

**SUBSTITUTE FOR
SENATE BILL NO. 393**

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

GENERAL PROVISIONS

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 or refunding of any obligation issued by an authority or by the municipality that created the authority under a statute or section of law repealed by this act shall continue in effect under its original terms under the corresponding part of this act.

(3) A contractual right, duty, or obligation relating to an authority under a statute or section of law repealed by this act shall continue and remain with the authority under the corresponding part of this act.

(4) A development plan or a tax increment financing plan developed by an authority under a statute or section of law repealed by this act shall remain in effect with the authority under the corresponding part of this act.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

1 statute or section of law repealed by this act with the same or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6 an authority created under a statute or section of law repealed by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

10 Sec. 104. As this act is a recodification of certain existing
11 tax increment financing acts, the recodification of 1975 PA 197,
12 MCL 125.1651 to 125.1681, in part 2 is a continuation of the taxing
13 authority authorized in section 12 of 1975 PA 197, MCL 125.1662,
14 for purposes of section 31 of article IX of the state constitution
15 of 1963.

16 PART 2

17 DOWNTOWN DEVELOPMENT AUTHORITIES

18 Sec. 201. As used in this part:

19 (a) "Advance" means a transfer of funds made by a municipality
20 to an authority or to another person on behalf of the authority in
21 anticipation of repayment by the authority. Evidence of the intent
22 to repay an advance may include, but is not limited to, an executed
23 agreement to repay, provisions contained in a tax increment
24 financing plan approved prior to the advance, or a resolution of
25 the authority or the municipality.

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

27 (i) For valuations made before January 1, 1995, the state

1 equalized valuation as determined under the general property tax
2 act, 1893 PA 206, MCL 211.1 to 211.155.

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

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

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

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

11 (f) "Captured assessed value" means the amount in any 1 year
12 by which the current assessed value of the project area, including
13 the assessed value of property for which specific local taxes are
14 paid in lieu of property taxes as determined in subdivision (aa),
15 exceeds the initial assessed value. The state tax commission shall
16 prescribe the method for calculating captured assessed value.

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

23 (h) "Chief executive officer" means the mayor or city manager
24 of a city, the president or village manager of a village, or the
25 supervisor of a township or, if designated by the township board
26 for purposes of this part, the township superintendent or township
27 manager of a township.

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

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

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

7 (l) "Downtown district" means that part of an area in a
8 business district that is specifically designated by ordinance of
9 the governing body of the municipality pursuant to this part. A
10 downtown district may include 1 or more separate and distinct
11 geographic areas in a business district as determined by the
12 municipality if the municipality enters into an agreement with a
13 qualified township under section 203(7) or if the municipality is a
14 city that surrounds another city and that other city lies between
15 the 2 separate and distinct geographic areas. If the downtown
16 district contains more than 1 separate and distinct geographic area
17 in the downtown district, the separate and distinct geographic
18 areas shall be considered 1 downtown district.

19 (m) "Eligible advance" means an advance made before August 19,
20 1993.

21 (n) "Eligible obligation" means an obligation issued or
22 incurred by an authority or by a municipality on behalf of an
23 authority before August 19, 1993 and its subsequent refunding by a
24 qualified refunding obligation. Eligible obligation includes an
25 authority's written agreement entered into before August 19, 1993
26 to pay an obligation issued after August 18, 1993 and before
27 December 31, 1996 by another entity on behalf of the authority.

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

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

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

7 (r) "Initial assessed value" means the assessed value, as
8 equalized, of all the taxable property within the boundaries of the
9 development area at the time the ordinance establishing the tax
10 increment financing plan is approved, as shown by the most recent
11 assessment roll of the municipality for which equalization has been
12 completed at the time the resolution is adopted. Property exempt
13 from taxation at the time of the determination of the initial
14 assessed value shall be included as zero. For the purpose of
15 determining initial assessed value, property for which a specific
16 local tax is paid in lieu of a property tax shall not be considered
17 to be property that is exempt from taxation. The initial assessed
18 value of property for which a specific local tax was paid in lieu
19 of a property tax shall be determined as provided in subdivision
20 (aa). In the case of a municipality having a population of less
21 than 35,000 that established an authority prior to 1985, created a
22 district or districts, and approved a development plan or tax
23 increment financing plan or amendments to a plan, and which plan or
24 tax increment financing plan or amendments to a plan, and which
25 plan expired by its terms December 31, 1991, the initial assessed
26 value for the purpose of any plan or plan amendment adopted as an
27 extension of the expired plan shall be determined as if the plan

1 had not expired December 31, 1991. For a development area
2 designated before 1997 in which a renaissance zone has subsequently
3 been designated pursuant to the Michigan renaissance zone act, 1996
4 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the
5 development area otherwise determined under this subdivision shall
6 be reduced by the amount by which the current assessed value of the
7 development area was reduced in 1997 due to the exemption of
8 property under section 7ff of the general property tax act, 1893 PA
9 206, MCL 211.7ff, but in no case shall the initial assessed value
10 be less than zero.

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

12 (t) "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 (u) "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 the municipality, or 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 (v) "Operations" means office maintenance, including salaries

1 and expenses of employees, office supplies, consultation fees,
2 design costs, and other expenses incurred in the daily management
3 of the authority and planning of its activities.

4 (w) "Other protected obligation" means:

5 (i) A qualified refunding obligation issued to refund an
6 obligation described in subparagraph (ii), (iii), or (iv), an
7 obligation that is not a qualified refunding obligation that is
8 issued to refund an eligible obligation, or a qualified refunding
9 obligation issued to refund an obligation described in this
10 subparagraph.

11 (ii) An obligation issued or incurred by an authority or by a
12 municipality on behalf of an authority after August 19, 1993, but
13 before December 31, 1994, to finance a project described in a tax
14 increment finance plan approved by the municipality in accordance
15 with this part before December 31, 1993, for which a contract for
16 final design is entered into by or on behalf of the municipality or
17 authority before March 1, 1994 or for which a written agreement
18 with a developer, titled preferred development agreement, was
19 entered into by or on behalf of the municipality or authority in
20 July 1993.

21 (iii) An obligation incurred by an authority or municipality
22 after August 19, 1993, to reimburse a party to a development
23 agreement entered into by a municipality or authority before August
24 19, 1993, for a project described in a tax increment financing plan
25 approved in accordance with this part before August 19, 1993, and
26 undertaken and installed by that party in accordance with the
27 development agreement.

