon which
8 applications will be evaluated on its website. If an application
9 does not meet the requirements of this section, the application
10 shall not be approved by the Michigan economic development
11 corporation.

12 Sec. 412c. (1) A municipality that has created an authority
13 may apply to the Michigan economic development corporation for
14 designation of all or a portion of the authority district as a
15 certified alternative energy park and to enter into an agreement
16 governing the terms and conditions of the designation. The form of
17 the application shall be in a form specified by the Michigan
18 economic development corporation and shall include information the
19 Michigan economic development corporation determines necessary to
20 make the determinations required under this section.

21 (2) After receipt of an application, the Michigan economic
22 development corporation may designate, pursuant to an agreement
23 entered into under subsection (3), a certified alternative energy
24 park that is determined by the Michigan economic development
25 corporation to satisfy 1 or more of the following criteria based on
26 the application:

27 (a) A demonstration that the proposed alternative energy park

1 will be developed to take advantage of the unique characteristics
2 and specialties offered by public and private resources available
3 in the area in which the proposed certified alternative energy park
4 will be located.

5 (b) The existence of or strong likelihood of attracting
6 alternative energy technology businesses to the proposed
7 alternative energy park by exhibiting the following types of
8 resources and organization:

9 (i) Significant financial and other types of support from the
10 public or private resources in the area.

11 (ii) Proposed or actual ownership of land in sufficient
12 quantity as to attract 1 or more major alternative energy
13 technology businesses.

14 (c) The existence of a business plan for the proposed
15 certified alternative energy park that identifies its objectives in
16 a clearly focused and measurable fashion and that addresses the
17 following matters:

18 (i) A commitment to new business formation or major business
19 attraction.

20 (ii) The clustering of businesses, technology, and research
21 within the region.

22 (iii) The opportunity for and costs of development of
23 properties under common ownership or control.

24 (iv) The availability of and method proposed for development
25 and sale or conveyance of shovel-ready sites to include
26 infrastructure and other improvements, including telecommunications
27 technology, necessary for the successful development of the

1 proposed certified alternative energy park.

2 (v) Assumptions of costs and revenues related to the
3 development of the proposed certified alternative energy park.

4 (d) A demonstrable and satisfactory assurance that the
5 proposed certified alternative energy park can be developed to
6 principally contain eligible property as defined by section
7 402(s) (v) and (vi).

8 (e) The proposed certified alternative energy park includes a
9 military installation that was operated by the United States
10 Department of Defense and closed after 1980.

11 (3) An authority and a municipality that incorporated the
12 authority may enter into an agreement with the Michigan economic
13 development corporation establishing the terms and conditions
14 governing the certified alternative energy park. Upon designation
15 of the certified alternative energy park pursuant to the terms of
16 the agreement, the subsequent failure of any party to comply with
17 the terms of the agreement shall not result in the termination or
18 rescission of the designation of the area as a certified
19 alternative energy park. The agreement shall include, but is not
20 limited to, the following provisions:

21 (a) A description of the area to be included within the
22 certified alternative energy park.

23 (b) Covenants and restrictions, if any, upon all or a portion
24 of the properties contained within the certified alternative energy
25 park and terms of enforcement of any covenants or restrictions.

26 (c) The financial commitments of any party to the agreement
27 and of any owner or developer of property, including sale or

1 transfer of ownership or options thereto upon designation of a
2 certified alternative energy park for property within the certified
3 alternative energy park.

4 (d) The terms of enforcement of the agreement, which may
5 include the definition of events of default, cure periods, legal
6 and equitable remedies and rights, and penalties and damages,
7 actual or liquidated, upon the occurrence of an event of default.

8 (e) Proposed method of ownership of the land within the
9 certified alternative energy park.

10 (f) The costs approved for public facilities under section
11 402(dd).

12 (g) Proposed method of operating the certified alternative
13 energy park.

14 (4) If the Michigan economic development corporation has
15 determined that a sale price or rental value at below market rate
16 will assist in increasing employment or private investment in the
17 certified alternative energy park, the authority and municipality
18 have authority to determine the sale price or rental value for
19 public facilities owned or developed by the authority and
20 municipality in the certified alternative energy park at below
21 market rate.

22 (5) If public facilities developed pursuant to an agreement
23 entered into under this section are conveyed or leased at less than
24 fair market value or at below market rates, the terms of the
25 conveyance or lease shall include legal and equitable remedies and
26 rights to assure that the public facilities are used as eligible
27 property. Legal and equitable remedies and rights may include

1 penalties and actual or liquidated damages.

2 (6) Except as otherwise provided in this section, an agreement
3 designating a certified alternative energy park may not be made
4 after December 31, 2012, but any agreement made on or before
5 December 31, 2012 may be amended after that date.

6 (7) The Michigan economic development corporation shall not
7 designate more than 10 certified alternative energy parks. For
8 purposes of this subsection only, certified alternative energy
9 parks located in the same county shall be counted as 1 certified
10 alternative energy park.

11 (8) For an authority established by 2 or more municipalities
12 under sections 403(2) and 404(7), each municipality in which the
13 authority district is located by a majority vote of the members of
14 its governing body may make a limited tax pledge to support the
15 authority's tax increment bonds issued under section 414 or, if
16 authorized by the voters of the municipality, may pledge its full
17 faith and credit for the payment of the principal of and interest
18 on the bonds. The municipalities that have made a pledge to support
19 the authority's tax increment bonds may approve by resolution an
20 agreement among themselves establishing obligations each may have
21 to the other party or parties to the agreement for reimbursement of
22 all or any portion of a payment made by a municipality related to
23 its pledge to support the authority's tax increment bonds.

24 (9) Upon approval of the Michigan economic development
25 corporation, the certified alternative energy park may be owned and
26 operated by an economic development corporation created under the
27 economic development corporations act, 1974 PA 338, MCL 125.1601 to

1 125.1636, or other public body agreeable to all members.

2 Sec. 412d. (1) If an authority determines that a sale price or
3 rental value at below market rate will assist in increasing
4 employment or private investment in a development area, the
5 authority may determine a sale price or rental value for public
6 facilities owned or developed by the authority at below market
7 rate.

8 (2) If public facilities are conveyed or leased at less than
9 fair market value or at below market rates, the terms of the
10 conveyance or lease shall include legal and equitable remedies and
11 rights to assure that the public facilities are used as eligible
12 property. Legal and equitable remedies and rights may include
13 penalties and actual or liquidated damages. If public facilities
14 for public benefit are provided to private owners or users of
15 eligible property, the terms of the conveyance or lease shall
16 include a benefit to the private owner or user.

17 Sec. 412e. (1) A next Michigan development corporation
18 establishing an authority under section 403(3) shall notify the
19 Michigan economic development corporation of the designation of a
20 next Michigan development area.

21 (2) The Michigan economic development corporation shall market
22 the authority district including next Michigan development areas.

23 (3) For an authority exercising its powers under section
24 403(3), each municipality and county which is a party to the
25 interlocal agreement establishing the next Michigan development
26 corporation, or any 1 of them, by a majority vote of the members of
27 its governing body, may make a limited tax pledge to support the

1 authority's tax increment bonds issued under section 414 or, if
2 authorized by the voters of the municipality or county, may pledge
3 its full faith and credit for the payment of the principal of and
4 interest on the bonds. The municipalities or counties that have
5 made a pledge to support the authority's tax increment bonds may
6 approve by resolution an agreement among themselves establishing
7 obligations each may have to the other party or parties to the
8 agreement for reimbursement of all or any portion of a payment made
9 by a municipality or county related to its pledge to support the
10 authority's tax increment bonds.

11 Sec. 413. (1) The city, village, township, school district,
12 and county treasurers shall transmit to the authority tax increment
13 revenues.

14 (2) The authority shall expend the tax increment revenues
15 received for the development program only in accordance with the
16 tax increment financing plan. Tax increment revenues in excess of
17 the estimated tax increment revenues or of the actual costs of the
18 plan to be paid by the tax increment revenues may be retained by
19 the authority only for purposes, that by resolution of the board,
20 are determined to further the development program in accordance
21 with the tax increment financing plan. The excess tax increment
22 revenues not so used shall revert proportionately to the respective
23 taxing jurisdictions. These revenues shall not be used to
24 circumvent existing property tax laws or a local charter that
25 provides a maximum authorized rate for the levy of property taxes.
26 The governing body may abolish the tax increment financing plan if
27 it finds that the purposes for which the plan was established are

1 accomplished. However, the tax increment financing plan may not be
2 abolished, allowed to expire, or otherwise terminate until the
3 principal of, and interest on, bonds issued pursuant to section 414
4 have been paid or funds sufficient to make that payment have been
5 segregated and placed in an irrevocable trust for the benefit of
6 the holders of the bonds.

7 Sec. 414. (1) By resolution of its board and subject to the
8 limitations set forth in this section, the authority may authorize,
9 issue, and sell its tax increment bonds to finance a development
10 program. The bonds are subject to the revised municipal finance
11 act, 2001 PA 34, MCL 141.2101 to 141.2821. The authority may pledge
12 for debt service requirements the tax increment revenues to be
13 received from an eligible property. The bonds issued under this
14 section shall be considered a single series for the purposes of the
15 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
16 141.2821.

17 (2) The municipality by majority vote of the members of its
18 governing body may make a limited tax pledge to support the
19 authority's tax increment bonds or, if authorized by the voters of
20 the municipality, pledge its full faith and credit for the payment
21 of the principal of and interest on the authority's tax increment
22 bonds. The municipality may pledge as additional security for the
23 bonds any money received by the authority or the municipality
24 pursuant to section 410.

25 (3) Bonds and notes issued by the authority and the interest
26 on and income from those bonds and notes are exempt from taxation
27 by the state or a political subdivision of this state.

1 (4) Notwithstanding any other provision of this act, if the
2 state treasurer determines that an authority or municipality can
3 issue a qualified refunding obligation and the authority or
4 municipality does not make a good faith effort to issue the
5 qualified refunding obligation as determined by the state
6 treasurer, the state treasurer may reduce the amount claimed by the
7 authority or municipality under section 411a by an amount equal to
8 the net present value saving that would have been realized had the
9 authority or municipality refunded the obligation or the state
10 treasurer may require a reduction in the capture of tax increment
11 revenues from taxes levied by a local or intermediate school
12 district or this state by an amount equal to the net present value
13 savings that would have been realized had the authority or
14 municipality refunded the obligation. This subsection does not
15 authorize the state treasurer to require the authority or
16 municipality to pledge security greater than the security pledged
17 for the obligation being refunded.

18 Sec. 415. (1) If a board decides to finance a project under
19 this part, it shall prepare a development plan.

20 (2) To the extent necessary to accomplish the proposed
21 development program the development plan shall contain:

22 (a) A description of the property to which the plan applies in
23 relation to the boundaries of the authority district and a legal
24 description of the property.

25 (b) The designation of boundaries of the property to which the
26 plan applies in relation to highways, streets, or otherwise.

27 (c) The location and extent of existing streets and other

1 public facilities in the vicinity of the property to which the plan
2 applies; the location, character, and extent of the categories of
3 public and private land uses then existing and proposed for the
4 property to which the plan applies, including residential,
5 recreational, commercial, industrial, educational, and other uses.

6 (d) A description of public facilities to be acquired for the
7 property to which the plan applies, a description of any repairs
8 and alterations necessary to make those improvements, and an
9 estimate of the time required for completion of the improvements.

10 (e) The location, extent, character, and estimated cost of the
11 public facilities for the property to which the plan applies, and
12 an estimate of the time required for completion.

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

15 (g) A description of any portions of the property to which the
16 plan applies, which the authority desires to sell, donate,
17 exchange, or lease to or from the municipality and the proposed
18 terms.

19 (h) A description of desired zoning changes and changes in
20 streets, street levels, intersections, and utilities.

21 (i) An estimate of the cost of the public facility or
22 facilities, a statement of the proposed method of financing the
23 public facility or facilities, and the ability of the authority to
24 arrange the financing.

25 (j) Designation of the person or persons, natural or
26 corporate, to whom all or a portion of the public facility or
27 facilities is to be leased, sold, or conveyed and for whose benefit

1 the project is being undertaken, if that information is available
2 to the authority.

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

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

23 (m) A plan for establishing priority for the relocation of
24 persons displaced by the development.

25 (n) Provision for the costs of relocating persons displaced by
26 the development, and financial assistance and reimbursement of
27 expenses, including litigation expenses and expenses incident to

1 the transfer of title, in accordance with the standards and
2 provisions of the federal uniform relocation assistance and real
3 property acquisition policies act of 1970, 42 USC 4601 to 4655.

4 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
5 213.332.

6 (p) Other material which the authority or governing body
7 considers pertinent.

8 (3) It shall not be necessary for the board to prepare a
9 development plan pursuant to this section if a development plan
10 that adequately provides for accomplishing the proposed development
11 program has already been prepared and where the development plan
12 has been approved by the board and governing body pursuant to
13 sections 416 and 417.

14 Sec. 416. (1) Before adoption of a resolution approving or
15 amending a development plan or approving or amending a tax
16 increment financing plan, the governing body shall hold a public
17 hearing on the development plan. Notice of the time and place of
18 the hearing shall be given by publication twice in a newspaper of
19 general circulation designated by the municipality, the first of
20 which shall not be less than 20 days before the date set for the
21 hearing. Beginning June 1, 2005, the notice of hearing within the
22 time frame described in this subsection shall be mailed by
23 certified mail to the governing body of each taxing jurisdiction
24 levying taxes that would be subject to capture if the development
25 plan or the tax increment financing plan is approved or amended.

26 (2) Notice of the time and place of hearing on a development
27 plan shall contain the following:

1 (a) A description of the property to which the plan applies in
2 relation to highways, streets, streams, or otherwise.

3 (b) A statement that maps, plats, and a description of the
4 development plan, including the method of relocating families and
5 individuals who may be displaced from the area, are available for
6 public inspection at a place designated in the notice, and that all
7 aspects of the development plan will be open for discussion at the
8 public hearing.

9 (c) Other information that the governing body considers
10 appropriate.

11 (3) At the time set for hearing, the governing body shall
12 provide an opportunity for interested persons to be heard and shall
13 receive and consider communications in writing with reference to
14 the matter. The hearing shall provide the fullest opportunity for
15 expression of opinion, for argument on the merits, and for
16 introduction of documentary evidence pertinent to the development
17 plan. The governing body shall make and preserve a record of the
18 public hearing, including all data presented at that time.

19 Sec. 417. (1) After a public hearing on the development plan
20 or the tax increment financing plan, or both, with notice of the
21 hearing given pursuant to section 416, the governing body shall
22 determine whether the development plan or tax increment financing
23 plan, or both, constitutes a public purpose. If the governing body
24 determines that the development plan or tax increment financing
25 plan, or both, constitutes a public purpose, the governing body may
26 then approve or reject the plan, or approve it with modification,
27 by resolution, based on the following considerations:

1 (a) Whether the development plan meets the requirements set
2 forth in section 415(2) and the tax increment financing plan meets
3 the requirements set forth in section 412(1), (2), and (3).

4 (b) Whether the proposed method of financing the public
5 facility or facilities is feasible and the authority has the
6 ability to arrange the financing.

7 (c) Whether the development is reasonable and necessary to
8 carry out the purposes of this part.

9 (d) Whether the amount of captured assessed value estimated to
10 result from adoption of the plan is reasonable.

11 (e) Whether the land to be acquired under the development plan
12 is reasonably necessary to carry out the purposes of the plan and
13 the purposes of this part.

14 (f) Whether the development plan is in reasonable accord with
15 the approved master plan of the municipality, if an approved master
16 plan exists.

17 (g) Whether public services, such as fire and police
18 protection and utilities, are or will be adequate to service the
19 property.

20 (h) Whether changes in zoning, streets, street levels,
21 intersections, and utilities are reasonably necessary for the
22 project and for the municipality.

23 (2) Except as provided in this subsection, amendments to an
24 approved development plan or tax increment plan must be submitted
25 by the authority to the governing body for approval or rejection
26 following the same notice and public hearing provisions that are
27 necessary for approval or rejection of the original plan. Notice

1 and hearing shall not be necessary for revisions in the estimates
2 of captured assessed value and tax increment revenues.

3 (3) The procedure, adequacy of notice, and findings with
4 respect to purpose and captured assessed value shall be conclusive
5 unless contested in a court of competent jurisdiction within 60
6 days after adoption of the resolution adopting the plan. An
7 amendment, adopted by resolution, to a conclusive plan shall
8 likewise be conclusive unless contested within 60 days after
9 adoption of the resolution adopting the amendment. If a resolution
10 adopting an amendment to the plan is contested, the resolution
11 adopting the plan is not open to contest.

12 Sec. 418. A person to be relocated under this part shall be
13 given not less than 90 days' written notice to vacate unless
14 modified by court order for good cause.

15 Sec. 419. (1) The director of the authority shall prepare and
16 submit for the approval of the board a budget for the operation of
17 the authority for the ensuing fiscal year. The budget shall be
18 prepared in the manner and contain the information required of
19 municipal departments. Before the budget may be adopted by the
20 board, it shall be approved by the governing body. Funds of the
21 municipality shall not be included in the budget of the authority
22 except those funds authorized in this part or by the governing
23 body.

24 (2) The governing body may assess a reasonable pro rata share
25 of the funds for the cost of handling and auditing the funds
26 against the funds of the authority, other than those committed for
27 designated purposes, which cost shall be paid annually by the board

1 pursuant to an appropriate item in its budget.

2 Sec. 420. An authority that completes the purposes for which
3 it was organized shall be dissolved by resolution of the governing
4 body. The property and assets of the authority remaining after the
5 satisfaction of the obligations of the authority shall belong to
6 the municipality or to an agency or instrumentality designated by
7 resolution of the municipality.