1 (iv) An obligation incurred by the authority evidenced by or
2 to finance a contract to purchase real property within a
3 development area or a contract to develop that property within the
4 development area, or both, if all of the following requirements are
5 met:

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

7 (B) Before June 30, 1995, the authority enters a contract for
8 the development of the real property located within the development
9 area.

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

12 (I) The department of natural resources for site reclamation
13 of the real property.

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

16 (v) An ongoing management or professional services contract
17 with the governing body of a county which was entered into before
18 March 1, 1994 and which was preceded by a series of limited term
19 management or professional services contracts with the governing
20 body of the county, the last of which was entered into before
21 August 19, 1993.

22 (vi) A loan from a municipality to an authority if the loan
23 was approved by the legislative body of the municipality on April
24 18, 1994.

25 (vii) Funds expended to match a grant received by a
26 municipality on behalf of an authority for sidewalk improvements
27 from the Michigan department of transportation if the legislative

1 body of the municipality approved the grant application on April 5,
2 1993 and the grant was received by the municipality in June 1993.

3 (viii) For taxes captured in 1994, an obligation described in
4 this subparagraph issued or incurred to finance a project. An
5 obligation is considered issued or incurred to finance a project
6 described in this subparagraph only if all of the following are
7 met:

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

10 (B) The obligation was part of a development plan and the tax
11 increment financing plan was approved by a municipality on May 6,
12 1991.

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

16 (D) The authority or municipality captured school taxes during
17 1994.

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

21 (x) "Public facility" means a street, plaza, pedestrian mall,
22 and any improvements to a street, plaza, or pedestrian mall
23 including street furniture and beautification, park, parking
24 facility, recreational facility, right-of-way, structure, waterway,
25 bridge, lake, pond, canal, utility line or pipe, building, and
26 access routes to any of the foregoing, designed and dedicated to
27 use by the public generally, or used by a public agency. Public

1 facility includes an improvement to a facility used by the public
2 or a public facility as those terms are defined in section 1 of
3 1966 PA 1, MCL 125.1351, which improvement is made to comply with
4 the 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 Public facility also includes the acquisition, construction,
8 improvement, and operation of a building owned or leased by the
9 authority to be used as a retail business incubator.

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

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

1 issued before January 1, 2010. The duration of the development
2 program described in the tax increment financing plan relating to
3 the qualified refunding obligations issued under this subparagraph
4 is hereby extended to 1 year after the final date of maturity of
5 the qualified refunding obligations.

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

7 (A) The net present value of the principal and interest to be
8 paid on the refunding obligation, including the cost of issuance,
9 will be less than the net present value of the principal and
10 interest to be paid on the obligation being refunded, as calculated
11 using a method approved by the department of treasury.

12 (B) The net present value of the sum of the tax increment
13 revenues described in subdivision (cc) (ii) and the distributions
14 under section 213b to repay the refunding obligation will not be
15 greater than the net present value of the sum of the tax increment
16 revenues described in subdivision (cc) (ii) and the distributions
17 under section 213b to repay the obligation being refunded, as
18 calculated using a method approved by the department of treasury.

19 (iii) The obligation is issued to refund an other protected
20 obligation issued as a capital appreciation bond delivered to the
21 Michigan municipal bond authority on December 21, 1994 and any
22 subsequent refundings of that obligation issued before January 1,
23 2012. Qualified refunding obligations issued under this
24 subparagraph are not subject to the requirements of section 305(2),
25 (3), (5), and (6), section 501, section 503, or section 611 of the
26 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,
27 141.2503, and 141.2611, if issued before January 1, 2012. The

1 duration of the development program described in the tax increment
2 financing plan relating to the qualified refunding obligations
3 issued under this subparagraph is extended to 1 year after the
4 final date of maturity of the qualified refunding obligations. The
5 obligation may be payable through the year 2025 at an interest rate
6 not exceeding the maximum rate permitted by law, notwithstanding
7 the bond maturity dates contained in the notice of intent to issue
8 bonds published by the municipality. An obligation issued under
9 this subparagraph is a qualified refunding obligation only to the
10 extent that revenues described in subdivision (cc) (ii) and
11 distributions under section 213b to repay the qualified refunding
12 obligation do not exceed \$750,000.00.

13 (iv) The obligation is issued to refund a qualified refunding
14 obligation issued on February 13, 2008, and any subsequent
15 refundings of that obligation, issued before December 31, 2018.
16 Qualified refunding obligations issued under this subparagraph are
17 not subject to the requirements of section 305(2), (3), (5), and
18 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA
19 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of
20 the development program described in the tax increment financing
21 plan relating to the qualified refunding obligations issued under
22 this subparagraph is extended to 1 year after the final date of
23 maturity of the qualified refunding obligations. Revenues described
24 in subdivision (cc) (ii) and distributions made under section 213b
25 in excess of the amount needed for current year debt service on an
26 obligation issued under this subparagraph may be paid to the
27 authority to the extent necessary to pay future years' debt service

1 on the obligation as determined by the board.

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

4 (i) Was not eligible to create an authority prior to January
5 3, 2005.

6 (ii) Adjoins a municipality that previously created an
7 authority.

8 (iii) Along with the adjoining municipality that previously
9 created an authority, is a member of the same joint planning
10 commission under the joint municipal planning act, 2003 PA 226, MCL
11 125.131 to 125.143.

12 (aa) "Specific local tax" means a tax levied under 1974 PA
13 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978
14 PA 255, MCL 207.651 to 207.668, the technology park development
15 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL
16 211.181 to 211.182. The initial assessed value or current assessed
17 value of property subject to a specific local tax shall be the
18 quotient of the specific local tax paid divided by the ad valorem
19 millage rate. However, after 1993, the state tax commission shall
20 prescribe the method for calculating the initial assessed value and
21 current assessed value of property for which a specific local tax
22 was paid in lieu of a property tax.

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

25 (cc) "Tax increment revenues" means the amount of ad valorem
26 property taxes and specific local taxes attributable to the
27 application of the levy of all taxing jurisdictions upon the

1 captured assessed value of real and personal property in the
2 development area, subject to the following requirements:

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

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

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

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

26 (B) Ad valorem property taxes excluded by the tax increment
27 financing plan of the authority from the determination of the

1 amount of tax increment revenues to be transmitted to the authority
2 or specific local taxes attributable to such ad valorem property
3 taxes.

4 (C) Ad valorem property taxes exempted from capture under
5 section 203(3) or specific local taxes attributable to such ad
6 valorem property taxes.

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

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

12 (II) The art institute authorities act, 2010 PA 296, MCL
13 123.1201 to 123.1229.

14 (III) Except as otherwise provided in section 203(3), ad
15 valorem property taxes or specific local taxes attributable to
16 those ad valorem property taxes levied for a separate millage for
17 public library purposes approved by the electors after December 31,
18 2016.

19 (iv) The amount of tax increment revenues authorized to be
20 included under subparagraph (ii) or (v), and required to be
21 transmitted to the authority under section 214(1), from ad valorem
22 property taxes and specific local taxes attributable to the
23 application of the levy of the state education tax act, 1993 PA
24 331, MCL 211.901 to 211.906, a local school district or an
25 intermediate school district upon the captured assessed value of
26 real and personal property in a development area shall be
27 determined separately for the levy by the state, each school

1 district, and each intermediate school district as the product of
2 sub-subparagraphs (A) and (B):

3 (A) The percentage that the total ad valorem taxes and
4 specific local taxes available for distribution by law to the
5 state, local school district, or intermediate school district,
6 respectively, bears to the aggregate amount of ad valorem millage
7 taxes and specific taxes available for distribution by law to the
8 state, each local school district, and each intermediate school
9 district.

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

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

1 privately owned property within a development area that commences
2 in 2005.

3 (vi) Tax increment revenues include ad valorem property taxes
4 and specific local taxes attributable to the levy by this state
5 under the state education tax act, 1993 PA 331, MCL 211.201 to
6 211.906, and by local or intermediate school districts which were
7 levied on or after July 1, 2010, upon the captured assessed value
8 of real and personal property in the development area of an
9 authority established in a city with a population of 600,000 or
10 more to pay for, or reimburse an advance for, costs associated with
11 the land acquisition, preliminary site work, and construction of a
12 catalyst development project.

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

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

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

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

23 (d) That tax increment financing is a government financing
24 program that contributes to economic growth and development by
25 dedicating a portion of the increase in the tax base resulting from
26 economic growth and development to facilities, structures, or
27 improvements within a development area thereby facilitating

1 economic growth and development.

2 (e) That it is necessary for the legislature to exercise its
3 power to legislate tax increment financing as authorized in this
4 part and in the exercise of this power to mandate the transfer of
5 tax increment revenues by city, village, township, school district,
6 and county treasurers to authorities created under this part in
7 order to effectuate the legislative government programs to
8 eliminate property value deterioration and to promote economic
9 growth.

10 (f) That halting property value deterioration and promoting
11 economic growth in the state are essential governmental functions
12 and constitute essential public purposes.

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

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

21 Sec. 202. (1) Except as otherwise provided in this subsection,
22 a municipality may establish 1 authority. If, before November 1,
23 1985, a municipality establishes more than 1 authority, those
24 authorities may continue to exist as separate authorities. Under
25 the conditions described in section 203a, a municipality may have
26 more than 1 authority within that municipality's boundaries. A
27 parcel of property shall not be included in more than 1 authority

1 created by this part.

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

7 Sec. 203. (1) When the governing body of a municipality
8 determines that it is necessary for the best interests of the
9 public to halt property value deterioration and increase property
10 tax valuation where possible in its business district, to eliminate
11 the causes of that deterioration, and to promote economic growth,
12 the governing body may, by resolution, declare its intention to
13 create and provide for the operation of an authority.

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

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

19 (3) Not more than 60 days after a public hearing held after
20 February 15, 1994, the governing body of a taxing jurisdiction
21 levying ad valorem property taxes that would otherwise be subject
22 to capture may exempt its taxes from capture by adopting a
23 resolution to that effect and filing a copy with the clerk of the
24 municipality proposing to create the authority. The resolution
25 takes effect when filed with that clerk and remains effective until
26 a copy of a resolution rescinding that resolution is filed with
27 that clerk. If a separate millage for public library purposes was

1 levied before January 1, 2017, and all obligations and other
2 protected obligations of the authority are paid, then the levy is
3 exempt from capture under this part, unless the library board or
4 commission allows all or a portion of its taxes levied to be
5 included as tax increment revenues and subject to capture under
6 this part under the terms of a written agreement between the
7 library board or commission and the authority. The written
8 agreement shall be filed with the clerk of the municipality.
9 However, if a separate millage for public library purposes was
10 levied before January 1, 2017, and the authority alters or amends
11 the boundaries of a downtown district or extends the duration of
12 the existing finance plan, then the library board or commission
13 may, not later than 60 days after a public hearing is held under
14 this subsection, exempt all or a portion of its taxes from capture
15 by adopting a resolution to that effect and filing a copy with the
16 clerk of the municipality that created the authority. For ad
17 valorem property taxes or specific local taxes attributable to
18 those ad valorem property taxes levied for a separate millage for
19 public library purposes approved by the electors after December 31,
20 2016, a library board or commission may allow all or a portion of
21 its taxes levied to be included as tax increment revenues and
22 subject to capture under this part under the terms of a written
23 agreement between the library board or commission and the
24 authority. The written agreement shall be filed with the clerk of
25 the municipality. However, if the library was created under section
26 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
27 under 1869 LA 233, then any action of the library board or

1 commission under this subsection shall have the concurrence of the
2 chief executive officer of the city that created the library to be
3 effective, and, if the action of the library board or commission
4 involves any bond issued by this state or a state agency, the
5 concurrence of the state treasurer.

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

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

23 (6) A municipality that has created an authority may enter
24 into an agreement with an adjoining municipality that has created
25 an authority to jointly operate and administer those authorities
26 under an interlocal agreement under the urban cooperation act of
27 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

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

8 (a) Size and makeup of the board.

9 (b) Determination and modification of downtown district,
10 business district, and development area.

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

12 (d) Issuance and repayment of obligations.

13 (e) Capture of taxes.

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

16 Sec. 203a. If a downtown district is part of an area annexed
17 to or consolidated with another municipality, the authority
18 managing that district shall become an authority of the annexing or
19 consolidated municipality. Obligations of that authority incurred
20 under a development or tax increment plan, agreements related to a
21 development or tax increment plan, and bonds issued under this part
22 shall remain in effect following the annexation or consolidation.