8 PART 5

9 Sec. 501. This part shall be known and may be cited as the
10 "nonprofit street railway part".

11 Sec. 503. The legislature finds and declares that there exists
12 in this state a need to encourage the development of transportation
13 facilities and the provision of public transportation services by
14 authorizing the acquiring, owning, constructing, furnishing,
15 equipping, completing, operating, improving, and maintaining of
16 nonprofit street railway companies and systems and that public
17 assistance in acquiring, owning, constructing, furnishing,
18 equipping, completing, operating, improving, and maintaining
19 nonprofit street railway companies and systems in this state is
20 declared to be a public purpose. It is the intent of the
21 legislature that a street railway system constructed by a nonprofit
22 corporation under this part be designed to adapt to or connect with
23 other public transit systems. It is the intent of the legislature
24 that resources expended to construct a street railway system under
25 this part qualify as state and local match funds for transit
26 systems eligible for federal funding.

27 Sec. 505. (1) This part shall be construed liberally to

1 effectuate the legislative intent and the purpose of this part as
2 complete and independent authorization for the performance of each
3 and every act and thing authorized in this part and all powers
4 granted in this part shall be broadly interpreted to effectuate the
5 intent and purposes of this part and not as a limitation of powers.

6 (2) The powers conferred in this part upon a street railway
7 shall be in addition to any other powers the street railway
8 possesses under law.

9 (3) Unless permitted by the state constitution of 1963 or this
10 part or agreed to by a street railway, any restrictions, standards,
11 conditions, or prerequisites of a city, village, or township
12 otherwise applicable only to a street railway and enacted after
13 January 12, 2009 do not apply to a street railway. This subsection
14 is intended to prohibit special local legislation or ordinances
15 applicable exclusively or primarily to a street railway and not to
16 exempt a street railway from laws generally applicable to other
17 persons or entities.

18 Sec. 507. As used in this part:

19 (a) "Department" means the state transportation department.

20 (b) "Nonprofit corporation" means that term as defined under
21 section 108 of the nonprofit corporation act, 1982 PA 162, MCL
22 450.2108.

23 (c) "Public street or highway" means any state trunk line
24 highway, county road, or city or village street maintained by a
25 road authority.

26 (d) "Railroad" means that term as defined under section 109 of
27 the railroad code of 1993, 1993 PA 354, MCL 462.109.

1 (e) "Operating license agreement" means an agreement entered
2 into under section 513 by and among a street railway and each road
3 authority with jurisdiction over public streets and highways upon
4 which the street railway operates or seeks to operate a street
5 railway system, including, but not limited to, each city, village,
6 or township road authority in the city, village, or township in
7 which the street railway operates or seeks to operate a street
8 railway system.

9 (f) "Road authority" means each governmental agency with
10 jurisdiction over public streets and highways. Road authority
11 includes the department, any other state agency, and
12 intergovernmental, county, city, and village governmental agencies
13 responsible for the construction, repair, and maintenance of
14 streets and highways. When a street railway operates or seeks to
15 operate a street railway system over public streets and highways
16 over which more than 1 road authority possesses jurisdiction, road
17 authority includes each road authority with jurisdiction over
18 public streets and highways upon which the street railway operates
19 or seeks to operate a street railway system.

20 (g) "Street railway" means a nonprofit corporation organized
21 under this part for the purpose of operating a street railway
22 system other than a railroad train for transporting individuals or
23 property. Street railway includes a nonprofit corporation
24 incorporated under the nonprofit corporation act, 1982 PA 162, MCL
25 450.2101 to 450.3192, by a street railway organized under section
26 511, or by 1 or more members of the board of directors of a street
27 railway for the purpose of assisting the street railway in

1 acquiring, owning, constructing, furnishing, equipping, completing,
2 operating, improving, or maintaining a street railway system or for
3 the purpose of financing a street railway system.

4 (h) "Street railway system" means the facilities, equipment,
5 and personnel required to provide and maintain a public
6 transportation system operated on rails at grade or above or below
7 ground within a city, village, or township utilizing streetcars,
8 trolleys, light rail vehicles, or trams for the transportation of
9 individuals or property. Street railway system also includes
10 necessary power feeds, signals, and stops or stations within a
11 public right-of-way. Street railway system excludes facilities and
12 improvements that are not required to maintain a public
13 transportation system.

14 Sec. 509. (1) After January 12, 2009, 1 or more persons may
15 organize a street railway under this part for the purpose of
16 acquiring, owning, constructing, furnishing, equipping, completing,
17 operating, improving, and maintaining a street railway system by
18 signing in ink and filing articles of incorporation for the street
19 railway. The articles shall include all of the following:

20 (a) The name of the street railway, which shall include the
21 words "rail", "railway", "street railway", "light rail", or "metro
22 rail".

23 (b) The purpose for which the corporation is organized, which
24 shall be limited to acquiring, owning, constructing, furnishing,
25 equipping, completing, operating, improving, and maintaining a
26 street railway system.

27 (c) The city, village, or township in which the street railway

1 system will principally operate.

2 (2) Articles of incorporation shall be filed with the bureau
3 of commercial services of the department of talent and economic
4 development as provided under the nonprofit corporation act, 1982
5 PA 162, MCL 450.2101 to 450.3192.

6 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
7 to 450.3192, shall apply to a street railway organized under this
8 section unless otherwise provided in or inconsistent with this
9 part.

10 Sec. 511. (1) A nonprofit corporation may become a street
11 railway under this part and acquire, own, construct, furnish,
12 equip, complete, operate, improve, and maintain a street railway
13 system in a city if on and after January 12, 2009 the articles of
14 incorporation for the nonprofit corporation are amended to include
15 all of the following provisions:

16 (a) A provision authorizing the name of the corporation, to
17 include the words "rail", "railway", or "street railway", "light
18 rail", or "metro rail".

19 (b) A provision detailing the purposes for which the
20 corporation is organized, which shall be limited to purposes
21 related to acquiring, owning, constructing, furnishing, equipping,
22 completing, operating, improving, and maintaining a street railway
23 system.

24 (c) A provision indicating the city in which the street
25 railway system will principally operate.

26 (2) Amendments to the articles of incorporation of a nonprofit
27 corporation under this section shall be adopted and filed with the

1 bureau of commercial services of the department of talent and
2 economic development as provided under the nonprofit corporation
3 act, 1982 PA 162, MCL 450.2101 to 450.3192.

4 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
5 to 450.3192, shall apply to a street railway organized under this
6 section unless otherwise provided in or inconsistent with this
7 part.

8 Sec. 513. (1) A street railway may acquire, own, construct,
9 furnish, equip, complete, operate, improve, and maintain a street
10 railway system in and upon the streets and highways of a road
11 authority with the approval of the road authority, on terms and
12 conditions imposed by the road authority. The approval shall be
13 embodied in an operating license agreement between a street railway
14 and each road authority with jurisdiction over public streets and
15 highways upon which the street railway operates or seeks to operate
16 a street railway system, including, but not limited to, a city,
17 village, or township road authority located in the city, village,
18 or township in which the street railway system operates or seeks to
19 operate. An operating license agreement shall include the terms and
20 conditions for operation of the street railway system. An operating
21 license agreement may require the street railway to pay the direct
22 administrative costs incurred by the road authority in
23 administering the operating license agreement. An operating license
24 agreement shall not require a street railway to acquire, accept
25 responsibility for, or obligate itself to assume liability for or
26 pay for any legacy costs of a public transportation provider.
27 Before approving a proposed operating license agreement, a road

1 authority shall hold a public hearing on the proposed operating
2 license agreement. The hearing shall be held in the city, village,
3 or township in which the street railway seeks to operate a street
4 railway system and shall be held in compliance with the open
5 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the
6 public hearing shall be provided not less than 20 days before the
7 date of the hearing. One or more road authorities may conduct a
8 joint public hearing under this section. At a public hearing, a
9 street railway and a road authority may present information
10 regarding the proposed operating licensing agreement. When
11 operating in and upon the streets and highways of a road authority,
12 a street railway is subject to rules, regulations, or ordinances
13 imposed by the road authority. A street railway shall not construct
14 a street railway system in and upon the streets and highways of a
15 road authority until the street railway accepts in writing any
16 terms and conditions imposed by the road authority, the operating
17 license agreement is approved under this section, and the agreement
18 is filed with each road authority with jurisdiction over public
19 streets and highways upon which the street railway will operate. A
20 road authority may approve or disapprove an operating license
21 agreement. A decision of a road authority regarding an operating
22 license agreement is final and binding upon a street railway and
23 other interested persons. The street railway shall pay a road
24 authority for all of the road authority's costs incurred in
25 constructing the street railway system, mitigating the impact of
26 the street railway system on road users, the environment, and the
27 surrounding neighborhoods, and modifying the streets or highways

1 impacted by construction of the street railway system, as provided
2 in the operating license agreement. As a condition to obtaining or
3 holding an operating license agreement, a road authority shall not
4 require a street railway to obtain any other license or franchise,
5 assess any other fee or charge, or impose any other licensing,
6 regulatory, or franchise requirement, including a provision
7 regulating schedules or fares of a street railway, unless expressly
8 authorized under this part.

9 (2) A street railway may acquire, own, construct, furnish,
10 equip, complete, operate, improve, and maintain a street railway
11 system upon public or private rights of way, and obtain easements
12 when necessary for a street railway to acquire and use private
13 property for acquiring, owning, constructing, furnishing,
14 equipping, completing, operating, improving, and maintaining a
15 street railway system.

16 (3) After a road authority consents to the acquiring, owning,
17 constructing, furnishing, equipping, completing, operating,
18 improving, and maintaining of a street railway system on the
19 streets or highways of the road authority or grants a right or
20 privilege to the street railway by entering into an operating
21 license agreement with the street railway, the road authority may
22 not revoke the consent or deprive the street railway of the rights
23 and privileges conferred without affording the street railway
24 procedural due process of law if and to the extent provided in the
25 operating license agreement.

26 (4) A street railway may do 1 or more of the following:

27 (a) Acquire by gift, devise, transfer, exchange, purchase,

1 lease, or otherwise on terms and conditions and in a manner the
2 street railway considers proper property or rights or interests in
3 property relating to the operation of the street railway or street
4 railway system.

5 (b) Take, transport, or carry and convey individuals and
6 property on a street railway system and receive just and fair
7 compensation from users of the street railway system for that
8 purpose.

9 (c) Erect and maintain all necessary and convenient buildings,
10 structures, stations, depots, fixtures, and machinery for the
11 accommodation and use of individuals and property transported by
12 the street railway.

13 (d) Regulate the time and manner in which individuals and
14 property are transported by the street railway and fares or other
15 compensation are paid for that purpose. A street railway may charge
16 just and fair compensation for the use of its street railway
17 system.

18 (e) Borrow money and issue bonds and notes for any
19 indebtedness incurred and mortgage street railway property and
20 rights to secure the payment of bonds, notes, money borrowed, and
21 any and all debts and liabilities incurred by the street railway. A
22 street railway shall not use tax increments to repay bonds and
23 notes.

24 (f) Transfer a street railway system to a public entity
25 operating a public transportation system, with the consent of the
26 public entity, if the transfer is authorized by a law enacted after
27 January 12, 2009.

1 (5) As used in this section, "public transportation provider"
2 means that term as defined in section 2 of the regional transit
3 authority act, 2012 PA 387, MCL 124.542.

4 Sec. 515. (1) Subject to applicable law and applicable
5 regulations of this state, a city, a township, or a village, a
6 street railway may generate, store, transmit, distribute, dispense,
7 furnish, or use electricity and electric power for use or
8 consumption by the street railway and the street railway system.

9 (2) For a street railway that constructs, expands, or modifies
10 a street railway system outside of a qualified city, if the street
11 railway requests a public utility to modify or relocate facilities
12 of the public utility that lie within a public street or highway
13 right of way, or if, in response to the construction, expansion, or
14 modification of a street railway system a public utility determines
15 that the public utility should modify or relocate the public
16 utility's facilities, consistent with law, regulation, or sound
17 utility practice and unless the street railway and the public
18 utility agree otherwise, the street railway shall pay all costs of
19 the relocation and modification of the facilities to the public
20 utility.

21 (3) A street railway that constructs, expands, or modifies a
22 street railway system in a qualified city shall protect and keep in
23 place the facilities of a public utility affected by the
24 construction, expansion, or modification of the street railway
25 system in a public highway, street, or right-of-way unless sound
26 utility practice requires modification or relocation of the
27 facilities. If sound utility practice requires modification or

1 relocation of the facilities, the street railway shall pay the cost
2 of the modification or relocation, unless 1 or both of the
3 following apply:

4 (a) Modification or relocation of the public utility's
5 facilities is required because the facilities are at an
6 unauthorized location in the public highway, street, or right-of-
7 way. If the facilities are located anywhere in a public highway,
8 street, or right-of-way, there is a rebuttable presumption that the
9 public utility's facilities are at an authorized location in the
10 public highway, street, or right-of-way.

11 (b) The street railway and the public utility agree to an
12 alternative cost allocation.

13 (4) Notwithstanding subsection (3), a qualified city and a
14 street railway may agree that the street railway pay the cost of
15 modifying or relocating a public utility's facilities in the
16 qualified city if the modification or relocation is required by the
17 modification or relocation of a street railway system by the street
18 railway in a public highway, street, or right-of-way in the
19 qualified city.

20 (5) The property of a street railway and its income and
21 operations are exempt from all taxation by this state or a
22 political subdivision of this state.

23 (6) A public utility or a street railway may bring an action
24 in circuit court to enforce the provisions of this section. This
25 remedy is in addition to any other remedy that may exist at law.

26 (7) As used in this section:

27 (a) "Public utility" includes a provider of communications,

1 data, cable television, electricity, heat, natural or manufactured
2 gas, steam, sewage, video, water, or other similar services. Public
3 utility also includes a telecommunications provider and a video
4 service provider.

5 (b) "Qualified city" means a city that has incorporated an
6 authority under the municipal lighting authority act, 2012 PA 392,
7 MCL 123.1261 to 123.1295.

8 (c) "Telecommunications provider" means that term as defined
9 in section 102 of the Michigan telecommunications act, 1991 PA 179,
10 MCL 484.2102.

11 (d) "Video service provider" means that term as defined in
12 section 1 of the uniform video services local franchise act, 2006
13 PA 480, MCL 484.3301.

14 Sec. 517. (1) In constructing a street railway system, a
15 street railway shall conform to grades established by a road
16 authority for a public street or highway traversed by the street
17 railway.

18 (2) A street railway shall not alter or change the grade or
19 line of any public street or highway, without the consent of the
20 road authority with public jurisdiction over the public street or
21 highway.

22 (3) A street railway shall lay and maintain the track of a
23 street railway system in a manner and with the type of track to
24 keep the track and the pavement of the public street or highway
25 adjacent to the track in a state of condition and repair as
26 prescribed by the road authority with jurisdiction over the public
27 street or highway.

1 Sec. 519. A road authority may establish and prescribe rules
2 and regulations applicable to a street railway operating in or upon
3 a public street or highway under the jurisdiction of a road
4 authority relating to 1 or more of the following subjects:

5 (a) Grading, paving, obstruction, or repairing of a street or
6 highway.

7 (b) Construction, maintenance, or obstruction of public
8 service facilities and infrastructure, including water, light,
9 heat, power, sewage disposal, and transportation.

10 (c) Construction, maintenance, or obstruction of traffic
11 control and parking control facilities and infrastructure.

12 Sec. 521. (1) If a person refuses to pay a fare owed to a
13 street railway or refuses to obey regulations established by the
14 street railway for the convenience and safety of passengers, the
15 street railway may remove the person from the streetcar, tram, or
16 trolley at a usual stopping place.

17 (2) A person who causes or attempts to cause the derailment of
18 a streetcar, tram, or trolley of a street railway by the placing of
19 an impediment upon the track of a street railway, whether the
20 streetcar, tram, or trolley is dislodged from the track or not, or
21 who by any other means whatsoever willfully endangers or attempts
22 to endanger the life of any person engaged in the work of the
23 street railway, or any person traveling on the streetcar, tram, or
24 trolley of the street railway, is guilty of a felony punishable by
25 imprisonment for life or any number of years. Proof that the person
26 intended to injure or endanger the life of any particular person is
27 not required to prove a violation of this section.

1 (3) A person who throws a stone, brick, or other missile at a
2 streetcar, tram, or trolley of a street railway is guilty of a
3 misdemeanor punishable by a fine of not less than \$100.00 or more
4 than \$500.00 or imprisonment for not less than 10 days or more than
5 90 days, or both.

6 Sec. 523. (1) At the request of a street railway, and with the
7 consent of the department, a city, village, or township in which a
8 street railway system is located may establish a transit operations
9 finance zone for a street railway system if the city, village, or
10 township and the department determine that it is necessary for the
11 best interests of the public to promote and finance transit
12 operations in a zone. A parcel shall not be included in more than 1
13 zone created under this section.

14 (2) The boundaries of a zone shall be established by the city,
15 village, or township and may include parcels that are in whole or
16 in part up to 1/4 mile in distance from the street railway system.
17 Before establishing a zone, the city, village, or township shall
18 consult with the street railway, the department, affected taxing
19 jurisdictions, and any other person or entity that the city,
20 village, or township considers necessary. The city, village, or
21 township may conduct a planning study and may designate a zone
22 before implementation of street railway system service within the
23 zone.