23 Sec. 203b. (1) An ordinance enacted by a municipality that has
24 a population of less than 50,000 establishing an authority,
25 creating a district, or approving a development plan or tax
26 increment financing plan, or an amendment to an authority,
27 district, or plan, and all actions taken under that ordinance,

1 including the issuance of bonds, are ratified and validated
2 notwithstanding that notice for the public hearing on the
3 establishment of the authority, creation of the district, or
4 approval of the development plan or tax increment financing plan,
5 or on the amendment, was not published, posted, or mailed at least
6 20 days before the hearing, if the notice was published or posted
7 at least 15 days before the hearing or the authority was
8 established in 1984 by a village that filed the ordinance with the
9 secretary of state not later than March, 1986. This section applies
10 only to an ordinance adopted by a municipality before February 1,
11 1991, and shall include any bonds or amounts to be used by the
12 authority to pay the principal of and interest on bonds that have
13 been issued or that are to be issued by the authority, the
14 incorporating municipality, or a county on behalf of the
15 incorporating municipality. An authority for which an ordinance or
16 amendment to the ordinance establishing the authority has been
17 published before February 1, 1991 is considered for purposes of
18 section 203(4) to have promptly filed the ordinance or amendment to
19 the ordinance with the secretary of state if the ordinance or
20 amendment to the ordinance is filed with the secretary of state
21 before October 1, 1991. As used in this section, "notice was
22 published" means publication of the notice occurred at least once.

23 (2) A development plan and tax increment financing plan
24 approved by a resolution adopted by the village council of a
25 village having a population of less than 3,000 before June 15, 1988
26 rather than by adoption of an ordinance is ratified and validated,
27 if an amendment to the plans was adopted by the village council in

1 compliance with sections 18 and 19.

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

8 Sec. 203c. The validity of the proceedings or findings
9 establishing an authority, or of the procedure, adequacy of notice,
10 or findings with respect to the approval of a development plan or
11 tax increment financing plan is conclusive with respect to the
12 capture of tax increment revenues for an other protected obligation
13 that is a bond issued after October 1, 1994.

14 Sec. 203d. An ordinance enacted by a municipality that has a
15 population of greater than 1,000 and less than 2,000 establishing
16 an authority, creating a district, or approving a development plan
17 or tax increment financing plan, or an amendment to an authority,
18 district, or plan, and all actions taken or to be taken under that
19 ordinance, including the issuance of bonds, are ratified and
20 validated notwithstanding that notice for the public hearing on the
21 establishment of the authority, creation of the district, or
22 approval of the development plan or tax increment financing plan,
23 or on the amendment, was not published, posted, or mailed at least
24 20 days before the hearing, provided that the notice was either
25 published or posted at least 10 days before the hearing or that the
26 authority was established in 1990 by a municipality that filed the
27 ordinance with the secretary of state not later than July 1991.

1 This section applies only to an ordinance or an amendment adopted
2 by a municipality before January 1, 1999 and shall include any
3 bonds or amounts to be used by the authority to pay the principal
4 of and interest on bonds that have been issued or that are to be
5 issued by the authority or the incorporating municipality. An
6 authority for which an ordinance or amendment to the ordinance
7 establishing the authority has been published before February 1,
8 1991 is considered for purposes of section 203(3) to have promptly
9 filed the ordinance or amendment to the ordinance with the
10 secretary of state if the ordinance or amendment to the ordinance
11 is filed with the secretary of state before December 31, 2002. The
12 validity of the proceedings or findings establishing an authority
13 described in this section, or of the procedure, adequacy of notice,
14 or findings with respect to the approval of a development plan or
15 tax increment financing plan for an authority described in this
16 section is conclusive with respect to the capture of tax increment
17 revenues for a bond issued after June 1, 2002 and before June 1,
18 2006. As used in this section, "notice was either published or
19 posted" means either publication or posting of the notice occurred
20 at least once.

21 Sec. 204. (1) Except as provided in subsections (7), (8), and
22 (9), an authority shall be under the supervision and control of a
23 board consisting of the chief executive officer of the municipality
24 and not less than 8 or more than 12 members as determined by the
25 governing body of the municipality. Members shall be appointed by
26 the chief executive officer of the municipality, subject to
27 approval by the governing body of the municipality. Not less than a

1 majority of the members shall be persons having an interest in
2 property located in the downtown district or officers, members,
3 trustees, principals, or employees of a legal entity having an
4 interest in property located in the downtown district. Not less
5 than 1 of the members shall be a resident of the downtown district,
6 if the downtown district has 100 or more persons residing within
7 it. Of the members first appointed, an equal number of the members,
8 as near as is practicable, shall be appointed for 1 year, 2 years,
9 3 years, and 4 years. A member shall hold office until the member's
10 successor is appointed. Thereafter, each member shall serve for a
11 term of 4 years. An appointment to fill a vacancy shall be made by
12 the chief executive officer of the municipality for the unexpired
13 term only. Members of the board shall serve without compensation,
14 but shall be reimbursed for actual and necessary expenses. The
15 chairperson of the board shall be elected by the board. The rules
16 of procedure or the bylaws of the authority may provide that a
17 person be appointed to the board in his or her capacity as a public
18 official, whether appointed or elected. The rules of procedure or
19 bylaws may also provide that the public official's term shall
20 expire upon expiration of his or her service as a public official.
21 In addition, the public official's membership on the board expires
22 on his or her resignation from office as a public official.

23 (2) Before assuming the duties of office, a member shall
24 qualify by taking and subscribing to the constitutional oath of
25 office.

26 (3) The business which the board may perform shall be
27 conducted at a public meeting of the board held in compliance with

1 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public
2 notice of the time, date, and place of the meeting shall be given
3 in the manner required by the open meetings act, 1976 PA 267, MCL
4 15.261 to 15.275. The board shall adopt rules consistent with the
5 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its
6 procedure and the holding of regular meetings, subject to the
7 approval of the governing body. Special meetings may be held if
8 called in the manner provided in the rules of the board.

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

13 (5) All expense items of the authority shall be publicized
14 monthly and the financial records shall always be open to the
15 public.

16 (6) In addition to the items and records prescribed in
17 subsection (5), a writing prepared, owned, used, in the possession
18 of, or retained by the board in the performance of an official
19 function shall be made available to the public in compliance with
20 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

21 (7) By resolution of its governing body, a municipality having
22 more than 1 authority may establish a single board to govern all
23 authorities in the municipality. The governing body may designate
24 the board of an existing authority as the board for all authorities
25 or may establish by resolution a new board in the same manner as
26 provided in subsection (1). A member of a board governing more than
27 1 authority may be a resident of or have an interest in property in

1 any of the downtown districts controlled by the board in order to
2 meet the requirements of this section.

3 (8) By ordinance, the governing body of a municipality that
4 has a population of less than 5,000 may have the municipality's
5 planning commission created pursuant to former 1931 PA 285 or the
6 Michigan planning enabling act, 2008 PA 33, MCL 125.3801 to
7 125.3885, serve as the board provided for in subsection (1).

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

12 Sec. 205. (1) The board may employ and fix the compensation of
13 a director, subject to the approval of the governing body of the
14 municipality. The director shall serve at the pleasure of the
15 board. A member of the board is not eligible to hold the position
16 of director. Before entering upon the duties of his or her office,
17 the director shall take and subscribe to the constitutional oath,
18 and furnish bond, by posting a bond in the penal sum determined in
19 the ordinance establishing the authority payable to the authority
20 for use and benefit of the authority, approved by the board, and
21 filed with the municipal clerk. The premium on the bond shall be
22 deemed an operating expense of the authority, payable from funds
23 available to the authority for expenses of operation. The director
24 shall be the chief executive officer of the authority. Subject to
25 the approval of the board, the director shall supervise, and be
26 responsible for, the preparation of plans and the performance of
27 the functions of the authority in the manner authorized by this

1 part. The director shall attend the meetings of the board, and
2 shall render to the board and to the governing body of the
3 municipality a regular report covering the activities and financial
4 condition of the authority. If the director is absent or disabled,
5 the board may designate a qualified person as acting director to
6 perform the duties of the office. Before entering upon the duties
7 of his or her office, the acting director shall take and subscribe
8 to the oath, and furnish bond, as required of the director. The
9 director shall furnish the board with information or reports
10 governing the operation of the authority as the board requires.

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

3 Sec. 206. 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. 207. (1) The board may:

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

10 (b) Study and analyze the impact of metropolitan growth upon
11 the downtown district.

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 economic growth of the downtown district.

18 (d) Plan, propose, and implement an improvement to a public
19 facility within the development area to comply with the barrier
20 free design requirements of the state construction code promulgated
21 under the Stille-DeRossett-Hale single state construction code act,
22 1972 PA 230, MCL 125.1501 to 125.1531.

23 (e) Develop long-range plans, in cooperation with the agency
24 which is chiefly responsible for planning in the municipality,
25 designed to halt the deterioration of property values in the
26 downtown district and to promote the economic growth of the
27 downtown district, and take such steps as may be necessary to

1 persuade property owners to implement the plans to the fullest
2 extent possible.

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

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

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

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

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

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

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) Create, operate, and fund marketing initiatives that
4 benefit only retail and general marketing of the downtown district.

5 (o) Contract for broadband service and wireless technology
6 service in the downtown district.

7 (p) Operate and perform all duties and exercise all
8 responsibilities described in this section in a qualified township
9 if the qualified township has entered into an agreement with the
10 municipality under section 203(7).

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

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

18 (2) If it is the express determination of the board to create,
19 operate, or fund a retail business incubator in the downtown
20 district, the board shall give preference to tenants who will
21 provide goods or services that are not available or that are
22 underserved in the downtown area. If the board creates, operates,
23 or funds retail business incubators in the downtown district, the
24 board and each tenant who leases space in a retail business
25 incubator shall enter into a written contract that includes, but is
26 not limited to, all of the following:

27 (a) The lease or rental rate that may be below the fair market

1 rate as determined by the board.

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

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

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

8 (e) The requirement that the tenant participate in basic
9 management classes, business seminars, or other business education
10 programs offered by the authority, the local chamber of commerce,
11 local community colleges, or institutions of higher education, as
12 determined by the board.

13 Sec. 208. If a board created under this part serves as the
14 planning commission under the Michigan planning enabling act, 2008
15 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
16 commission business in its agenda.

17 Sec. 209. The authority shall be deemed an instrumentality of
18 a political subdivision for purposes of 1972 PA 227, MCL 213.321 to
19 213.332.

20 Sec. 210. A municipality may take private property under 1911
21 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to the
22 authority, and may transfer the property to the authority for use
23 in an approved development, on terms and conditions it deems
24 appropriate, and the taking, transfer, and use shall be considered
25 necessary for public purposes and for the benefit of the public.

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

1 (a) Donations to the authority for the performance of its
2 functions.

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

4 (c) Money borrowed and to be repaid as authorized by sections
5 213 and 213a.

6 (d) Revenues from any property, building, or facility owned,
7 leased, licensed, or operated by the authority or under its
8 control, subject to the limitations imposed upon the authority by
9 trusts or other agreements.

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

12 (f) Proceeds from a special assessment district created as
13 provided by law.

14 (g) Money obtained from other sources 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 (h) Money obtained pursuant to section 213b.

19 (i) Revenue transferred pursuant to section 11a of chapter 2
20 of the city income tax act, 1964 PA 284, MCL 141.611a.

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

23 (2) Money received by the authority and not covered under
24 subsection (1) shall immediately be deposited to the credit of the
25 authority, subject to disbursement pursuant to this part. Except as
26 provided in this part, the municipality shall not obligate itself,
27 nor shall it ever be obligated to pay any sums from public funds,

1 other than money received by the municipality pursuant to this
2 section, for or on account of the activities of the authority.

3 Sec. 212. (1) An authority with the approval of the municipal
4 governing body may levy an ad valorem tax on the real and tangible
5 personal property not exempt by law and as finally equalized in the
6 downtown district. The tax shall not be more than 1 mill if the
7 downtown district is in a municipality having a population of
8 1,000,000 or more, or not more than 2 mills if the downtown
9 district is in a municipality having a population of less than
10 1,000,000. The tax shall be collected by the municipality creating
11 the authority levying the tax. The municipality shall collect the
12 tax at the same time and in the same manner as it collects its
13 other ad valorem taxes. The tax shall be paid to the treasurer of
14 the authority and credited to the general fund of the authority for
15 purposes of the authority.

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

20 Sec. 213. The authority may borrow money and issue its
21 negotiable revenue bonds under the revenue bond act of 1933, 1933
22 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
23 authority shall not except as hereinafter provided be deemed a debt
24 of the municipality or the state. The municipality by majority vote
25 of the members of its governing body may pledge its full faith and
26 credit to support the authority's revenue bonds.

27 Sec. 213a. (1) The authority may with approval of the local

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

19 (2) A pledge made by the authority shall be valid and binding
20 from the time the pledge is made. The money or property pledged by
21 the authority immediately shall be subject to the lien of the
22 pledge without a physical delivery, filing, or further act. The
23 lien of such a pledge shall be valid and binding as against parties
24 having claims of any kind in tort, contract, or otherwise, against
25 the authority, irrespective of whether the parties have notice of
26 the lien. Neither the resolution, the trust agreement, nor any
27 other instrument by which a pledge is created need be filed or

1 recorded.