24 (3) If the city, village, or township and the department
25 determine that it is necessary for the best interests of the public
26 to promote and finance transit operations in a zone under
27 subsection (1), the city, village, or township shall enter into an

1 agreement with the street railway and the department for the
2 creation of a zone. The agreement shall include, but not be limited
3 to, all of the following:

4 (a) The geographic boundaries of the zone, including both of
5 the following:

6 (i) The designation of boundaries of the zone in relation to
7 highways, streets, streams, lakes, other bodies of water, or
8 otherwise.

9 (ii) The location and extent of existing streets and other
10 public facilities within the zone, designating the location,
11 character, and extent of the categories of public and private land
12 uses then existing in the zone, including residential,
13 recreational, commercial, industrial, educational, and other uses,
14 and including a legal description of the zone.

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

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

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

22 (e) Any other material that the city, village, or township,
23 the department, or the street railway consider necessary or
24 appropriate.

25 (4) A tax increment financing plan for a zone established
26 under this section shall include a description of the tax increment
27 financing procedure, the distribution of tax increment financing

1 revenue to the street railway, and a statement of the estimated
2 impact of tax increment financing on the assessed value of property
3 in each taxing jurisdiction in the zone. The plan may exclude from
4 captured assessed value growth in property value resulting solely
5 from inflation and, if so, shall include the method for excluding
6 that growth. The plan shall require that tax increment revenue
7 received by a street railway under the plan be used only for the
8 expenses of operating the street railway system. If the street
9 railway subject to an agreement designating a zone under this
10 section ceases to operate a street railway system in the city,
11 village, or township that established the zone, the plan shall
12 terminate and the zone shall be abolished. The plan shall restrict
13 the revenue distributed to a street railway for any tax year to the
14 lesser of 25% of any operating deficit of the street railway for
15 the prior fiscal year or \$4,000,000.00. Before including a tax
16 increment financing plan in an agreement, the city, village, or
17 township shall provide taxing jurisdictions in the zone levying
18 taxes subject to capture under the plan an opportunity to meet with
19 the city, village, or township. The city, village, or township
20 shall fully inform the taxing jurisdictions of the fiscal and
21 economic implications of the plan and the taxing jurisdictions may
22 present recommendations to the city, village, or township on the
23 tax increment financing plan.

24 (5) Before entering into an agreement for the creation of a
25 zone under this section, the city, village, or township shall
26 conduct a public hearing on the proposed agreement. Notice of the
27 public hearing shall be published twice in a newspaper of general

1 circulation in the city, village, or township, not less than 20 or
2 more than 40 days before the date of the hearing. The notice shall
3 state the date, time, and place of the hearing and shall describe
4 the proposed boundaries of the zone. A citizen, taxpayer, or
5 property owner of the city, village, or township, or an official
6 from a taxing jurisdiction within the zone has the right to be
7 heard on the agreement and the proposed boundaries of the zone. The
8 agreement shall not include in the zone land not included in the
9 description contained in the notice of public hearing, but the
10 agreement may exclude described land from the zone in the final
11 determination of the boundaries of the zone. A city, village, or
12 township shall not execute an agreement for the creation of a zone
13 under this section unless the city, village, or township finds that
14 it is necessary for the best interests of the public to promote and
15 finance transit operations in a zone.

16 (6) An agreement designating a zone and establishing its
17 boundaries under this section and any amendments to the agreement
18 shall be filed by the city, village, or township with the secretary
19 of state.

20 (7) The municipal and county treasurers shall transmit tax
21 increment revenues to the treasurer for the city, village, or
22 township in which the street railway system is located for
23 distribution to the street railway according to the tax increment
24 financing plan and the agreement. The street railway shall expend
25 the tax increment revenues only under the terms of the tax
26 increment financing plan and the agreement under this section.
27 Unused funds shall revert proportionately to the respective taxing

1 jurisdictions. Tax increment revenues shall not be used to
2 circumvent existing property tax limitations. The city, village, or
3 township and the department may abolish the zone if the city,
4 village, or township and the department find that the purposes for
5 which the zone was established are accomplished. Annually, the
6 city, village, or township, with assistance from the street
7 railway, shall submit to the department and the state tax
8 commission a report on the status of the tax increment financing
9 revenue. The report shall include all of the following:

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

12 (b) The amount and purpose of expenditures from tax increment
13 revenue.

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

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

16 (e) A description of operating expenditures of the street
17 railway.

18 (8) The state tax commission may institute proceedings to
19 compel enforcement of this section. The state tax commission may
20 promulgate rules necessary for the administration of this section
21 under the administrative procedures act of 1969, 1969 PA 306, MCL
22 24.201 to 24.328.

23 (9) As used in this section:

24 (a) "Assessed value" means the taxable value as determined
25 under section 27a of the general property tax act, 1893 PA 206, MCL
26 211.27a.

27 (b) "Captured assessed value" means the amount in any 1 year

1 by which the current assessed value of a zone, including the
2 assessed value of property for which specific local taxes are paid
3 in lieu of property taxes, exceeds the initial assessed value. The
4 state tax commission shall prescribe the method for calculating
5 captured assessed value.

6 (c) "Initial assessed value" means the assessed value of all
7 the taxable property within the boundaries of a zone at the time
8 the tax increment financing plan is approved, as shown by the most
9 recent equalized assessment roll of the city, village, or township
10 at the time an agreement is approved under this section. Property
11 exempt from taxation at the time of the determination of the
12 initial assessed value shall be included as zero. For the purpose
13 of determining initial assessed value, property for which a
14 specific local tax is paid in lieu of a property tax shall not be
15 considered to be property that is exempt from taxation.

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

18 (e) "Specific local tax" means a tax levied under 1974 PA 198,
19 1976 PA 430, MCL 207.551 to 207.572, the commercial redevelopment
20 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park
21 development act, 1984 PA 385, MCL 207.701 to 207.718, the
22 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,
23 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to
24 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL
25 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The
26 initial assessed value or current assessed value of property
27 subject to a specific local tax shall be the quotient of the

1 specific local tax paid divided by the ad valorem millage rate. The
2 state tax commission shall prescribe the method for calculating the
3 initial assessed value and current assessed value of property for
4 which a specific local tax was paid in lieu of a property tax.

5 (f) "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 zone.
9 Tax increment revenues do not include any of the following:

10 (i) Taxes under the state education tax act, 1993 PA 331, MCL
11 211.901 to 211.906.

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

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

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

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

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

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

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

10 (A) A downtown development authority created under 1975 PA
11 197, MCL 125.1651 to 125.1681.

12 (B) A water resource improvement tax increment finance
13 authority created under the water resource improvement tax
14 increment finance authority act, 2008 PA 94, MCL 125.1771 to
15 125.1794.

16 (C) A tax increment finance authority under the tax increment
17 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

18 (D) A local development finance authority created under the
19 local development finance authority act, 1986 PA 281, MCL 125.2151
20 to 125.2174.

21 (E) A brownfield redevelopment finance authority created under
22 the brownfield redevelopment financing act, 1996 PA 381, MCL
23 125.2651 to 125.2672.

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

27 (G) A corridor improvement authority created under the

1 corridor improvement authority act, 2005 PA 280, MCL 125.2871 to
2 125.2899.

3 (H) A neighborhood improvement authority created under the
4 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
5 125.2932.

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

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

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

15 Sec. 527. (1) Within 30 days of January 12, 2009, the
16 secretary of state or any other agency having records of a street
17 railway formed under this part prior to January 12, 2009 shall
18 certify and transfer the records to the bureau of commercial
19 services of the department of talent and economic development.

20 (2) Any entity formed on or after January 12, 2009 for the
21 purpose of acquiring, owning, constructing, furnishing, equipping,
22 completing, operating, improving, and maintaining a street railway
23 or street railway system shall be organized under this part.

24 (3) A street railway is not subject to the railroad code of
25 1993, 1993 PA 354, MCL 462.101 to 462.451.

26 PART 6

27 Sec. 601. This part shall be known and may be cited as the

1 "corridor improvement authority part".

2 Sec. 602. As used in this part:

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

10 (b) "Assessed value" means the taxable value as determined
11 under section 27a of the general property tax act, 1893 PA 206, MCL
12 211.27a.

13 (c) "Authority" means a corridor improvement authority created
14 under section 604(1) or a joint authority created under section
15 604(2).

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

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

19 (f) "Captured assessed value" means the amount in any 1 year
20 by which the current assessed value of the development area,
21 including the assessed value of property for which specific local
22 taxes are paid in lieu of property taxes as determined in section
23 603(e), exceeds the initial assessed value. The state tax
24 commission shall prescribe the method for calculating captured
25 assessed value.

26 (g) "Chief executive officer" means the mayor of a city, the
27 president of a village, or the supervisor of a township.

1 (h) "Development area" means that area described in section
2 605 to which a development plan is applicable.

3 (i) "Development plan" means that information and those
4 requirements for a development area set forth in section 621.

5 (j) "Development program" means the implementation of the
6 development plan.

7 (k) "Fiscal year" means the fiscal year of the authority.

8 (l) "Governing body" or "governing body of a municipality"
9 means the elected body of a municipality having legislative powers
10 or, for a joint authority created under section 604(2), the elected
11 body of each municipality having legislative powers that is a
12 member of the joint authority.

13 (m) "Initial assessed value" means the assessed value, as
14 equalized, of all the taxable property within the boundaries of the
15 development area at the time the resolution establishing or
16 amending the tax increment financing plan is approved, as shown by
17 the most recent assessment roll of the municipality for which
18 equalization has been completed at the time the resolution is
19 adopted. The initial assessed value may be modified once during the
20 term of the tax increment financing plan through an amendment as
21 provided in section 618(4) after the tax increment financing plan
22 fails to generate captured assessed value for 3 consecutive years
23 due to declines in assessed value. Property exempt from taxation at
24 the time of the determination of the initial or amended assessed
25 value shall be included as zero. For the purpose of determining
26 initial or amended assessed value, property for which a specific
27 local tax is paid in lieu of a property tax shall not be considered

1 to be property that is exempt from taxation. The initial assessed
2 value of property for which a specific local tax was paid in lieu
3 of a property tax shall be determined as provided in section
4 603(e).

5 (n) "Land use plan" means a plan prepared under former 1921 PA
6 207, former 1943 PA 184, or a site plan under the Michigan zoning
7 enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

8 (o) "Municipality" means 1 of the following:

9 (i) A city.

10 (ii) A village.

11 (iii) A township.

12 (iv) A combination of 2 or more cities, villages, or townships
13 acting jointly under a joint authority created under section
14 604(2).

15 Sec. 603. As used in this part:

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

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

22 (c) "Public facility" means a street, plaza, pedestrian mall,
23 and any improvements to a street, plaza, or pedestrian mall
24 including street furniture and beautification, sidewalk, trail,
25 lighting, traffic flow modification, park, parking facility,
26 recreational facility, right-of-way, structure, waterway, bridge,
27 lake, pond, canal, utility line or pipe, transit-oriented

1 development, transit-oriented facility, or building, including
2 access routes, that are either designed and dedicated to use by the
3 public generally or used by a public agency, or that are located in
4 a qualified development area and are for the benefit of or for the
5 protection of the health, welfare, or safety of the public
6 generally, whether or not used by 1 or more business entities,
7 provided that any road, street, or bridge shall be continuously
8 open to public access and that other property shall be located in
9 public easements or rights-of-way and designed to accommodate
10 foreseeable development of public facilities in adjoining areas.
11 Public facility includes an improvement to a facility used by the
12 public or a public facility as those terms are defined in section 1
13 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
14 barrier-free design requirements of the state construction code
15 promulgated under the Stille-DeRossett-Hale single state
16 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

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

19 (i) All of the following:

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

22 (B) Contains at least 30 contiguous acres.

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

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

27 (E) Otherwise complies with the requirements of section

1 605(a), (d), (e), and (g).

2 (F) Construction within the qualified development area begins
3 on or before the date 2 years after the effective date of the
4 amendatory act that added this subdivision.

5 (G) Is located in a distressed area.

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

8 (e) "Specific local tax" means a tax levied under 1974 PA 198,
9 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
10 255, MCL 207.651 to 207.668, the technology park development act,
11 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
12 211.182. The initial assessed value or current assessed value of
13 property subject to a specific local tax shall be the quotient of
14 the specific local tax paid divided by the ad valorem millage rate.
15 The state tax commission shall prescribe the method for calculating
16 the initial assessed value and current assessed value of property
17 for which a specific local tax was paid in lieu of a property tax.

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

20 (g) "Tax increment revenues" means the amount of ad valorem
21 property taxes and specific local taxes attributable to the
22 application of the levy of all taxing jurisdictions upon the
23 captured assessed value of real and personal property in the
24 development area. Except as otherwise provided in section 29, tax
25 increment revenues do not include any of the following:

26 (i) Taxes under the state education tax act, 1993 PA 331, MCL
27 211.901 to 211.906.

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

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

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

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

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

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

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

26 (B) The art institute authorities act, 2010 PA 296, MCL
27 123.1201 to 123.1229.

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

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

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

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

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

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

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

19 (v) Has had an unemployment rate higher than the statewide
20 average.

21 Sec. 604. (1) Except as otherwise provided in this subsection,
22 a municipality may establish multiple authorities. A parcel of
23 property shall not be included in more than 1 authority created
24 under this part.

25 (2) A city, village, or township located in a county with a
26 population of more than 335,000 and less than 415,000 and that has
27 not less than 2 state public universities within its boundaries may

1 by resolution join with 1 or more cities, villages, or townships
2 located in a county with a population of more than 335,000 and less
3 than 415,000 and that has not less than 2 state public universities
4 within its boundaries to create a joint authority under this act.

5 (3) An authority is a public body corporate which may sue and
6 be sued in any court of this state. An authority possesses all the
7 powers necessary to carry out its purpose. The enumeration of a
8 power in this part shall not be construed as a limitation upon the
9 general powers of an authority.

10 Sec. 605. A development area shall only be established in a
11 municipality and, except for a development area located in a
12 qualified development area, shall comply with all of the following
13 criteria:

14 (a) Is adjacent to or is within 500 feet of a road classified
15 as an arterial or collector according to the Federal Highway
16 Administration manual "Highway Functional Classification -
17 Concepts, Criteria and Procedures".

18 (b) Contains at least 10 contiguous parcels or at least 5
19 contiguous acres.

20 (c) More than 1/2 of the existing ground floor square footage
21 in the development area is classified as commercial real property
22 under section 34c of the general property tax act, 1893 PA 206, MCL
23 211.34c.

24 (d) Residential use, commercial use, or industrial use has
25 been allowed and conducted under the zoning ordinance or conducted
26 in the entire development area, for the immediately preceding 30
27 years.

1 (e) Is presently served by municipal water or sewer.

2 (f) Is zoned to allow for mixed use that includes high-density
3 residential use.

4 (g) The municipality agrees to all of the following:

5 (i) To expedite the local permitting and inspection process in
6 the development area.

7 (ii) To modify its master plan to provide for walkable
8 nonmotorized interconnections, including sidewalks and streetscapes
9 throughout the development area.

10 Sec. 606. (1) If the governing body of a municipality
11 determines that it is necessary for the best interests of the
12 public to redevelop its commercial corridors and to promote
13 economic growth, the governing body may, by resolution, do 1 of the
14 following:

15 (a) Declare its intention to create and provide for the
16 operation of an authority.

17 (b) Declare its intention to jointly create and provide for
18 the operation of a joint authority created under section 604(2).

19 (2) In the resolution of intent, the governing body shall
20 state that the proposed development area meets the criteria in
21 section 605, set a date for a public hearing on the adoption of a
22 proposed resolution creating the authority, and designate the
23 boundaries of the development area. Notice of the public hearing
24 shall be published twice in a newspaper of general circulation in
25 the municipality, not less than 20 or more than 40 days before the
26 date of the hearing. Not less than 20 days before the hearing, the
27 governing body proposing to create the authority shall also mail

1 notice of the hearing to the property taxpayers of record in the
2 proposed development area, to the governing body of each taxing
3 jurisdiction levying taxes that would be subject to capture if the
4 authority is established and a tax increment financing plan is
5 approved, and to the state tax commission. Failure of a property
6 taxpayer to receive the notice does not invalidate these
7 proceedings. Notice of the hearing shall be posted in at least 20
8 conspicuous and public places in the proposed development area not
9 less than 20 days before the hearing. The notice shall state the
10 date, time, and place of the hearing and shall describe the
11 boundaries of the proposed development area. A citizen, taxpayer,
12 or property owner of the municipality or an official from a taxing
13 jurisdiction with millage that would be subject to capture has the
14 right to be heard in regard to the establishment of the authority
15 and the boundaries of the proposed development area. The governing
16 body of the municipality shall not incorporate land into the
17 development area not included in the description contained in the
18 notice of public hearing, but it may eliminate described lands from
19 the development area in the final determination of the boundaries.

20 (3) Not less than 60 days after the public hearing, if the
21 governing body of the municipality intends to proceed with the
22 establishment of the authority it shall adopt, by majority vote of
23 its members, a resolution establishing the authority and
24 designating the boundaries of the development area within which the
25 authority shall exercise its powers. The adoption of the resolution
26 is subject to any applicable statutory or charter provisions in
27 respect to the approval or disapproval by the chief executive or

1 other officer of the municipality and the adoption of a resolution
2 over his or her veto. This resolution shall be filed with the
3 secretary of state promptly after its adoption and shall be
4 published at least once in a newspaper of general circulation in
5 the municipality.

6 (4) The governing body of the municipality may alter or amend
7 the boundaries of the development area to include or exclude lands
8 from the development area in the same manner as adopting the
9 resolution creating the authority.

10 (5) A municipality that has created an authority may enter
11 into an agreement with an adjoining municipality that has created
12 an authority to jointly operate and administer those authorities
13 under an interlocal agreement under the urban cooperation act of
14 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal
15 agreement shall include, but is not limited to, a plan to
16 coordinate and expedite local inspections and permit approvals, a
17 plan to address contradictory zoning requirements, and a date
18 certain to implement all provisions of these plans. If a
19 municipality enters into an interlocal agreement under this
20 subsection, the municipality shall provide a copy of that
21 interlocal agreement to the state tax commission within 60 days of
22 entering into the interlocal agreement.

23 Sec. 607. If a development area is part of an area annexed to
24 or consolidated with another municipality, the authority managing
25 that development area shall become an authority of the annexing or
26 consolidated municipality. Obligations of that authority incurred
27 under a development or tax increment plan, agreements related to a

1 development or tax increment plan, and bonds issued under this part
2 shall remain in effect following the annexation or consolidation.

3 Sec. 608. (1) Except as provided in subsection (7) or as
4 otherwise provided in subsection (8), an authority shall be under
5 the supervision and control of a board consisting of the chief
6 executive officer of the municipality or his or her assignee and
7 not less than 5 or more than 9 members as determined by the
8 governing body of the municipality. Members shall be appointed by
9 the chief executive officer of the municipality, subject to
10 approval by the governing body of the municipality. Not less than a
11 majority of the members shall be persons having an ownership or
12 business interest in property located in the development area. At
13 least 1 of the members shall be a resident of the development area
14 or of an area within 1/2 mile of any part of the development area.
15 Of the members first appointed, an equal number of the members, as
16 near as is practicable, shall be appointed for 1 year, 2 years, 3
17 years, and 4 years. A member shall hold office until the member's
18 successor is appointed. After the initial appointment, each member
19 shall serve for a term of 4 years. An appointment to fill a vacancy
20 shall be made by the chief executive officer of the municipality
21 for the unexpired term only. Members of the board shall serve
22 without compensation, but shall be reimbursed for actual and
23 necessary expenses. The chairperson of the board shall be elected
24 by the board.

25 (2) Before assuming the duties of office, a member shall
26 qualify by taking and subscribing to the constitutional oath of
27 office.

1 (3) The proceedings and rules of the board are subject to the
2 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
3 shall adopt rules governing its procedure and the holding of
4 regular meetings, subject to the approval of the governing body.
5 Special meetings may be held if called in the manner provided in
6 the rules of the board.

7 (4) After having been given notice and an opportunity to be
8 heard, a member of the board may be removed for cause by the
9 governing body.

10 (5) All expense items of the authority shall be publicized
11 monthly and the financial records shall always be open to the
12 public.

13 (6) A writing prepared, owned, used, in the possession of, or
14 retained by the board in the performance of an official function is
15 subject to the freedom of information act, 1976 PA 442, MCL 15.231
16 to 15.246.

17 (7) If the boundaries of the development area are the same as
18 those of a business improvement district established under 1961 PA
19 120, MCL 125.981 to 125.990m, the governing body of the
20 municipality may provide that the members of the board of the
21 authority shall be the members of the board of the business
22 improvement district and 1 person shall be a resident of the
23 development area or of an area within 1/2 mile of any part of the
24 development area.

25 (8) If 2 or more cities, villages, or townships create a joint
26 authority under section 604(2), the board shall consist of up to 3
27 individuals appointed by the chief executive officer of each city,

1 village, or township that is a member of the joint authority. Each
2 of those individuals shall be appointed for initial staggered terms
3 of 2 years, 3 years, or 4 years. A member shall hold office until
4 the member's successor is appointed. After the initial appointment,
5 each member shall serve for a term of 4 years. An appointment to
6 fill a vacancy shall be made by the chief executive officer of the
7 city, village, or township for the unexpired term only. Members of
8 the board shall serve without compensation, but shall be reimbursed
9 for actual and necessary expenses. The chairperson of the board
10 shall be elected by the board.

11 Sec. 609. (1) The board may employ and fix the compensation of
12 a director, subject to the approval of the governing body of the
13 municipality. The director shall serve at the pleasure of the
14 board. A member of the board is not eligible to hold the position
15 of director. Before beginning his or her duties, the director shall
16 take and subscribe to the constitutional oath, and furnish bond, by
17 posting a bond in the sum determined in the resolution establishing
18 the authority payable to the authority for use and benefit of the
19 authority, approved by the board, and filed with the municipal
20 clerk. The premium on the bond shall be considered an operating
21 expense of the authority, payable from funds available to the
22 authority for expenses of operation. The director shall be the
23 chief executive officer of the authority. Subject to the approval
24 of the board, the director shall supervise and be responsible for
25 the preparation of plans and the performance of the functions of
26 the authority in the manner authorized by this part. The director
27 shall attend the meetings of the board and shall provide to the

1 board and to the governing body of the municipality a regular
2 report covering the activities and financial condition of the
3 authority. If the director is absent or disabled, the board may
4 designate a qualified person as acting director to perform the
5 duties of the office. Before beginning his or her duties, the
6 acting director shall take and subscribe to the oath, and furnish
7 bond, as required of the director. The director shall furnish the
8 board with information or reports governing the operation of the
9 authority as the board requires.

10 (2) The board may employ and fix the compensation of a
11 treasurer, who shall keep the financial records of the authority
12 and who, together with the director, shall approve all vouchers for
13 the expenditure of funds of the authority. The treasurer shall
14 perform all duties delegated to him or her by the board and shall
15 furnish bond in an amount prescribed by the board.

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

22 (4) The board may retain legal counsel to advise the board in
23 the proper performance of its duties. The legal counsel shall
24 represent the authority in actions brought by or against the
25 authority.

26 (5) The board may employ other personnel considered necessary
27 by the board.

1 Sec. 610. The employees of an authority shall be eligible to
2 participate in municipal retirement and insurance programs of the
3 municipality as if they were civil service employees except that
4 the employees of an authority are not civil service employees.

5 Sec. 611. (1) The board may do any of the following:

6 (a) Prepare an analysis of economic changes taking place in
7 the development area.

8 (b) Study and analyze the impact of metropolitan growth upon
9 the development area.

10 (c) Plan and propose the construction, renovation, repair,
11 remodeling, rehabilitation, restoration, preservation, or
12 reconstruction of a public facility, an existing building, or a
13 multiple-family dwelling unit which may be necessary or appropriate
14 to the execution of a plan which, in the opinion of the board, aids
15 in the economic growth of the development area.

16 (d) Plan, propose, and implement an improvement to a public
17 facility within the development area to comply with the barrier
18 free design requirements of the state construction code promulgated
19 under the Stille-DeRossett-Hale single state construction code act,
20 1972 PA 230, MCL 125.1501 to 125.1531.

21 (e) Develop long-range plans, in cooperation with the agency
22 that is chiefly responsible for planning in the municipality,
23 designed to halt the deterioration of property values in the
24 development area and to promote the economic growth of the
25 development area, and take steps as may be necessary to persuade
26 property owners to implement the plans to the fullest extent
27 possible.

1 (f) Implement any plan of development in the development area
2 necessary to achieve the purposes of this part in accordance with
3 the powers of the authority granted by this part.

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

6 (h) On terms and conditions and in a manner and for
7 consideration the authority considers proper or for no
8 consideration, acquire by purchase or otherwise, or own, convey, or
9 otherwise dispose of, or lease as lessor or lessee, land and other
10 property, real or personal, or rights or interests in the property,
11 that the authority determines is reasonably necessary to achieve
12 the purposes of this part, and to grant or acquire licenses,
13 easements, and options.

14 (i) Improve land and construct, reconstruct, rehabilitate,
15 restore and preserve, equip, improve, maintain, repair, and operate
16 any building, including multiple-family dwellings, and any
17 necessary or desirable appurtenances to those buildings, within the
18 development area for the use, in whole or in part, of any public or
19 private person or corporation, or a combination thereof.

20 (j) Fix, charge, and collect fees, rents, and charges for the
21 use of any facility, building, or property under its control or any
22 part of the facility, building, or property, and pledge the fees,
23 rents, and charges for the payment of revenue bonds issued by the
24 authority.

25 (k) Lease, in whole or in part, any facility, building, or
26 property under its control.

27 (l) Accept grants and donations of property, labor, or other

1 things of value from a public or private source.

2 (m) Acquire and construct public facilities.

3 (n) Conduct market research and public relations campaigns,
4 develop, coordinate, and conduct retail and institutional
5 promotions, and sponsor special events and related activities.

6 (o) Contract for broadband service and wireless technology
7 service in a development area.

8 (2) Notwithstanding any other provision of this part, in a
9 qualified development area the board may, in addition to the powers
10 enumerated in subsection (1), do 1 or more of the following:

11 (a) Perform any necessary or desirable site improvements to
12 the land, including, but not limited to, installation of temporary
13 or permanent utilities, temporary or permanent roads and driveways,
14 silt fences, perimeter construction fences, curbs and gutters,
15 sidewalks, pavement markings, water systems, gas distribution
16 lines, concrete, including, but not limited to, building pads,
17 storm drainage systems, sanitary sewer systems, parking lot paving
18 and light fixtures, electrical service, communications systems,
19 including broadband and high-speed Internet, site signage, and
20 excavation, backfill, grading of site, landscaping and irrigation,
21 within the development area for the use, in whole or in part, of
22 any public or private person or business entity, or a combination
23 of these.

24 (b) Incur expenses and expend funds to pay or reimburse a
25 public or private person for costs associated with any of the
26 improvements described in subdivision (a).

27 (c) Make and enter into financing arrangements with a public

1 or private person for the purposes of implementing the board's
2 powers described in this section, including, but not limited to,
3 lease purchase agreements, land contracts, installment sales
4 agreements, sale leaseback agreements, and loan agreements.

5 Sec. 612. The authority is an instrumentality of a political
6 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

7 Sec. 613. A municipality may acquire private property under
8 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to
9 the authority, and may transfer the property to the authority for
10 use in an approved development, on terms and conditions it
11 considers appropriate, and the taking, transfer, and use shall be
12 considered necessary for public purposes and for the benefit of the
13 public.

14 Sec. 614. (1) The activities of the authority shall be
15 financed from 1 or more of the following sources:

16 (a) Donations to the authority for the performance of its
17 functions.

18 (b) Money borrowed and to be repaid as authorized by sections
19 616 and 617.

20 (c) Revenues from any property, building, or facility owned,
21 leased, licensed, or operated by the authority or under its
22 control, subject to the limitations imposed upon the authority by
23 trusts or other agreements.

24 (d) Proceeds of a tax increment financing plan established
25 under sections 618 to 620.

26 (e) Proceeds from a special assessment district created as
27 provided by law.

1 (f) Money obtained from other sources approved by the
2 governing body of the municipality or otherwise authorized by law
3 for use by the authority or the municipality to finance a
4 development program.

5 (2) Money received by the authority and not covered under
6 subsection (1) shall immediately be deposited to the credit of the
7 authority, subject to disbursement under this part. Except as
8 provided in this part, the municipality shall not obligate itself,
9 and shall not be obligated, to pay any sums from public funds,
10 other than money received by the municipality under this section,
11 for or on account of the activities of the authority.

12 Sec. 615. (1) An authority with the approval of the governing
13 body may levy a special assessment as provided by law.

14 (2) The municipality may at the request of the authority
15 borrow money and issue its notes under the revised municipal
16 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
17 of collection of the ad valorem tax authorized in this section.

18 Sec. 616. The authority may, with approval of the local
19 governing body, borrow money and issue its negotiable revenue bonds
20 under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
21 141.140. Revenue bonds issued by the authority are not a debt of
22 the municipality unless the municipality by majority vote of the
23 members of its governing body pledges its full faith and credit to
24 support the authority's revenue bonds. Revenue bonds issued by the
25 authority are never a debt of the state.

26 Sec. 617. (1) The authority may with approval of the local
27 governing body borrow money and issue its revenue bonds or notes to

1 finance all or part of the costs of acquiring or constructing or
2 causing to be constructed property in connection with either of the
3 following:

4 (a) The implementation of a development plan in the
5 development area.

6 (b) The refund, or refund in advance, of bonds or notes issued
7 under this section.

8 (2) Any of the following may be financed by the issuance of
9 revenue bonds or notes:

10 (a) The cost of purchasing, acquiring, constructing,
11 improving, enlarging, extending, or repairing property in
12 connection with the implementation of a development plan in the
13 development area, and, for the implementation of the development
14 plan in a qualified development area, the cost of reimbursing a
15 public or private person for any of those costs.

16 (b) Any engineering, architectural, legal, accounting, or
17 financial expenses.

18 (c) The costs necessary or incidental to the borrowing of
19 money.

20 (d) Interest on the bonds or notes during the period of
21 construction.

22 (e) A reserve for payment of principal and interest on the
23 bonds or notes.

24 (f) A reserve for operation and maintenance until sufficient
25 revenues have developed.

26 (3) The authority may secure the bonds and notes by mortgage,
27 assignment, or pledge of the property and any money, revenues, or

1 income received in connection with the property.

2 (4) A pledge made by the authority is valid and binding from
3 the time the pledge is made. The money or property pledged by the
4 authority immediately is subject to the lien of the pledge without
5 a physical delivery, filing, or further act. The lien of a pledge
6 is valid and binding against parties having claims of any kind in
7 tort, contract, or otherwise, against the authority, whether or not
8 the parties have notice of the lien. Neither the resolution, the
9 trust agreement, nor any other instrument by which a pledge is
10 created must be filed or recorded to be enforceable.

11 (5) Bonds or notes issued under this section are exempt from
12 all taxation in this state except inheritance and transfer taxes,
13 and the interest on the bonds or notes is exempt from all taxation
14 in this state, notwithstanding that the interest may be subject to
15 federal income tax.

16 (6) The municipality is not liable on bonds or notes of the
17 authority issued under this section, and the bonds or notes are not
18 a debt of the municipality. The bonds or notes shall contain on
19 their face a statement to that effect.

20 (7) The bonds and notes of the authority may be invested in by
21 all public officers, state agencies and political subdivisions,
22 insurance companies, banks, savings and loan associations,
23 investment companies, and fiduciaries and trustees, and may be
24 deposited with and received by all public officers and the agencies
25 and political subdivisions of this state for any purpose for which
26 the deposit of bonds is authorized.

27 Sec. 618. (1) If the authority determines that it is necessary

1 for the achievement of the purposes of this part, the authority
2 shall prepare and submit a tax increment financing plan to the
3 governing body of the municipality. The plan shall include a
4 development plan as provided in section 621, a detailed explanation
5 of the tax increment procedure, the maximum amount of bonded
6 indebtedness to be incurred, and the duration of the program, and
7 shall be in compliance with section 619. The plan shall contain a
8 statement of the estimated impact of tax increment financing on the
9 assessed values of all taxing jurisdictions in which the
10 development area is located. The plan may provide for the use of
11 part or all of the captured assessed value, but the portion
12 intended to be used by the authority shall be clearly stated in the
13 tax increment financing plan. The authority or municipality may
14 exclude from captured assessed value growth in property value
15 resulting solely from inflation. The plan shall set forth the
16 method for excluding growth in property value resulting solely from
17 inflation.

18 (2) Approval of the tax increment financing plan shall comply
19 with the notice, hearing, and disclosure provisions of section 622.
20 If the development plan is part of the tax increment financing
21 plan, only 1 hearing and approval procedure is required for the 2
22 plans together.

23 (3) Before the public hearing on the tax increment financing
24 plan, the governing body shall provide a reasonable opportunity to
25 the taxing jurisdictions levying taxes subject to capture to meet
26 with the governing body. The authority shall fully inform the
27 taxing jurisdictions of the fiscal and economic implications of the

1 proposed development area. The taxing jurisdictions may present
2 their recommendations at the public hearing on the tax increment
3 financing plan. The authority may enter into agreements with the
4 taxing jurisdictions and the governing body of the municipality in
5 which the development area is located to share a portion of the
6 captured assessed value of the development area.

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

11 (5) Except for a development area located in a qualified
12 development area, not more than 60 days after the public hearing on
13 the tax increment financing plan, the governing body in a taxing
14 jurisdiction levying ad valorem property taxes that would otherwise
15 be subject to capture may exempt its taxes from capture by adopting
16 a resolution to that effect and filing a copy with the clerk of the
17 municipality proposing to create the authority. The resolution
18 shall take effect when filed with the clerk and remains effective
19 until a copy of a resolution rescinding that resolution is filed
20 with that clerk.

21 Sec. 619. (1) The municipal and county treasurers shall
22 transmit tax increment revenues to the authority.

23 (2) The authority shall expend the tax increment revenues
24 received for the development program only under the terms of the
25 tax increment financing plan. Unused funds shall revert
26 proportionately to the respective taxing bodies. Tax increment
27 revenues shall not be used to circumvent existing property tax

1 limitations. The governing body of the municipality may abolish the
2 tax increment financing plan if it finds that the purposes for
3 which it was established are accomplished. However, the tax
4 increment financing plan shall not be abolished, allowed to expire,
5 or otherwise terminate until the principal of, and interest on,
6 bonds issued under section 620 have been paid or funds sufficient
7 to make the payment have been segregated.