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

7 (4) The municipality shall not be liable on bonds or notes of
8 the authority issued pursuant to this section and the bonds or
9 notes shall not be a debt of the municipality. The bonds or notes
10 shall contain on their face a statement to that effect.

11 (5) The bonds and notes of the authority may be invested in by
12 all public officers, state agencies and political subdivisions,
13 insurance companies, banks, savings and loan associations,
14 investment companies, and fiduciaries and trustees, and may be
15 deposited with and received by all public officers and the agencies
16 and political subdivisions of this state for any purpose for which
17 the deposit of bonds is authorized.

18 Sec. 213b. (1) If the amount of tax increment revenues lost as
19 a result of the reduction of taxes levied by local school districts
20 for school operating purposes required by the millage limitations
21 under section 1211 of the school code of 1976, 1976 PA 451, MCL
22 380.1211, reduced by the amount of tax increment revenues received
23 from the capture of taxes levied under or attributable to the state
24 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
25 the tax increment revenues received in a fiscal year by an
26 authority under section 215 to be insufficient to repay an eligible
27 advance or to pay an eligible obligation, the legislature shall

1 appropriate and distribute to the authority the amount described in
2 subsection (5).

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

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

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

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

19 (d) The tax increment revenues the authority estimates it
20 would have received for that fiscal year if property taxes were
21 levied by local school districts within the jurisdictional area of
22 the authority for school operating purposes at the millage rates
23 described in subdivision (a) and if no property taxes were levied
24 by this state under the state education tax act, 1993 PA 331, MCL
25 211.901 to 211.906.

26 (e) A list and documentation of eligible obligations and
27 eligible advances and the payments due on each of those eligible

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

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

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

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

22 (3) For the fiscal year that commences after September 30,
23 1993 and before October 1, 1994, an authority may make a claim with
24 all information required by subsection (2) at any time after March
25 15, 1994.

26 (4) After review and verification of claims submitted pursuant
27 to this section, amounts appropriated by the state in compliance

1 with this part shall be distributed as 2 equal payments on March 1
2 and September 1 after receipt of a claim. An authority shall
3 allocate a distribution it receives for an eligible obligation
4 issued on behalf of a municipality to the municipality.

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

10 (a) The amount by which the tax increment revenues the
11 authority would have received for the fiscal year, excluding taxes
12 exempt under section 7ff of the general property tax act, 1893 PA
13 206, MCL 211.7ff, if property taxes were levied by local school
14 districts for school operating purposes at the millage rates
15 described in subsection (2)(a) and if no property taxes were levied
16 under the state education tax act, 1993 PA 331, MCL 211.901 to
17 211.906, exceed the tax increment revenues the authority actually
18 received for the fiscal year.

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

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

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

27 (7) If, based upon the tax increment financing plan in effect

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

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

19 (9) Obligations for which distributions are made pursuant to
20 this section are not a debt or liability of this state; do not
21 create or constitute an indebtedness, liability, or obligation of
22 this state; and are not and do not constitute a pledge of the faith
23 and credit of this state.

24 (10) Not later than July 1 of each year, the authority shall
25 certify to the local tax collecting treasurer the amount of the
26 distribution required under subsection (5), calculated without
27 regard to the receipt of tax increment revenues attributable to

1 local or intermediate school district taxes or attributable to
2 taxes levied under the state education tax act, 1993 PA 331, MCL
3 211.901 to 211.906.

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

7 (12) 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 Sec. 213c. (1) If the amount of tax increment revenues lost as
14 a result of the personal property tax exemptions provided by
15 section 1211(4) of the revised school code, 1976 PA 451, MCL
16 380.1211, section 3 of the state education tax act, 1993 PA 331,
17 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
18 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
19 reduce the allowable school tax capture received in a fiscal year,
20 then, notwithstanding any other provision of this part, the
21 authority, with approval of the department of treasury under
22 subsection (3), may request the local tax collecting treasurer to
23 retain and pay to the authority taxes levied under the state
24 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
25 for the following:

26 (a) To repay an eligible advance.

27 (b) To repay an eligible obligation.

1 (c) To repay an other protected obligation.

2 (2) Not later than June 15, 2008, not later than September 30,
3 2009, and not later than June 1 of each subsequent year, except for
4 2011, not later than June 15, an authority eligible under
5 subsection (1) to have taxes levied under the state education tax
6 act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the
7 authority under this section, shall apply for approval with the
8 department of treasury. The application for approval shall include
9 the following information:

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

13 (b) The tax increment revenues estimated to be received by the
14 authority for that fiscal year based upon actual property tax
15 levies of all taxing jurisdictions within the jurisdictional area
16 of the authority.

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

20 (d) A list of eligible obligations, eligible advances, and
21 other protected obligations, the payments due on each of those in
22 that fiscal year, and the total amount of all the payments due on
23 all of those in that fiscal year.

24 (e) The amount of money, other than tax increment revenues,
25 estimated to be received in that fiscal year by the authority that
26 is primarily pledged to, and to be used for, the payment of an
27 eligible obligation, the repayment of an eligible advance, or the

1 payment of an other protected obligation. That amount shall not
2 include excess tax increment revenues of the authority that are
3 permitted by law to be retained by the authority for purposes that
4 further the development program. However, that amount shall include
5 money to be obtained from sources authorized by law, which law is
6 enacted on or after December 1, 1993, for use by the municipality
7 or authority to finance a development plan.

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

12 (3) Not later than August 15, 2008; for 2009, not later than
13 February 3, 2010; for 2011 only, not later than 30 days after the
14 effective date of the amendatory act that amended this sentence;
15 and not later than August 15 for 2010, 2012, and each subsequent
16 year, based on the calculations under subsection (5), the
17 department of treasury shall approve, modify, or deny the
18 application for approval to have taxes levied under the state
19 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
20 and paid to the authority under this section. If the application
21 for approval contains the information required under subsection
22 (2)(a) through (f) and appears to be in substantial compliance with
23 the provisions of this section, then the department of treasury
24 shall approve the application. If the application is denied by the
25 department of treasury, then the department of treasury shall
26 provide the opportunity for a representative of the authority to
27 discuss the denial within 21 days after the denial occurs and shall

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

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

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

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

20 (5) Subject to subsection (6), the aggregate amount under this
21 section shall be the sum of the amounts determined under
22 subdivisions (a) and (b) minus the amount determined under
23 subdivision (c), as follows:

24 (a) The amount by which the tax increment revenues the
25 authority would have received and retained for the fiscal year,
26 excluding taxes exempt under section 7ff of the general property
27 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax

1 exemptions described in subsection (1) were not in effect, exceed
2 the tax increment revenues the authority actually received for the
3 fiscal year.