8 Sec. 620. (1) The municipality may by resolution of its
9 governing body authorize, issue, and sell limited general
10 obligation bonds subject to the limitations set forth in this
11 subsection to finance the development program of the tax increment
12 financing plan and shall pledge its full faith and credit for the
13 payment of the bonds. The municipality may pledge as additional
14 security for the bonds any money received by the authority or the
15 municipality under section 614. The bonds are subject to the
16 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
17 141.2821. Before the municipality may authorize the borrowing, the
18 authority shall submit an estimate of the anticipated tax increment
19 revenues and other revenue available under section 614 to be
20 available for payment of principal and interest on the bonds, to
21 the governing body of the municipality. This estimate shall be
22 approved by the governing body of the municipality by resolution
23 adopted by majority vote of the members of the governing body in
24 the resolution authorizing the bonds. If the governing body of the
25 municipality adopts the resolution authorizing the bonds, the
26 estimate of the anticipated tax increment revenues and other
27 revenue available under section 614 to be available for payment of

1 principal and interest on the bonds shall be conclusive for
2 purposes of this section. The bonds issued under this subsection
3 shall be considered a single series for the purposes of the revised
4 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

5 (2) By resolution of its governing body, the authority may
6 authorize, issue, and sell tax increment bonds subject to the
7 limitations set forth in this subsection to finance the development
8 program of the tax increment financing plan. The tax increment
9 bonds issued by the authority under this subsection shall pledge
10 solely the tax increment revenues of a development area in which
11 the project is located or a development area from which tax
12 increment revenues may be used for this project, or both. In
13 addition or in the alternative, the bonds issued by the authority
14 under this subsection may be secured by any other revenues
15 identified in section 614 as sources of financing for activities of
16 the authority that the authority shall specifically pledge in the
17 resolution. However, the full faith and credit of the municipality
18 shall not be pledged to secure bonds issued under this subsection.
19 The bond issue may include a sum sufficient to pay interest on the
20 tax increment bonds until full development of tax increment
21 revenues from the project and also a sum to provide a reasonable
22 reserve for payment of principal and interest on the bonds. The
23 resolution authorizing the bonds shall create a lien on the tax
24 increment revenues and other revenues pledged by the resolution
25 that shall be a statutory lien and shall be a first lien subject
26 only to liens previously created. The resolution may provide the
27 terms upon which additional bonds may be issued of equal standing

1 and parity of lien as to the tax increment revenues and other
2 revenues pledged under the resolution. Bonds issued under this
3 subsection that pledge revenue received under section 615 for
4 repayment of the bonds are subject to the revised municipal finance
5 act, 2001 PA 34, MCL 141.2101 to 141.2821.

6 Sec. 621. (1) If a board decides to finance a project in a
7 development area by the use of revenue bonds as authorized in
8 section 616 or tax increment financing as authorized in sections
9 618, 619, and 620, it shall prepare a development plan.

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

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

13 (b) The location and extent of existing streets and other
14 public facilities within the development area, designating the
15 location, character, and extent of the categories of public and
16 private land uses then existing and proposed for the development
17 area, including residential, recreational, commercial, industrial,
18 educational, and other uses, and including a legal description of
19 the development area.

20 (c) A description of existing improvements in the development
21 area to be demolished, repaired, or altered, a description of any
22 repairs and alterations, and an estimate of the time required for
23 completion.

24 (d) The location, extent, character, and estimated cost of the
25 improvements including rehabilitation contemplated for the
26 development area and an estimate of the time required for
27 completion.

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

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

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

8 (h) A description of desired zoning changes and changes in
9 streets, street levels, intersections, traffic flow modifications,
10 or utilities.

11 (i) An estimate of the cost of the development, a statement of
12 the proposed method of financing the development, and the ability
13 of the authority to arrange the financing.

14 (j) Designation of the person or persons, natural or
15 corporate, to whom all or a portion of the development is to be
16 leased, sold, or conveyed in any manner and for whose benefit the
17 project is being undertaken if that information is available to the
18 authority.

19 (k) The procedures for bidding for the leasing, purchasing, or
20 conveying in any manner of all or a portion of the development upon
21 its completion, if there is no express or implied agreement between
22 the authority and persons, natural or corporate, that all or a
23 portion of the development will be leased, sold, or conveyed in any
24 manner to those persons.

25 (l) Estimates of the number of persons residing in the
26 development area and the number of families and individuals to be
27 displaced. If occupied residences are designated for acquisition

1 and clearance by the authority, a development plan shall include a
2 survey of the families and individuals to be displaced, including
3 their income and racial composition, a statistical description of
4 the housing supply in the community, including the number of
5 private and public units in existence or under construction, the
6 condition of those units in existence, the number of owner-occupied
7 and renter-occupied units, the annual rate of turnover of the
8 various types of housing and the range of rents and sale prices, an
9 estimate of the total demand for housing in the community, and the
10 estimated capacity of private and public housing available to
11 displaced families and individuals.

12 (m) A plan for establishing priority for the relocation of
13 persons displaced by the development in any new housing in the
14 development area.

15 (n) Provision for the costs of relocating persons displaced by
16 the development and financial assistance and reimbursement of
17 expenses, including litigation expenses and expenses incident to
18 the transfer of title, in accordance with the standards and
19 provisions of the uniform relocation assistance and real property
20 acquisition policies act of 1970, Public Law 91-646, 84 Stat 1894.

21 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
22 213.332.

23 (p) The requirement that amendments to an approved development
24 plan or tax increment plan must be submitted by the authority to
25 the governing body for approval or rejection.

26 (q) A schedule to periodically evaluate the effectiveness of
27 the development plan.

1 (r) Other material that the authority, local public agency, or
2 governing body considers pertinent.

3 Sec. 622. (1) The governing body, before adoption of a
4 resolution approving a development plan or tax increment financing
5 plan, shall hold a public hearing on the development plan. Notice
6 of the time and place of the hearing shall be given by publication
7 twice in a newspaper of general circulation designated by the
8 municipality, the first of which shall be not less than 20 days
9 before the date set for the hearing. Notice of the hearing shall be
10 posted in at least 20 conspicuous and public places in the
11 development area not less than 20 days before the hearing. Notice
12 shall also be mailed to all property taxpayers of record in the
13 development area and to the governing body of each taxing
14 jurisdiction levying taxes that would be subject to capture if the
15 tax increment financing plan is approved not less than 20 days
16 before the hearing. The notice of hearing within the time frame
17 described in this subsection shall be mailed by certified mail to
18 the governing body of each taxing jurisdiction levying taxes that
19 would be subject to capture if the tax increment financing plan is
20 approved.

21 (2) Notice of the time and place of hearing on a development
22 plan shall contain all of the following:

23 (a) A description of the proposed development area in relation
24 to highways, streets, streams, or otherwise.

25 (b) A statement that maps, plats, and a description of the
26 development plan, including the method of relocating families and
27 individuals who may be displaced from the area, are available for

1 public inspection at a place designated in the notice.

2 (c) A statement that all aspects of the development plan will
3 be open for discussion at the public hearing.

4 (d) Other information that the governing body considers
5 appropriate.

6 (3) At the time set for the hearing, the governing body shall
7 provide an opportunity for interested persons to speak and shall
8 receive and consider communications in writing. The hearing shall
9 provide the fullest opportunity for expression of opinion, for
10 argument on the merits, and for consideration of documentary
11 evidence pertinent to the development plan. The governing body
12 shall make and preserve a record of the public hearing, including
13 all data presented at the hearing.

14 Sec. 623. The governing body after a public hearing on the
15 development plan or the tax increment financing plan, or both, with
16 notice given under section 622, shall determine whether the
17 development plan or tax increment financing plan constitutes a
18 public purpose. If it determines that the development plan or tax
19 increment financing plan constitutes a public purpose, it shall by
20 resolution approve or reject the plan, or approve it with
21 modification, based on the following considerations:

22 (a) The plan meets the requirements under section 620(2).

23 (b) The proposed method of financing the development is
24 feasible and the authority has the ability to arrange the
25 financing.

26 (c) The development is reasonable and necessary to carry out
27 the purposes of this part.

1 (d) The land included within the development area to be
2 acquired is reasonably necessary to carry out the purposes of the
3 plan and of this part in an efficient and economically satisfactory
4 manner.

5 (e) The development plan is in reasonable accord with the land
6 use plan of the municipality.

7 (f) Public services, such as fire and police protection and
8 utilities, are or will be adequate to service the project area.

9 (g) Changes in zoning, streets, street levels, intersections,
10 and utilities are reasonably necessary for the project and for the
11 municipality.

12 Sec. 624. A person to be relocated under this part shall be
13 given not less than 90 days' written notice to vacate unless
14 modified by court order issued for good cause and after a hearing.

15 Sec. 625. (1) The director of the authority shall submit a
16 budget to the board for the operation of the authority for each
17 fiscal year before the beginning of the fiscal year. The budget
18 shall be prepared in the manner and contain the information
19 required of municipal departments. After review by the board, the
20 budget shall be submitted to the governing body. The governing body
21 must approve the budget before the board may adopt the budget.

22 Unless authorized by the governing body or this part, funds of the
23 municipality shall not be included in the budget of the authority.

24 (2) The governing body of the municipality may assess a
25 reasonable pro rata share of the funds for the cost of handling and
26 auditing the funds against the funds of the authority, other than
27 those committed, which shall be paid annually by the board pursuant

1 to an appropriate item in its budget.

2 Sec. 626. (1) A public facility, building, or structure that
3 is determined by the municipality to have significant historical
4 interests shall be preserved in a manner considered necessary by
5 the municipality in accordance with laws relative to the
6 preservation of historical sites.

7 (2) An authority shall refer all proposed changes to the
8 exterior of sites listed on the state register of historic sites
9 and the national register of historic places to the applicable
10 historic district commission created under the local historic
11 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
12 state housing development authority for review.

13 Sec. 627. An authority that has completed the purposes for
14 which it was organized shall be dissolved by resolution of the
15 governing body. The property and assets of the authority remaining
16 after the satisfaction of the obligations of the authority belong
17 to the municipality.

18 Sec. 629. (1) Subject to the requirements of subsection (2),
19 within 60 days after a development plan for a qualified development
20 area has been approved under section 618, upon written request from
21 the authority, the Michigan economic growth authority under the
22 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
23 207.810, may include the following within the definition of tax
24 increment revenues under section 3(g):

25 (a) Taxes under the state education tax act, 1933 PA 331, MCL
26 211.901 to 211.906.

27 (b) Taxes levied by local or intermediate school districts

1 under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

2 (2) The Michigan economic growth authority may only allow
3 inclusion of the taxes described in subsection (1) in the
4 definition of tax increment revenues if the Michigan economic
5 growth authority under the Michigan economic growth authority act,
6 1995 PA 24, MCL 207.801 to 207.810, determines that the inclusion
7 is necessary to reduce unemployment, promote economic growth, and
8 increase capital investment in a qualified development area.

9 PART 7

10 Sec. 701. This part shall be known and may be cited as the
11 "water resource improvement tax increment finance authority part".

12 Sec. 702. As used in this part:

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

20 (b) "Assessed value" means the taxable value as determined
21 under section 27a of the general property tax act, 1893 PA 206, MCL
22 211.27a.

23 (c) "Authority" means a water resource improvement tax
24 increment finance authority created under this part.

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

26 (e) "Captured assessed value" means the amount in any 1 year
27 by which the current assessed value of the development area,

1 including the assessed value of property for which specific local
2 taxes are paid in lieu of property taxes as determined in section
3 803(d), exceeds the initial assessed value. The state tax
4 commission shall prescribe the method for calculating captured
5 assessed value.

6 (f) "Chief executive officer" means the mayor or city manager
7 of a city, the president or village manager of a village, or the
8 supervisor of a township.

9 (g) "Development area" means that area described in section
10 805 to which a development plan is applicable.

11 (h) "Development plan" means that information and those
12 requirements for a development area set forth in section 822.

13 (i) "Development program" means the implementation of the
14 development plan.

15 (j) "Fiscal year" means the fiscal year of the authority.

16 (k) "Governing body" or "governing body of a municipality"
17 means the elected body of a municipality having legislative powers.

18 (l) "Initial assessed value" means the assessed value of all
19 the taxable property within the boundaries of the development area
20 at the time the ordinance establishing the tax increment financing
21 plan is approved, as shown by the most recent assessment roll of
22 the municipality at the time the resolution is adopted. Property
23 exempt from taxation at the time of the determination of the
24 initial assessed value shall be included as zero. For the purpose
25 of determining initial assessed value, property for which a
26 specific local tax is paid in lieu of a property tax shall not be
27 considered to be property that is exempt from taxation. The initial

1 assessed value of property for which a specific local tax was paid
2 in lieu of a property tax shall be determined as provided in
3 section 803(d).

4 (m) "Inland lake" means a natural or artificial lake, pond, or
5 impoundment. Inland lake does not include the Great Lakes, Lake St.
6 Clair, or a lake or pond that has a surface area of less than 5
7 acres.

8 (n) "Land use plan" means a plan prepared under former 1921 PA
9 207, or a site plan under the Michigan zoning enabling act, 2006 PA
10 110, MCL 125.3101 to 125.3702.

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

12 Sec. 703. As used in this part:

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

19 (c) "Public facility" means a street, and any improvements to
20 a street, including street furniture and beautification, park,
21 parking facility, recreational facility, right-of-way, structure,
22 waterway, bridge, lake, pond, canal, utility line or pipe, or
23 building, including access routes designed and dedicated to use by
24 the public generally, or used by a public agency, that is related
25 to access to inland lakes or a water resource improvement, or means
26 a water resource improvement. Public facility includes an
27 improvement to a facility used by the public or a public facility

1 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
2 if the improvement complies with the barrier free design
3 requirements of the state construction code promulgated under the
4 Stille-DeRossett-Hale single state construction code act, 1972 PA
5 230, MCL 125.1501 to 125.1531.

6 (d) "Specific local tax" means a tax levied under 1974 PA 198,
7 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
8 255, MCL 207.651 to 207.668, the technology park development act,
9 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
10 211.182. The initial assessed value or current assessed value of
11 property subject to a specific local tax shall be the quotient of
12 the specific local tax paid divided by the ad valorem millage rate.
13 The state tax commission shall prescribe the method for calculating
14 the initial assessed value and current assessed value of property
15 for which a specific local tax was paid in lieu of a property tax.

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

18 (f) "Tax increment revenues" means the amount of ad valorem
19 property taxes and specific local taxes attributable to the
20 application of the levy of all taxing jurisdictions upon the
21 captured assessed value of real and personal property in the
22 development area. Tax increment revenues do not include any of the
23 following:

24 (i) Taxes under the state education tax act, 1993 PA 331, MCL
25 211.901 to 211.906.

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

27 (iii) Ad valorem property taxes attributable either to a

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

6 (iv) 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 the ad valorem property
10 taxes.

11 (v) Ad valorem property taxes exempted from capture under
12 section 815(5) or specific local taxes attributable to the ad
13 valorem property taxes.

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

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

22 (i) The elimination of the causes and the proliferation of
23 aquatic nuisance species, as defined in section 3101 of the natural
24 resources and environmental protection act, 1994 PA 451, MCL
25 324.3101.

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

1 (iii) Storm water systems that service existing
2 infrastructure.

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

5 (h) "Water resource improvement district" or "district" means
6 1 or more of the following:

7 (i) An inland body of water and land that is up to 1 mile from
8 the shoreline of an inland lake that contains 1 or more public
9 access points.

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

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

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

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

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

20 Sec. 704. (1) Except as otherwise provided in this subsection,
21 a municipality may establish multiple authorities. A parcel of
22 property shall not be included in more than 1 authority created
23 under this part.

24 (2) An authority is a public body corporate that may sue and
25 be sued in any court of this state. An authority possesses all the
26 powers necessary to carry out its purpose. The enumeration of a
27 power in this part shall not be construed as a limitation upon the

1 general powers of an authority.

2 Sec. 705. (1) If the governing body of a municipality
3 determines that it is necessary for the best interests of the
4 public to promote water resource improvement or access to inland
5 lakes, or both, in a water resource improvement district, the
6 governing body may, by resolution, declare its intention to create
7 and provide for the operation of an authority within the boundaries
8 of a water resource improvement district.

9 (2) In the resolution of intent, the governing body shall set
10 a date for a public hearing on the adoption of a proposed ordinance
11 creating the authority and designating the boundaries of the
12 development area. Notice of the public hearing shall be published
13 twice in a newspaper of general circulation in the municipality,
14 not less than 20 or more than 40 days before the date of the
15 hearing. Not less than 20 days before the hearing, the governing
16 body proposing to create the authority shall also mail notice of
17 the hearing to the property taxpayers of record in the proposed
18 development area and to the governing body of each taxing
19 jurisdiction levying taxes that would be subject to capture if the
20 authority is established and a tax increment financing plan is
21 approved. Failure of a property taxpayer to receive the notice does
22 not invalidate these proceedings. Notice of the hearing shall be
23 posted in at least 20 conspicuous and public places in the proposed
24 development area not less than 20 days before the hearing. The
25 notice shall state the date, time, and place of the hearing and
26 shall describe the boundaries of the proposed development area. A
27 citizen, taxpayer, or property owner of the municipality or an

1 official from a taxing jurisdiction with millage that would be
2 subject to capture has the right to be heard in regard to the
3 establishment of the authority and the boundaries of the proposed
4 development area. The governing body of the municipality shall not
5 incorporate land into the development area not included in the
6 description contained in the notice of public hearing, but it may
7 eliminate described lands from the development area in the final
8 determination of the boundaries.

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

22 (4) The governing body of the municipality may alter or amend
23 the boundaries of the development area to include or exclude lands
24 from the development area in the same manner as adopting the
25 ordinance creating the authority.

26 (5) A municipality that has created an authority may enter
27 into an agreement with an adjoining municipality that has created

1 an authority to jointly operate and administer those authorities
2 under an interlocal agreement under the urban cooperation act of
3 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

4 Sec. 706. If a development area is part of an area annexed to
5 or consolidated with another municipality, the authority managing
6 that development area shall become an authority of the annexing or
7 consolidated municipality. Obligations of that authority incurred
8 under a development or tax increment plan, agreements related to a
9 development or tax increment plan, and bonds issued under this part
10 shall remain in effect following the annexation or consolidation.

11 Sec. 707. (1) An authority shall be under the supervision and
12 control of a board consisting of the chief executive officer of the
13 municipality or his or her designee and not less than 5 or more
14 than 9 members as determined by the governing body of the
15 municipality. Members shall be appointed by the chief executive
16 officer of the municipality, subject to approval by the governing
17 body of the municipality. Not less than a majority of the members
18 shall be persons having an ownership or business interest in
19 property located in the development area. At least 1 of the members
20 shall be a resident of the development area or of an area within
21 1/2 mile of any part of the development area. Of the members first
22 appointed, an equal number of the members, as near as is
23 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
24 years. A member shall hold office until the member's successor is
25 appointed. After the initial appointment, each member shall serve
26 for a term of 4 years. An appointment to fill a vacancy shall be
27 made by the chief executive officer of the municipality for the

1 unexpired term only. Members of the board shall serve without
2 compensation, but shall be reimbursed for actual and necessary
3 expenses. The chairperson of the board shall be elected by the
4 board.

5 (2) Before assuming the duties of office, a member shall
6 qualify by taking and subscribing to the constitutional oath of
7 office.

8 (3) The proceedings and rules of the board are subject to the
9 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
10 shall adopt rules governing its procedure and the holding of
11 regular meetings, subject to the approval of the governing body.
12 Special meetings may be held if called in the manner provided in
13 the rules of the board.

14 (4) After having been given notice and an opportunity to be
15 heard, a member of the board may be removed for cause by the
16 governing body.

17 (5) All expense items of the authority shall be publicized
18 monthly and the financial records shall always be open to the
19 public.

20 (6) A writing prepared, owned, used, in the possession of, or
21 retained by the board in the performance of an official function is
22 subject to the freedom of information act, 1976 PA 442, MCL 15.231
23 to 15.246.

24 Sec. 708. (1) The board may employ and fix the compensation of
25 a director, subject to the approval of the governing body of the
26 municipality. The director shall serve at the pleasure of the
27 board. A member of the board is not eligible to hold the position

1 of director. Before beginning his or her duties, the director shall
2 take and subscribe to the constitutional oath, and furnish bond, by
3 posting a bond in the sum determined in the ordinance establishing
4 the authority payable to the authority for use and benefit of the
5 authority, approved by the board, and filed with the municipal
6 clerk. The premium on the bond shall be considered an operating
7 expense of the authority, payable from funds available to the
8 authority for expenses of operation. The director shall be the
9 chief executive officer of the authority. Subject to the approval
10 of the board, the director shall supervise and be responsible for
11 the preparation of plans and the performance of the functions of
12 the authority in the manner authorized by this part. The director
13 shall attend the meetings of the board and shall provide to the
14 board and to the governing body of the municipality a regular
15 report covering the activities and financial condition of the
16 authority. If the director is absent or disabled, the board may
17 designate a qualified person as acting director to perform the
18 duties of the office. Before beginning his or her duties, the
19 acting director shall take and subscribe to the oath, and furnish
20 bond, as required of the director. The director shall furnish the
21 board with information or reports governing the operation of the
22 authority as the board requires.

23 (2) The board may employ and fix the compensation of a
24 treasurer, who shall keep the financial records of the authority
25 and who, together with the director, shall approve all vouchers for
26 the expenditure of funds of the authority. The treasurer shall
27 perform all duties delegated to him or her by the board and shall

1 furnish bond in an amount prescribed by the board.

2 (3) The board may employ and fix the compensation of a
3 secretary, who shall maintain custody of the official seal and of
4 records, books, documents, or other papers not required to be
5 maintained by the treasurer. The secretary shall attend meetings of
6 the board and keep a record of its proceedings and shall perform
7 other duties delegated by the board.

8 (4) The board may retain legal counsel to advise the board in
9 the proper performance of its duties. The legal counsel shall
10 represent the authority in actions brought by or against the
11 authority.

12 (5) The board may employ other personnel considered necessary
13 by the board.

14 Sec. 709. The employees of an authority shall be eligible to
15 participate in municipal retirement and insurance programs of the
16 municipality as if they were civil service employees except that
17 the employees of an authority are not civil service employees.

18 Sec. 710. (1) The board may do any of the following:

19 (a) Prepare an analysis of water resource improvement and
20 access to inland lakes issues taking place in the development area.

21 (b) Study and analyze the need for water resource improvements
22 and access to inland lakes upon the development area.

23 (c) Plan and propose the construction, renovation, repair,
24 remodeling, rehabilitation, restoration, preservation, or
25 reconstruction of a public facility that may be necessary or
26 appropriate to the execution of a plan that, in the opinion of the
27 board, aids in water resource improvement or access to inland lakes

1 in the development area. The board is encouraged to develop a plan
2 that conserves the natural features, reduces impervious surfaces,
3 and uses landscaping and natural features to reflect the
4 predevelopment site.

5 (d) Plan, propose, and implement an improvement to a public
6 facility within the development area to comply with the barrier
7 free design requirements of the state construction code promulgated
8 under the Stille-DeRossett-Hale single state construction code act,
9 1972 PA 230, MCL 125.1501 to 125.1531.

10 (e) Develop long-range plans for water resource improvement
11 and access to inland lakes within the district.

12 (f) Implement any plan of development for water resource
13 improvement and access to inland lakes in the development area
14 necessary to achieve the purposes of this part in accordance with
15 the powers of the authority granted by this part.

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

18 (h) Acquire by purchase or otherwise, on terms and conditions
19 and in a manner the authority considers proper or own, convey, or
20 otherwise dispose of, or lease as lessor or lessee, land and other
21 property, real or personal, or rights or interests in the property,
22 that the authority determines is reasonably necessary to achieve
23 the purposes of this part, and to grant or acquire licenses,
24 easements, and options.

25 (i) Improve land and construct, reconstruct, rehabilitate,
26 restore and preserve, equip, clear, improve, maintain, and repair
27 any public facility, building, and any necessary or desirable

1 appurtenances to those buildings and operate a water resource
2 improvement, as determined by the authority to be reasonably
3 necessary to achieve the purposes of this part, within the
4 development area for the use, in whole or in part, of any public or
5 private person or corporation, or a combination thereof.

6 (j) Fix, charge, and collect fees, rents, and charges for the
7 use of any facility, building, or property under its control or any
8 part of the facility, building, or property, and pledge the fees,
9 rents, and charges for the payment of revenue bonds issued by the
10 authority.

11 (k) Lease, in whole or in part, any facility, building, or
12 property under its control.

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

15 (m) Acquire and construct public facilities.

16 (n) Plan and implement water resource improvements in harbors
17 of the Great Lakes and their tributaries, including, but not
18 limited to, dredging, removal of spoils, and other improvements or
19 maintenance activities that enhance navigability of a waterway.

20 (2) The board shall prepare a water resource management plan
21 in consultation with the department of environmental quality, the
22 department of natural resources, or any other entity with expertise
23 in water quality management and invasive species management.

24 (3) The board may apply for the necessary state and federal
25 permits required for a public facility or a water resource
26 improvement under this part.

27 Sec. 711. The authority is an instrumentality of a political

1 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

2 Sec. 712. (1) The activities of the authority shall be
3 financed from 1 or more of the following sources:

4 (a) Donations to the authority for the performance of its
5 functions.

6 (b) Money borrowed and to be repaid as authorized by sections
7 713 and 714.

8 (c) Revenues from any property, building, or facility owned,
9 leased, licensed, or operated by the authority or under its
10 control, subject to the limitations imposed upon the authority by
11 trusts or other agreements.

12 (d) Proceeds of a tax increment financing plan established
13 under sections 715 to 717.

14 (e) Proceeds from a special assessment district created as
15 provided by law.

16 (f) Money obtained from other sources approved by the
17 governing body of the municipality or otherwise authorized by law
18 for use by the authority or the municipality to finance a
19 development program.

20 (2) Money received by the authority and not covered under
21 subsection (1) shall immediately be deposited to the credit of the
22 authority, subject to disbursement under this part. Except as
23 provided in this part, the municipality shall not obligate itself,
24 and shall not be obligated, to pay any sums from public funds,
25 other than money received by the municipality under this section,
26 for or on account of the activities of the authority.

27 Sec. 713. The authority may borrow money and issue its

1 negotiable revenue bonds under the revenue bond act of 1933, 1933
2 PA 94, MCL 141.101 to 141.140.

3 Sec. 714. (1) The authority may with approval of the local
4 governing body borrow money and issue its revenue bonds or notes to
5 finance all or part of the costs of water resource improvements in
6 connection with either of the following:

7 (a) The implementation of a development plan in the
8 development area.

9 (b) The refund, or refund in advance, of bonds or notes issued
10 under this section.

11 (2) Any of the following may be financed by the issuance of
12 revenue bonds or notes:

13 (a) The cost of purchasing, acquiring, constructing,
14 improving, enlarging, extending, or repairing property in
15 connection with the implementation of a development plan in the
16 development area.

17 (b) Any engineering, architectural, legal, accounting, or
18 financial expenses.

19 (c) The costs necessary or incidental to the borrowing of
20 money.

21 (d) Interest on the bonds or notes during the period of
22 construction.

23 (e) A reserve for payment of principal and interest on the
24 bonds or notes.

25 (f) A reserve for operation and maintenance until sufficient
26 revenues have developed.

27 (3) The authority may secure the bonds and notes by mortgage,

1 assignment, or pledge of the property and any money, revenues, or
2 income received in connection with the property.

3 (4) A pledge made by the authority is valid and binding from
4 the time the pledge is made. The money or property pledged by the
5 authority immediately is subject to the lien of the pledge without
6 a physical delivery, filing, or further act. The lien of a pledge
7 is valid and binding against parties having claims of any kind in
8 tort, contract, or otherwise, against the authority, whether or not
9 the parties have notice of the lien. Neither the resolution, the
10 trust agreement, nor any other instrument by which a pledge is
11 created must be filed or recorded to be enforceable.

12 (5) Bonds or notes issued under this section are exempt from
13 all taxation in this state, and the interest on the bonds or notes
14 is exempt from all taxation in this state, notwithstanding that the
15 interest may be subject to federal income tax.

16 (6) The municipality is not liable on bonds or notes of the
17 authority issued under this section, and the bonds or notes are not
18 a debt of the municipality. The bonds or notes shall contain on
19 their face a statement to that effect.

20 (7) The bonds and notes of the authority may be invested in by
21 all public officers, state agencies and political subdivisions,
22 insurance companies, banks, savings and loan associations,
23 investment companies, and fiduciaries and trustees, and may be
24 deposited with and received by all public officers and the agencies
25 and political subdivisions of this state for any purpose for which
26 the deposit of bonds is authorized.

27 Sec. 715. (1) If the authority determines that it is necessary

1 for the achievement of the purposes of this part, the authority
2 shall prepare and submit a tax increment financing plan to the
3 governing body of the municipality. The plan shall include a
4 development plan as provided in section 718, a detailed explanation
5 of the tax increment procedure, the maximum amount of bonded
6 indebtedness to be incurred, and the duration of the program, and
7 shall be in compliance with section 716. The plan shall contain a
8 statement of the estimated impact of tax increment financing on the
9 assessed values of all taxing jurisdictions in which the
10 development area is located. The plan may provide for the use of
11 part or all of the captured assessed value, but the portion
12 intended to be used by the authority shall be clearly stated in the
13 tax increment financing plan. The authority or municipality may
14 exclude from captured assessed value growth in property value
15 resulting solely from inflation. The plan shall set forth the
16 method for excluding growth in property value resulting solely from
17 inflation.

18 (2) Approval of the tax increment financing plan shall comply
19 with the notice, hearing, and disclosure provisions of section 821.
20 If the development plan is part of the tax increment financing
21 plan, only 1 hearing and approval procedure is required for the 2
22 plans together.

23 (3) Before the public hearing on the tax increment financing
24 plan, the governing body shall provide a reasonable opportunity to
25 the taxing jurisdictions levying taxes subject to capture to meet
26 with the governing body. The authority shall fully inform the
27 taxing jurisdictions of the fiscal and economic implications of the

1 proposed development area. The taxing jurisdictions may present
2 their recommendations at the public hearing on the tax increment
3 financing plan. The authority may enter into agreements with the
4 taxing jurisdictions and the governing body of the municipality in
5 which the development area is located to share a portion of the
6 captured assessed value of the development area.

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

11 (5) Not more than 60 days after the public hearing, the
12 governing body in a taxing jurisdiction levying ad valorem property
13 taxes that would otherwise be subject to capture may exempt its
14 taxes from capture by adopting a resolution to that effect and
15 filing a copy with the clerk of the municipality proposing to
16 create the authority. In the event that the governing body levies a
17 separate millage for public library purposes, at the request of the
18 public library board, that separate millage shall be exempt from
19 the capture. The resolution shall take effect when filed with the
20 clerk and remains effective until a copy of a resolution rescinding
21 that resolution is filed with that clerk.

22 Sec. 716. (1) The municipal and county treasurers shall
23 transmit tax increment revenues to the authority.

24 (2) The authority shall expend the tax increment revenues
25 received for the development program only under the terms of the
26 tax increment financing plan. Unused funds shall revert
27 proportionately to the respective taxing bodies. Tax increment

1 revenues shall not be used to circumvent existing property tax
2 limitations. The governing body of the municipality may abolish the
3 tax increment financing plan if it finds that the purposes for
4 which it was established are accomplished. However, the tax
5 increment financing plan shall not be abolished, allowed to expire,
6 or otherwise terminate until the principal of, and interest on,
7 bonds issued under section 717 have been paid or funds sufficient
8 to make the payment have been segregated.

9 Sec. 717. (1) By resolution of its governing body, the
10 authority may authorize, issue, and sell tax increment bonds
11 subject to the limitations set forth in this subsection to finance
12 the development program of the tax increment financing plan. The
13 tax increment bonds issued by the authority under this subsection
14 shall pledge solely the tax increment revenues of a development
15 area in which the project is located or a development area from
16 which tax increment revenues may be used for this project, or both.
17 In addition or in the alternative, the bonds issued by the
18 authority under this subsection may be secured by any other
19 revenues identified in section 712 as sources of financing for
20 activities of the authority that the authority shall specifically
21 pledge in the resolution. However, except as otherwise provided in
22 this section, the full faith and credit of the municipality shall
23 not be pledged to secure bonds issued under this subsection. The
24 bond issue may include a sum sufficient to pay interest on the tax
25 increment bonds until full development of tax increment revenues
26 from the project and also a sum to provide a reasonable reserve for
27 payment of principal and interest on the bonds. The resolution

1 authorizing the bonds shall create a lien on the tax increment
2 revenues and other revenues pledged by the resolution that shall be
3 a statutory lien and shall be a first lien subject only to liens
4 previously created. The resolution may provide the terms upon which
5 additional bonds may be issued of equal standing and parity of lien
6 as to the tax increment revenues and other revenues pledged under
7 the resolution. Bonds issued under this subsection that pledge
8 revenue received under section 715 for repayment of the bonds are
9 subject to the revised municipal finance act, 2001 PA 34, MCL
10 141.2101 to 141.2821.

11 (2) The municipality, by majority vote of the members of its
12 governing body, may make a limited tax pledge to support the
13 authority's tax increment bonds or notes or, if authorized by the
14 voters of the municipality, may pledge its unlimited tax full faith
15 and credit for the payment of the principal of and interest on the
16 authority's tax increment bonds or notes.

17 Sec. 718. (1) If a board decides to finance a project in a
18 development area by the use of revenue bonds as authorized in
19 section 713 or tax increment financing as authorized in sections
20 715, 716, and 717, it shall prepare a development plan.

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

22 (a) The designation of boundaries of the development area in
23 relation to highways, streets, streams, lakes, other bodies of
24 water, or otherwise.

25 (b) The location and extent of existing streets and other
26 public facilities within the development area, designating the
27 location, character, and extent of the categories of public and

1 private land uses then existing and proposed for the development
2 area, including residential, recreational, commercial, industrial,
3 educational, and other uses, and including a legal description of
4 the development area.

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

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

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

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

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

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

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

25 (j) Designation of the person or persons, natural or
26 corporate, to whom all or a portion of the development is to be
27 leased, sold, or conveyed in any manner and for whose benefit the

1 project is being undertaken if that information is available to the
2 authority.

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

9 (l) The requirement that amendments to an approved development
10 plan or tax increment plan must be submitted by the authority to
11 the governing body for approval or rejection.

12 (m) The water resource improvements that will be made in the
13 development area.

14 (n) Other material that the authority, local public agency, or
15 governing body considers pertinent.

16 (o) Based on consultation with the affected state and federal
17 authorities, an identification of the permits the board believes
18 necessary to complete the proposed public facility and an
19 explanation of how the proposed public facility will meet the
20 requirements necessary for issuance of each permit.

21 Sec. 719. (1) The governing body, before adoption of an
22 ordinance approving a development plan or tax increment financing
23 plan, shall hold a public hearing on the development plan. Notice
24 of the time and place of the hearing shall be given by publication
25 twice in a newspaper of general circulation designated by the
26 municipality, the first of which shall be not less than 20 days
27 before the date set for the hearing. Notice of the hearing shall be

1 posted in at least 20 conspicuous and public places in the
2 development area not less than 20 days before the hearing. Notice
3 shall also be mailed to all property taxpayers of record in the
4 development area and to the governing body of each taxing
5 jurisdiction levying taxes that would be subject to capture if the
6 tax increment financing plan is approved not less than 20 days
7 before the hearing.

8 (2) Notice of the time and place of hearing on a development
9 plan shall contain all of the following:

10 (a) A description of the proposed development area in relation
11 to highways, streets, streams, or otherwise.