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

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

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

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

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

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

26 (10) The state tax commission may provide that the
27 reimbursement calculations under this section and the calculation

1 of allowable capture of school taxes shall be made for each
2 calendar year's tax increment revenues using a 12-month debt
3 payment period used by the authority and approved by the state tax
4 commission.

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

17 Sec. 214. (1) When the authority determines that it is
18 necessary for the achievement of the purposes of this part, the
19 authority shall prepare and submit a tax increment financing plan
20 to the governing body of the municipality. The plan shall include a
21 development plan as provided in section 217, a detailed explanation
22 of the tax increment procedure, the maximum amount of bonded
23 indebtedness to be incurred, and the duration of the program, and
24 shall be in compliance with section 215. The plan shall contain a
25 statement of the estimated impact of tax increment financing on the
26 assessed values of all taxing jurisdictions in which the
27 development area is located. The plan may provide for the use of

1 part or all of the captured assessed value, but the portion
2 intended to be used by the authority shall be clearly stated in the
3 tax increment financing plan. The authority or municipality may
4 exclude from captured assessed value growth in property value
5 resulting solely from inflation. The plan shall set forth the
6 method for excluding growth in property value resulting solely from
7 inflation.

8 (2) The percentage of taxes levied for school operating
9 purposes that is captured and used by the tax increment financing
10 plan shall not be greater than the plan's percentage capture and
11 use of taxes levied by a municipality or county for operating
12 purposes. For purposes of the previous sentence, taxes levied by a
13 county for operating purposes include only millage allocated for
14 county or charter county purposes under the property tax limitation
15 act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this
16 subsection, tax increment revenues used to pay bonds issued by a
17 municipality under section 216(1) shall be considered to be used by
18 the tax increment financing plan rather than shared with the
19 municipality. The limitation of this subsection does not apply to
20 the portion of the captured assessed value shared pursuant to an
21 agreement entered into before 1989 with a county or with a city in
22 which an enterprise zone is approved under section 13 of the
23 enterprise zone act, 1985 PA 224, MCL 125.2113.

24 (3) Approval of the tax increment financing plan shall be
25 pursuant to the notice, hearing, and disclosure provisions of
26 section 218. If the development plan is part of the tax increment
27 financing plan, only 1 hearing and approval procedure is required

1 for the 2 plans together.

2 (4) 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 district.

13 (5) 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 (6) Under a tax increment financing plan that includes a
18 catalyst development project, an authority may pledge available tax
19 increment revenues of the authority as security for any bonds
20 issued to develop and construct a catalyst development project.

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

23 (2) The authority shall expend the tax increment revenues
24 received for the development program only pursuant to the tax
25 increment financing plan. Surplus funds shall revert
26 proportionately to the respective taxing bodies. These revenues
27 shall not be used to circumvent existing property tax limitations.

1 The governing body of the municipality may abolish the tax
2 increment financing plan when it finds that the purposes for which
3 it was established are accomplished. However, the tax increment
4 financing plan shall not be abolished, allowed to expire, or
5 otherwise terminate until the principal of, and interest on, bonds
6 issued pursuant to section 216 have been paid or funds sufficient
7 to make the payment have been segregated.

8 Sec. 216. (1) The municipality may by resolution of its
9 governing body authorize, issue, and sell general obligation bonds
10 subject to the limitations set forth in this subsection to finance
11 the development program of the tax increment financing plan and
12 shall pledge its full faith and credit for the payment of the
13 bonds. The municipality may pledge as additional security for the
14 bonds any money received by the authority or the municipality
15 pursuant to section 211. The bonds are subject to the revised
16 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before
17 the municipality may authorize the borrowing, the authority shall
18 submit an estimate of the anticipated tax increment revenues and
19 other revenue available under section 211 to be available for
20 payment of principal and interest on the bonds, to the governing
21 body of the municipality. This estimate shall be approved by the
22 governing body of the municipality by resolution adopted by
23 majority vote of the members of the governing body in the
24 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 211 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 141.2801.

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 pursuant to this subsection may be secured by any other revenues
15 identified in section 211 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 pursuant to this
19 subsection. The bond issue may include a sum sufficient to pay
20 interest on the tax increment bonds until full development of tax
21 increment revenues from the project and also a sum to provide a
22 reasonable reserve for payment of principal and interest on the
23 bonds. The resolution authorizing the bonds shall create a lien on
24 the tax increment revenues and other revenues pledged by the
25 resolution that shall be a statutory lien and shall be a first lien
26 subject only to liens previously created. The resolution may
27 provide the terms upon which additional bonds may be issued of

1 equal standing and parity of lien as to the tax increment revenues
2 and other revenues pledged under the resolution. Bonds issued under
3 this subsection that pledge revenue received under section 211 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 (3) Notwithstanding any other provision of this part, if the
7 state treasurer determines that an authority or municipality can
8 issue a qualified refunding obligation and the authority or
9 municipality does not make a good-faith effort to issue the
10 qualified refunding obligation as determined by the state
11 treasurer, the state treasurer may reduce the amount claimed by the
12 authority or municipality under section 213b by an amount equal to
13 the net present value saving that would have been realized had the
14 authority or municipality refunded the obligation or the state
15 treasurer may require a reduction in the capture of tax increment
16 revenues from taxes levied by a local or intermediate school
17 district or this state by an amount equal to the net present value
18 savings that would have been realized had the authority or
19 municipality refunded the obligation. This subsection does not
20 authorize the state treasurer to require the authority or
21 municipality to pledge security greater than the security pledged
22 for the obligation being refunded.

23 Sec. 217. (1) When a board decides to finance a project in the
24 downtown district by the use of revenue bonds as authorized in
25 section 213 or tax increment financing as authorized in sections
26 214, 215, and 216, it shall prepare a development plan.

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

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

3 (b) The location and extent of existing streets and other
4 public facilities within the development area, shall designate the
5 location, character, and extent of the categories of public and
6 private land uses then existing and proposed for the development
7 area, including residential, recreational, commercial, industrial,
8 educational, and other uses, and shall include a legal description
9 of the development area.

10 (c) A description of existing improvements in the development
11 area to be demolished, repaired, or altered, a description of any
12 repairs and alterations, and an estimate of the time required for
13 completion.