12 (b) A statement that maps, plats, and a description of the
13 development plan, including the method of relocating families and
14 individuals who may be displaced from the area, are available for
15 public inspection at a place designated in the notice.

16 (c) A statement that all aspects of the development plan will
17 be open for discussion at the public hearing.

18 (d) Other information that the governing body considers
19 appropriate.

20 (3) At the time set for the hearing, the governing body shall
21 provide an opportunity for interested persons to speak and shall
22 receive and consider communications in writing. The hearing shall
23 provide the fullest opportunity for expression of opinion, for
24 argument on the merits, and for consideration of documentary
25 evidence pertinent to the development plan. The governing body
26 shall make and preserve a record of the public hearing, including
27 all data presented at the hearing.

1 Sec. 720. The governing body after a public hearing on the
2 development plan or the tax increment financing plan, or both, with
3 notice given under section 819, shall determine whether the
4 development plan or tax increment financing plan constitutes a
5 public purpose. If it determines that the development plan or tax
6 increment financing plan constitutes a public purpose, it shall by
7 ordinance approve or reject the plan, or approve it with
8 modification, based on the following considerations:

9 (a) The findings and recommendations of a development area
10 citizens council, if a development area citizens council was
11 formed.

12 (b) The plan meets the requirements under section 818(2).

13 (c) The proposed method of financing the development is
14 feasible and the authority has the ability to arrange the
15 financing.

16 (d) The development is reasonable and necessary to carry out
17 the purposes of this part.

18 (e) The land included within the development area to be
19 acquired is reasonably necessary to carry out the purposes of the
20 plan and of this part in an efficient and economically satisfactory
21 manner.

22 (f) The development plan is in reasonable accord with the land
23 use plan of the municipality.

24 (g) Public services, such as fire and police protection and
25 utilities, are or will be adequate to service the project area.

26 (h) Changes in zoning, streets, street levels, intersections,
27 and utilities are reasonably necessary for the project and for the

1 municipality.

2 Sec. 721. (1) The director of the authority shall submit a
3 budget to the board for the operation of the authority for each
4 fiscal year before the beginning of the fiscal year. The budget
5 shall be prepared in the manner and contain the information
6 required of municipal departments. After review by the board, the
7 budget shall be submitted to the governing body. The governing body
8 must approve the budget before the board may adopt the budget.

9 Unless authorized by the governing body or this part, funds of the
10 municipality shall not be included in the budget of the authority.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which shall be paid annually by the board pursuant to an appropriate item in its budget.

16 Sec. 722. An authority that has completed the purposes for
17 which it was organized shall be dissolved by ordinance of the
18 governing body. The property and assets of the authority remaining
19 after the satisfaction of the obligations of the authority belong
20 to the municipality.

21 PART 8

22 Sec. 801. This part shall be known and may be cited as the
23 "neighborhood improvement authority part".

24 Sec. 802. As used in this part:

25 (a) "Advance" means a transfer of funds made by a municipality
26 to an authority or to another person on behalf of the authority in
27 anticipation of repayment by the authority. Evidence of the intent

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

5 (b) "Assessed value" means the taxable value as determined
6 under section 27a of the general property tax act, 1893 PA 206, MCL
7 211.27a.

8 (c) "Authority" means a neighborhood improvement authority
9 created under this part.

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

11 (e) "Captured assessed value" means the amount in any 1 year
12 by which the current assessed value of the development area,
13 including the assessed value of property for which specific local
14 taxes are paid in lieu of property taxes as determined in section
15 803(d), exceeds the initial assessed value. The state tax
16 commission shall prescribe the method for calculating captured
17 assessed value.

18 (f) "Chief executive officer" means the mayor or city manager
19 of a city or the president or village manager of a village.

20 (g) "Development area" means that area described in section
21 805 to which a development plan is applicable.

22 (h) "Development plan" means that information and those
23 requirements for a development area set forth in section 819.

24 (i) "Development program" means the implementation of the
25 development plan.

26 (j) "Fiscal year" means the fiscal year of the authority.

27 (k) "Governing body" or "governing body of a municipality"

1 means the elected body of a municipality having legislative powers.

2 (l) "Housing" means publicly owned housing, individual or
3 multifamily.

4 (m) "Initial assessed value" means the assessed value of all
5 the taxable property within the boundaries of the development area
6 at the time the ordinance establishing the tax increment financing
7 plan is approved, as shown by the most recent assessment roll of
8 the municipality at the time the resolution is adopted. Property
9 exempt from taxation at the time of the determination of the
10 initial assessed value shall be included as zero. For the purpose
11 of determining initial assessed value, property for which a
12 specific local tax is paid in lieu of a property tax shall not be
13 considered to be property that is exempt from taxation. The initial
14 assessed value of property for which a specific local tax was paid
15 in lieu of a property tax shall be determined as provided in
16 section 803(d).

17 (n) "Land use plan" means a plan prepared under former 1921 PA
18 207 or a site plan under the Michigan zoning enabling act, 2006 PA
19 110, MCL 125.3101 to 125.3702.

20 (o) "Municipality" means a city or a village.

21 Sec. 803. As used in this part:

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

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

1 (c) "Public facility" means housing, a street, plaza,
2 pedestrian mall, and any improvements to a street, plaza, or
3 pedestrian mall including street furniture and beautification,
4 park, parking facility, recreational facility, right-of-way,
5 structure, waterway, bridge, lake, pond, canal, utility line or
6 pipe, or building, including access routes designed and dedicated
7 to use by the public generally, or used by a public agency. Public
8 facility includes an improvement to a facility used by the public
9 or a public facility as those terms are defined in section 1 of
10 1966 PA 1, MCL 125.1351, if the improvement complies with the
11 barrier free design requirements of the state construction code
12 promulgated under the Stille-DeRossett-Hale single state
13 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

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

16 (e) "Specific local tax" means a tax levied under 1974 PA 198,
17 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
18 255, MCL 207.651 to 207.668, the technology park development act,
19 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
20 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
21 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA
22 210, MCL 207.841 to 207.856. The initial assessed value or current
23 assessed value of property subject to a specific local tax shall be
24 the quotient of the specific local tax paid divided by the ad
25 valorem millage rate. The state tax commission shall prescribe the
26 method for calculating the initial assessed value and current
27 assessed value of property for which a specific local tax was paid

1 in lieu of a property tax.

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

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

10 (i) Taxes under the state education tax act, 1993 PA 331, MCL
11 211.901 to 211.906.

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

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

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

24 (v) Ad valorem property taxes exempted from capture under
25 section 814(5) or specific local taxes attributable to those ad
26 valorem property taxes.

27 (vi) Ad valorem property taxes specifically levied for the

1 payment of principal and interest of obligations approved by the
2 electors or obligations pledging the unlimited taxing power of the
3 local governmental unit or specific taxes attributable to those ad
4 valorem property taxes.

5 Sec. 804. (1) Except as otherwise provided in this subsection,
6 a municipality may establish multiple authorities. A parcel of
7 property shall not be included in more than 1 authority created
8 under this part.

9 (2) An authority is a public body corporate that may sue and
10 be sued in any court of this state. An authority possesses all the
11 powers necessary to carry out its purpose. The enumeration of a
12 power in this part shall not be construed as a limitation upon the
13 general powers of an authority.

14 Sec. 805. (1) If the governing body of a municipality
15 determines that it is necessary for the best interests of the
16 public to promote residential growth in a residential district and
17 to promote economic growth, the governing body may, by resolution,
18 declare its intention to create and provide for the operation of an
19 authority.

20 (2) In the resolution of intent, the governing body shall set
21 a date for a public hearing on the adoption of a proposed ordinance
22 creating the authority and designating the boundaries of the
23 development area. Notice of the public hearing shall be published
24 twice in a newspaper of general circulation in the municipality,
25 not less than 20 or more than 40 days before the date of the
26 hearing. Not less than 20 days before the hearing, the governing
27 body proposing to create the authority shall also mail notice of

1 the hearing to the property taxpayers of record in the proposed
2 development area and to the governing body of each taxing
3 jurisdiction levying taxes that would be subject to capture if the
4 authority is established and a tax increment financing plan is
5 approved. Failure of a property taxpayer to receive the notice does
6 not invalidate these proceedings. Notice of the hearing shall be
7 posted in at least 20 conspicuous and public places in the proposed
8 development area not less than 20 days before the hearing. The
9 notice shall state the date, time, and place of the hearing and
10 shall describe the boundaries of the proposed development area. A
11 citizen, taxpayer, or property owner of the municipality or an
12 official from a taxing jurisdiction with millage that would be
13 subject to capture has the right to be heard in regard to the
14 establishment of the authority and the boundaries of the proposed
15 development area. The governing body of the municipality shall not
16 incorporate land into the development area not included in the
17 description contained in the notice of public hearing, but it may
18 eliminate described lands from the development area in the final
19 determination of the boundaries.

20 (3) Not less than 60 days after the public hearing, if the
21 governing body of the municipality intends to proceed with the
22 establishment of the authority, it shall adopt, by majority vote of
23 its members, an ordinance establishing the authority and
24 designating the boundaries of the development area within which the
25 authority shall exercise its powers. The adoption of the ordinance
26 is subject to any applicable statutory or charter provisions in
27 respect to the approval or disapproval by the chief executive or

1 other officer of the municipality and the adoption of an ordinance
2 over his or her veto. This ordinance shall be filed with the
3 secretary of state promptly after its adoption and shall be
4 published at least once in a newspaper of general circulation in
5 the municipality.

6 (4) The governing body of the municipality may alter or amend
7 the boundaries of the development area to include or exclude lands
8 from the development area in the same manner as adopting the
9 ordinance creating the authority.

10 (5) A residential district or development area under this part
11 shall not include an area of a municipality that is part of a
12 residential district or a development area under the historical
13 neighborhood tax increment finance authority act, 2004 PA 530, MCL
14 125.2841 to 125.2866.

15 (6) An authority created under this part shall have a duration
16 of not more than 30 years from the date of the resolution creating
17 the authority. The governing body of a municipality may extend the
18 duration of the authority by resolution if the purposes for which
19 the authority was created still exist.

20 Sec. 806. If a development area is part of an area annexed to
21 or consolidated with another municipality, the authority managing
22 that development area shall become an authority of the annexing or
23 consolidated municipality. Obligations of that authority incurred
24 under a development or tax increment plan, agreements related to a
25 development or tax increment plan, and bonds issued under this part
26 shall remain in effect following the annexation or consolidation.

27 Sec. 807. (1) An authority shall be under the supervision and

1 control of a board consisting of the chief executive officer of the
2 municipality or his or her designee and not less than 5 or more
3 than 9 members as determined by the governing body of the
4 municipality. Members shall be appointed by the chief executive
5 officer of the municipality, subject to approval by the governing
6 body of the municipality. Not less than a majority of the members
7 shall be persons having an ownership or business interest in
8 property located in the development area. At least 1 of the members
9 shall be a resident of the development area or of an area within
10 1/2 mile of any part of the development area. Of the members first
11 appointed, an equal number of the members, as near as is
12 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
13 years. A member shall hold office until the member's successor is
14 appointed. After the initial appointment, each member shall serve
15 for a term of 4 years. An appointment to fill a vacancy shall be
16 made by the chief executive officer of the municipality for the
17 unexpired term only. Members of the board shall serve without
18 compensation, but shall be reimbursed for actual and necessary
19 expenses. The chairperson of the board shall be elected by the
20 board.

21 (2) Before assuming the duties of office, a member shall
22 qualify by taking and subscribing to the constitutional oath of
23 office.

24 (3) The proceedings and rules of the board are subject to the
25 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
26 shall adopt rules governing its procedure and the holding of
27 regular meetings, subject to the approval of the governing body.

1 Special meetings may be held if called in the manner provided in
2 the rules of the board.

3 (4) After having been given notice and an opportunity to be
4 heard, a member of the board may be removed for cause by the
5 governing body.

6 (5) All expense items of the authority shall be publicized
7 monthly and the financial records shall always be open to the
8 public.

9 (6) A writing prepared, owned, used, in the possession of, or
10 retained by the board in the performance of an official function is
11 subject to the freedom of information act, 1976 PA 442, MCL 15.231
12 to 15.246.

13 Sec. 808. (1) The board may employ and fix the compensation of
14 a director, subject to the approval of the governing body of the
15 municipality. The director shall serve at the pleasure of the
16 board. A member of the board is not eligible to hold the position
17 of director. Before beginning his or her duties, the director shall
18 take and subscribe to the constitutional oath, and furnish bond, by
19 posting a bond in the sum determined in the ordinance establishing
20 the authority payable to the authority for use and benefit of the
21 authority, approved by the board, and filed with the municipal
22 clerk. The premium on the bond shall be considered an operating
23 expense of the authority, payable from funds available to the
24 authority for expenses of operation. The director shall be the
25 chief executive officer of the authority. Subject to the approval
26 of the board, the director shall supervise and be responsible for
27 the preparation of plans and the performance of the functions of

1 the authority in the manner authorized by this part. The director
2 shall attend the meetings of the board and shall provide to the
3 board and to the governing body of the municipality a regular
4 report covering the activities and financial condition of the
5 authority. If the director is absent or disabled, the board may
6 designate a qualified person as acting director to perform the
7 duties of the office. Before beginning his or her duties, the
8 acting director shall take and subscribe to the oath, and furnish
9 bond, as required of the director. The director shall furnish the
10 board with information or reports governing the operation of the
11 authority as the board requires.

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

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

24 (4) The board may retain legal counsel to advise the board in
25 the proper performance of its duties. The legal counsel shall
26 represent the authority in actions brought by or against the
27 authority.

1 (5) The board may employ other personnel considered necessary
2 by the board.

3 Sec. 809. The employees of an authority shall be eligible to
4 participate in municipal retirement and insurance programs of the
5 municipality as if they were civil service employees except that
6 the employees of an authority are not civil service employees.

7 Sec. 810. The board may do any of the following:

8 (a) Prepare an analysis of economic changes taking place in
9 the development area.

10 (b) Study and analyze the impact of metropolitan growth upon
11 the development area.

12 (c) Plan and propose the construction, renovation, repair,
13 remodeling, rehabilitation, restoration, preservation, or
14 reconstruction of a public facility, an existing building, or a
15 multiple-family dwelling unit which may be necessary or appropriate
16 to the execution of a plan which, in the opinion of the board, aids
17 in the residential growth and economic growth of the development
18 area.

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

24 (e) Develop long-range plans, in cooperation with the agency
25 that is chiefly responsible for planning in the municipality,
26 designed to halt the deterioration of property values in the
27 development area and to promote the residential growth and economic

1 growth of the development area, and take steps as may be necessary
2 to persuade property owners to implement the plans to the fullest
3 extent possible.

4 (f) Implement any plan of development, including housing for
5 low-income individuals, in the development area necessary to
6 achieve the purposes of this part in accordance with the powers of
7 the authority granted by this part.

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

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

17 (i) Improve land and construct, reconstruct, rehabilitate,
18 restore and preserve, equip, clear, improve, maintain, repair, and
19 operate any public facility, building, including multiple-family
20 dwellings, and any necessary or desirable appurtenances to those
21 buildings, within the development area for the use, in whole or in
22 part, of any public or private person or corporation, or a
23 combination thereof.

24 (j) Fix, charge, and collect fees, rents, and charges for the
25 use of any facility, building, or property under its control or any
26 part of the facility, building, or property, and pledge the fees,
27 rents, and charges for the payment of revenue bonds issued by the

1 authority.

2 (k) Lease, in whole or in part, any facility, building, or
3 property under its control.

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

6 (m) Acquire and construct public facilities.

7 Sec. 811. (1) The activities of the authority shall be
8 financed from 1 or more of the following sources:

9 (a) Donations to the authority for the performance of its
10 functions.

11 (b) Money borrowed and to be repaid as authorized by sections
12 812 and 813.

13 (c) Revenues from any property, building, or facility owned,
14 leased, licensed, or operated by the authority or under its
15 control, subject to the limitations imposed upon the authority by
16 trusts or other agreements.

17 (d) Proceeds of a tax increment financing plan established
18 under sections 814 to 816.

19 (e) Proceeds from a special assessment district created as
20 provided by law.

21 (f) Money obtained from other sources approved by the
22 governing body of the municipality or otherwise authorized by law
23 for use by the authority or the municipality to finance a
24 development program.

25 (2) Money received by the authority and not covered under
26 subsection (1) shall immediately be deposited to the credit of the
27 authority, subject to disbursement under this part. Except as

1 provided in this part, the municipality shall not obligate itself,
2 and shall not be obligated, to pay any sums from public funds,
3 other than money received by the municipality under this section,
4 for or on account of the activities of the authority.

5 Sec. 812. The authority may borrow money and issue its
6 negotiable revenue bonds under the revenue bond act of 1933, 1933
7 PA 94, MCL 141.101 to 141.140.

8 Sec. 813. (1) The authority may with approval of the local
9 governing body borrow money and issue its revenue bonds or notes to
10 finance all or part of the costs of acquiring or constructing
11 property in connection with either of the following:

12 (a) The implementation of a development plan in the
13 development area.

14 (b) The refund, or refund in advance, of bonds or notes issued
15 under this section.

16 (2) Any of the following may be financed by the issuance of
17 revenue bonds or notes:

18 (a) The cost of purchasing, acquiring, constructing,
19 improving, enlarging, extending, or repairing property in
20 connection with the implementation of a development plan in the
21 development area.

22 (b) Any engineering, architectural, legal, accounting, or
23 financial expenses.

24 (c) The costs necessary or incidental to the borrowing of
25 money.

26 (d) Interest on the bonds or notes during the period of
27 construction.

1 (e) A reserve for payment of principal and interest on the
2 bonds or notes.

3 (f) A reserve for operation and maintenance until sufficient
4 revenues have developed.

5 (3) The authority may secure the bonds and notes by mortgage,
6 assignment, or pledge of the property and any money, revenues, or
7 income received in connection with the property.

8 (4) A pledge made by the authority is valid and binding from
9 the time the pledge is made. The money or property pledged by the
10 authority immediately is subject to the lien of the pledge without
11 a physical delivery, filing, or further act. The lien of a pledge
12 is valid and binding against parties having claims of any kind in
13 tort, contract, or otherwise, against the authority, whether or not
14 the parties have notice of the lien. Neither the resolution, the
15 trust agreement, nor any other instrument by which a pledge is
16 created must be filed or recorded to be enforceable.

17 (5) Bonds or notes issued under this section are exempt from
18 all taxation in this state except inheritance and transfer taxes,
19 and the interest on the bonds or notes is exempt from all taxation
20 in this state, notwithstanding that the interest may be subject to
21 federal income tax.

22 (6) The municipality is not liable on bonds or notes of the
23 authority issued under this section, and the bonds or notes are not
24 a debt of the municipality. The bonds or notes shall contain on
25 their face a statement to that effect.

26 (7) The bonds and notes of the authority may be invested in by
27 all public officers, state agencies and political subdivisions,

1 insurance companies, banks, savings and loan associations,
2 investment companies, and fiduciaries and trustees, and may be
3 deposited with and received by all public officers and the agencies
4 and political subdivisions of this state for any purpose for which
5 the deposit of bonds is authorized.

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

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

1 plans together.

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

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

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

1 Sec. 815. (1) The municipal and county treasurers shall
2 transmit tax increment revenues to the authority.

3 (2) The authority shall expend the tax increment revenues
4 received for the development program only under the terms of the
5 tax increment financing plan. Unused funds shall revert
6 proportionately to the respective taxing bodies. Tax increment
7 revenues shall not be used to circumvent existing property tax
8 limitations. The governing body of the municipality may abolish the
9 tax increment financing plan if it finds that the purposes for
10 which it was established are accomplished. However, the tax
11 increment financing plan shall not be abolished, allowed to expire,
12 or otherwise terminate until the principal of, and interest on,
13 bonds issued under section 816 have been paid or funds sufficient
14 to make the payment have been segregated.

15 Sec. 816. (1) By resolution of its governing body, the
16 authority may authorize, issue, and sell tax increment bonds
17 subject to the limitations set forth in this subsection to finance
18 the development program of the tax increment financing plan. The
19 tax increment bonds issued by the authority under this subsection
20 shall pledge solely the tax increment revenues of a development
21 area in which the project is located or a development area from
22 which tax increment revenues may be used for this project, or both.
23 In addition or in the alternative, the bonds issued by the
24 authority under this subsection may be secured by any other
25 revenues identified in section 811 as sources of financing for
26 activities of the authority that the authority shall specifically
27 pledge in the resolution. However, except as otherwise provided in

1 this section, the full faith and credit of the municipality shall
2 not be pledged to secure bonds issued under this subsection. The
3 bond issue may include a sum sufficient to pay interest on the tax
4 increment bonds until full development of tax increment revenues
5 from the project and also a sum to provide a reasonable reserve for
6 payment of principal and interest on the bonds. The resolution
7 authorizing the bonds shall create a lien on the tax increment
8 revenues and other revenues pledged by the resolution that shall be
9 a statutory lien and shall be a first lien subject only to liens
10 previously created. The resolution may provide the terms upon which
11 additional bonds may be issued of equal standing and parity of lien
12 as to the tax increment revenues and other revenues pledged under
13 the resolution. Bonds issued under this subsection are subject to
14 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
15 141.2821.

16 (2) The municipality, by majority vote of the members of its
17 governing body, may make a limited tax pledge to support the
18 authority's tax increment bonds or notes or, if authorized by the
19 voters of the municipality, may pledge its unlimited tax full faith
20 and credit for the payment of the principal of and interest on the
21 authority's tax increment bonds or notes.

22 Sec. 817. (1) If a board decides to finance a project in a
23 development area by the use of revenue bonds as authorized in
24 section 812 or tax increment financing as authorized in sections
25 814, 815, and 816, it shall prepare a development plan.

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

27 (a) The designation of boundaries of the development area in

1 relation to highways, streets, streams, or otherwise.

2 (b) The location and extent of existing streets and other
3 public facilities within the development area, designating the
4 location, character, and extent of the categories of public and
5 private land uses then existing and proposed for the development
6 area, including residential, recreational, commercial, industrial,
7 educational, and other uses, and including a legal description of
8 the development area.

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

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

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

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

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

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

26 (i) An estimate of the cost of the development, a statement of
27 the proposed method of financing the development, and the ability

1 of the authority to arrange the financing.

2 (j) Designation of the person or persons, natural or
3 corporate, to whom all or a portion of the development is to be
4 leased, sold, or conveyed in any manner and for whose benefit the
5 project is being undertaken if that information is available to the
6 authority.

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

13 (l) The requirement that amendments to an approved development
14 plan or tax increment plan must be submitted by the authority to
15 the governing body for approval or rejection.

16 (m) Other material that the authority, local public agency, or
17 governing body considers pertinent.

18 Sec. 818. (1) The governing body, before adoption of an
19 ordinance approving a development plan or tax increment financing
20 plan, shall hold a public hearing on the development plan. Notice
21 of the time and place of the hearing shall be given by publication
22 twice in a newspaper of general circulation designated by the
23 municipality, the first of which shall be not less than 20 days
24 before the date set for the hearing. Notice of the hearing shall be
25 posted in at least 20 conspicuous and public places in the
26 development area not less than 20 days before the hearing. Notice
27 shall also be mailed to all property taxpayers of record in the

1 development area and to the governing body of each taxing
2 jurisdiction levying taxes that would be subject to capture if the
3 tax increment financing plan is approved not less than 20 days
4 before the hearing.

5 (2) Notice of the time and place of hearing on a development
6 plan shall contain all of the following:

7 (a) A description of the proposed development area in relation
8 to highways, streets, streams, or otherwise.

9 (b) A statement that maps, plats, and a description of the
10 development plan, including the method of relocating families and
11 individuals who may be displaced from the area, if any, are
12 available for public inspection at a place designated in the
13 notice.

14 (c) A statement that all aspects of the development plan will
15 be open for discussion at the public hearing.

16 (d) Other information that the governing body considers
17 appropriate.

18 (3) At the time set for the hearing, the governing body shall
19 provide an opportunity for interested persons to speak and shall
20 receive and consider communications in writing. The hearing shall
21 provide the fullest opportunity for expression of opinion, for
22 argument on the merits, and for consideration of documentary
23 evidence pertinent to the development plan. The governing body
24 shall make and preserve a record of the public hearing, including
25 all data presented at the hearing.

26 Sec. 819. The governing body after a public hearing on the
27 development plan or the tax increment financing plan, or both, with

1 notice given under section 818, shall determine whether the
2 development plan or tax increment financing plan constitutes a
3 public purpose. If it determines that the development plan or tax
4 increment financing plan constitutes a public purpose, it shall by
5 ordinance approve or reject the plan, or approve it with
6 modification, based on the following considerations:

7 (a) The plan meets the requirements under section 817(2).

8 (b) The proposed method of financing the development is
9 feasible and the authority has the ability to arrange the
10 financing.

11 (c) The development is reasonable and necessary to carry out
12 the purposes of this part.

13 (d) The land included within the development area to be
14 acquired is reasonably necessary to carry out the purposes of the
15 plan and of this part in an efficient and economically satisfactory
16 manner.

17 (e) The development plan is in reasonable accord with the land
18 use plan of the municipality.

19 (f) Public services, such as fire and police protection and
20 utilities, are or will be adequate to service the project area.

21 (g) Changes in zoning, streets, street levels, intersections,
22 and utilities are reasonably necessary for the project and for the
23 municipality.

24 Sec. 820. (1) The director of the authority shall submit a
25 budget to the board for the operation of the authority for each
26 fiscal year before the beginning of the fiscal year. The budget
27 shall be prepared in the manner and contain the information

1 required of municipal departments. After review by the board, the
2 budget shall be submitted to the governing body. The governing body
3 must approve the budget before the board may adopt the budget.

4 Unless authorized by the governing body or this part, funds of the
5 municipality shall not be included in the budget of the authority.

6 (2) The governing body of the municipality may assess a
7 reasonable pro rata share of the funds for the cost of handling and
8 auditing the funds against the funds of the authority, other than
9 those committed, which shall be paid annually by the board pursuant
10 to an appropriate item in its budget.

11 Sec. 821. An authority that has completed the purposes for
12 which it was organized shall be dissolved by ordinance of the
13 governing body. The property and assets of the authority remaining
14 after the satisfaction of the obligations of the authority belong
15 to the municipality.

16 PART 9

17 Sec. 901. As used in this part:

18 (a) "Authority" means all of the following:

19 (i) An authority as defined in part 2.

20 (ii) An authority as defined in part 3.

21 (iii) An authority as defined in part 4.

22 (iv) An authority as defined in part 6.

23 (v) An authority as defined in part 7.

24 (vi) An authority as defined in part 8.

25 (b) "Municipality" means all of the following:

26 (i) A municipality as defined in part 2.

27 (ii) A municipality as defined in part 3.

1 (iii) A municipality as defined in part 4.

2 (iv) A municipality as defined in part 6.

3 (v) A municipality as defined in part 7.

4 (vi) An municipality as defined in part 8.

5 Sec. 910. (1) Subject to subsection (5), each municipality
6 that has created an authority or that creates an authority shall
7 create a website or utilize the existing website of the
8 municipality that is operated and regularly maintained with access
9 to authority records and documents for the fiscal year beginning on
10 the effective date of this act, including all of the following:

11 (a) Minutes of all board meetings.

12 (b) Annual budget, including encumbered and unencumbered fund
13 balances.

14 (c) Annual audits.

15 (d) Currently adopted development plan, if not included in a
16 tax increment financing plan.

17 (e) Currently adopted tax increment finance plan, if currently
18 capturing tax increment revenues.

19 (f) Current authority staff contact information.

20 (g) Current contracts and other documents related to
21 management of the authority that compose 5% of the authority's
22 budget or an amount of \$2,500.00, whichever is lower.

23 (h) Current contracts and other documents related to services
24 provided to the authority.

25 (i) Updated synopsis of activities of the authority. An
26 updated synopsis of the activities of the authority includes all of
27 the following, if any:

1 (i) For any tax increment revenues described in the annual
2 audit that are not expended within 5 years of their receipt, a
3 description that provides the following:

4 (A) The reasons for accumulating those funds.

5 (B) A time frame when the fund will be expended.

6 (C) The uses for which the fund will be expended.

7 (D) A specific description of funds that have not been
8 expended within 10 years of their receipt.

9 (ii) List of authority accomplishments, including progress
10 made on development plan and tax increment finance plan goals and
11 objectives for the immediately preceding fiscal year.

12 (iii) List of authority projects and investments, including
13 active and completed projects for the immediately preceding fiscal
14 year.

15 (iv) List of authority events and promotional campaigns for
16 the immediately preceding fiscal year.

17 (2) The requirements in subsection (1) are required for
18 records and documents related to fiscal years as follows:

19 (a) For the fiscal year in which this act takes effect, the
20 records and documents for that fiscal year.

21 (b) For the fiscal year 1 year following the effective date of
22 this act, the records and documents for that fiscal year and the
23 immediately preceding fiscal year.

24 (c) For the fiscal year 2 years following the effective date
25 of this act, the records and documents for that fiscal year and the
26 2 immediately preceding fiscal years.

27 (d) For the fiscal year 3 years following the effective date

1 of this act, the records and documents for the fiscal year and the
2 3 immediately preceding fiscal years.

3 (e) For the fiscal year 4 years following the effective date
4 of this act and each subsequent fiscal year, the records and
5 documents for the fiscal year and the 4 immediately preceding
6 fiscal years.

7 (3) The requirements of this section shall not take effect
8 until 180 days after the end of an authority's current fiscal year
9 as of the effective date of this act.

10 (4) Each year, the board of an authority shall hold not fewer
11 than 2 informational meetings. Notice of an informational meeting
12 shall be posted on the municipality's or authority's website not
13 less than 14 days before the date of the informational meeting. Not
14 less than 14 days before the informational meeting, the board of an
15 authority shall mail notice of the informational meeting to the
16 governing body of each taxing jurisdiction levying taxes that are
17 subject to capture by an authority under this act. As an
18 alternative to mailing notice of the informational meeting, the
19 board of the authority may notify the clerk of the governing body
20 of each taxing jurisdiction levying taxes that are subject to
21 capture by an authority under this act by electronic mail. The
22 informational meetings may be held in conjunction with other public
23 meetings of the authority or municipality.

24 (5) If the municipality creating an authority does not have an
25 existing website and chooses not to create a website under
26 subsection (1), the municipality shall maintain the records
27 described in subsection (1) at a physical location within the

1 municipality that is open to the public.

2 Sec. 911. (1) Annually, on a form and in the manner prescribed
3 by the department of treasury, an authority shall submit to the
4 governing body of the municipality, the governing body of a taxing
5 unit levying taxes subject to capture by an authority, and the
6 department of treasury a report on the status of the tax increment
7 financing account. The report shall include all of the following:

8 (a) The name of the authority.

9 (b) The date the authority was formed, the date the tax
10 increment financing plan is set to expire or terminate, and whether
11 the tax increment financing plan expired during the immediately
12 preceding fiscal year.

13 (c) The date the authority began capturing tax increment
14 revenues.

15 (d) The current base year taxable value of the tax increment
16 financing district.

17 (e) The unencumbered fund balance for the immediately
18 preceding fiscal year.

19 (f) The encumbered fund balance for the immediately preceding
20 fiscal year.

21 (g) The amount and source of revenue in the account, including
22 the amount of revenue from each taxing jurisdiction.

23 (h) The amount in any bond reserve account.

24 (i) The amount and purpose of expenditures from the account.

25 (j) The amount of principal and interest on any outstanding
26 bonded indebtedness.

27 (k) The initial assessed value of the development area or

1 authority district by property tax classification.

2 (l) The captured assessed value retained by the authority by
3 property tax classification.

4 (m) The tax increment revenues received for the immediately
5 preceding fiscal year.

6 (n) Any additional information the governing body of the
7 municipality or the department of treasury considers necessary.

8 (2) The report described in subsection (1) shall be filed with
9 the department of treasury at the same time as the annual financial
10 report is filed with the department of treasury under section 4 of
11 the uniform budgeting and accounting act, 1968 PA 2, MCL 141.424.

12 (3) The report described in subsection (1) shall be made
13 available to the public on the authority's website, or if the
14 authority does not have a website, then on the municipality's
15 website. However, if the municipality creating an authority does
16 not have an existing website and chooses not to create a website,
17 the municipality shall maintain the records described in subsection
18 (1) at physical location within the municipality that is open to
19 the public.

20 Sec. 912. (1) Within 90 days of the effective date of this
21 act, each authority shall send a copy or an electronic mail link of
22 its currently adopted development plan or its currently adopted tax
23 increment finance plan, if separate from the development plan, to
24 the department of treasury.

25 (2) Within 90 days of amending a development plan or a tax
26 increment finance plan, an authority shall send a copy of that
27 amendment to the department of treasury.

1 (3) Within 90 days of an authority's adopting a new
2 development plan or a new tax increment finance plan, the authority
3 shall send a copy of that new development plan or new tax increment
4 finance plan to the department of treasury.

5 (4) The documents described in subsections (1), (2), and (3)
6 shall be sent to the department of treasury in the form and manner
7 determined by the department of treasury.

8 Sec. 915. (1) The department of treasury may institute
9 proceedings to compel enforcement of this act and shall send
10 written notification to an authority that fails to comply with this
11 act, to each taxing jurisdiction that has tax increment revenues
12 captured by the authority, and to the governing body of the
13 municipality that established the authority of a violation of any
14 provision of this act. The written notification shall specifically
15 detail the authority's noncompliance with this act.

16 (2) The department of treasury may promulgate rules necessary
17 for the administration of this act pursuant to the administrative
18 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

19 (3) If the department of treasury notifies an authority in
20 writing that the authority failed to comply with any provision of
21 this act, and after 60 days following receipt of that notice the
22 authority does not comply, that authority shall not capture any tax
23 increment revenues that are in excess of amounts necessary to pay
24 bonded indebtedness or other obligations for the period of
25 noncompliance as determined by the department of treasury. During
26 the period of noncompliance, an authority cannot amend or approve a
27 tax increment financing plan. However, if the period of

1 noncompliance exceeds 2 consecutive years, that authority shall not
2 capture any tax increment revenues that are in excess of amounts
3 necessary to pay bonded indebtedness or other obligations without a
4 resolution of authorization of the municipality that created the
5 authority and each taxing jurisdiction whose ad valorem taxes are
6 subject to capture by the authority. Any excess funds captured
7 shall be returned to the taxing jurisdiction from which they were
8 captured as follows:

9 (a) For part 2, as provided in section 215(2).

10 (b) For part 3, as provided in section 314(2).

11 (c) For part 4, as provided in section 413(2).

12 (d) For part 5, as provided in section 523(7).

13 (e) For part 6, as provided in section 619(2).

14 (f) For part 7, as provided in section 716(2).

15 (g) For part 8, as provided in section 815(2).

16 Enacting section 1. The following acts are repealed:

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

19 (b) The private investment infrastructure funding act, 2010 PA
20 250, MCL 125.1871 to 125.1883.