14 (d) The location, extent, character, and estimated cost of the
15 improvements including rehabilitation contemplated for the
16 development area and an estimate of the time required for
17 completion.

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

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

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

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

27 (i) An estimate of the cost of the development, a statement of

1 the proposed method of financing the development, and the ability
2 of the authority to arrange the financing.

3 (j) Designation of the person or persons, natural or
4 corporate, to whom all or a portion of the development is to be
5 leased, sold, or conveyed in any manner and for whose benefit the
6 project is being undertaken if that information is available to the
7 authority.

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

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

1 (m) A plan for establishing priority for the relocation of
2 persons displaced by the development in any new housing in the
3 development area.

4 (n) Provision for the costs of relocating persons displaced by
5 the development and financial assistance and reimbursement of
6 expenses, including litigation expenses and expenses incident to
7 the transfer of title, in accordance with the standards and
8 provisions of the federal uniform relocation assistance and real
9 property acquisition policies act of 1970, Public Law 91-646, 42
10 USC 4601.

11 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
12 213.332.

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

15 Sec. 218. (1) The governing body, before adoption of an
16 ordinance approving or amending a development plan or approving or
17 amending a tax increment financing plan, shall hold a public
18 hearing on the development plan. Notice of the time and place of
19 the hearing shall be given by publication twice in a newspaper of
20 general circulation designated by the municipality, the first of
21 which shall be not less than 20 days before the date set for the
22 hearing. Notice of the hearing shall be posted in at least 20
23 conspicuous and public places in the downtown district not less
24 than 20 days before the hearing. Notice shall also be mailed to all
25 property taxpayers of record in the downtown district not less than
26 20 days before the hearing. Beginning June 1, 2005, the notice of
27 hearing within the time frame described in this subsection shall be

1 mailed by certified mail to the governing body of each taxing
2 jurisdiction levying taxes that would be subject to capture if the
3 development plan or the tax increment financing plan is approved or
4 amended.

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

22 Sec. 219. (1) The governing body after a public hearing on the
23 development plan or the tax increment financing plan, or both, with
24 notice of the hearing given in accordance with section 218, shall
25 determine whether the development plan or tax increment financing
26 plan constitutes a public purpose. If it determines that the
27 development plan or tax increment financing plan constitutes a

1 public purpose, it shall then approve or reject the plan, or
2 approve it with modification, by ordinance based on the following
3 considerations:

4 (a) The findings and recommendations of a development area
5 citizens council, if a development area citizens council was
6 formed.

7 (b) The plan meets the requirements set forth in section
8 217(2).

9 (c) The proposed method of financing the development is
10 feasible and the authority has the ability to arrange the
11 financing.

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

14 (e) The land included within the development area to be
15 acquired is reasonably necessary to carry out the purposes of the
16 plan and of this part in an efficient and economically satisfactory
17 manner.

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

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

22 (h) Changes in zoning, streets, street levels, intersections,
23 and utilities are reasonably necessary for the project and for the
24 municipality.

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

1 (3) Proposed amendments made to an approved development plan
2 to incorporate a catalyst development project plan shall be
3 submitted by the authority to the Michigan strategic fund for
4 approval or rejection of that part of the plan relating to the
5 catalyst development project. Amendments not approved or rejected
6 under this subsection by the Michigan strategic fund within 45 days
7 of submission for approval shall be considered approved.

8 Sec. 220. 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. 221. (1) If a proposed development area has residing
12 within it 100 or more residents, a development area citizens
13 council shall be established at least 90 days before the public
14 hearing on the development or tax increment financing plan. The
15 development area citizens council shall be established by the
16 governing body and shall consist of not less than 9 members. The
17 members of the development area citizens council shall be residents
18 of the development area and shall be appointed by the governing
19 body. A member of a development area citizens council shall be at
20 least 18 years of age.

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

23 Sec. 222. A development area citizens council established
24 pursuant to this part shall act an advisory body to the authority
25 and the governing body in the adoption of the development or tax
26 increment financing plans.

27 Sec. 223. Periodically a representative of the authority

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

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

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

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

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

1 the municipality complies with the other provisions of this part.

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

6 Sec. 226. Within 20 days after the public hearing on a
7 development or tax increment financing plan, the development area
8 citizens council shall notify the governing body, in writing, of
9 its findings and recommendations concerning a proposed development
10 plan.

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

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

20 (b) When there are less than 18 residents, real property
21 owners, or representatives of establishments located in the
22 development area eligible to serve on the development area citizens
23 council.

24 (c) Upon termination of the authority by ordinance of the
25 governing body.

26 Sec. 228. (1) The director of the authority shall prepare and
27 submit for the approval of the board a budget for the operation of

1 the authority for the ensuing fiscal year. The budget shall be
2 prepared in the manner and contain the information required of
3 municipal departments. Before the budget may be adopted by the
4 board, it shall be approved by the governing body of the
5 municipality. Funds of the municipality shall not be included in
6 the budget of the authority except those funds authorized in this
7 part or by the governing body of the municipality.

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

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

18 Sec. 229. (1) A public facility, building, or structure that
19 is determined by the municipality to have significant historical
20 interests shall be preserved in a manner as considered necessary by
21 the municipality in accordance with laws relative to the
22 preservation of historical sites. The preservation of facilities,
23 buildings, or structures determined to be historic sites by a
24 municipality shall include, at a minimum, equipping the historic
25 site with a fire alarm system.

26 (2) An authority shall refer all proposed changes to the
27 exterior of sites listed on the state register of historic sites

1 and the national register of historic places to the applicable
2 historic district commission created under the local historic
3 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
4 state housing development authority for review.

5 Sec. 230. (1) An authority that has completed the purposes for
6 which it was organized shall be dissolved by ordinance of the
7 governing body. The property and assets of the authority remaining
8 after the satisfaction of the obligations of the authority belong
9 to the municipality.

10 (2) An authority established under this part before December
11 31, 1988, that is dissolved by ordinance of the governing body
12 before September 30, 1990 and that is reinstated by ordinance of
13 the governing body after notice and public hearing as provided in
14 section 203(2) shall not be invalidated pursuant to a claim that,
15 based upon the standards set forth in section 203(1), a governing
16 body improperly determined that the necessary conditions existed
17 for the reinstatement of an authority under this part if at the
18 time the governing body established the authority the governing
19 body determined or could have determined that the necessary
20 conditions existed for the establishment of an authority under this
21 part or could have determined that establishment of an authority
22 under this part would serve to promote economic growth and
23 notwithstanding that the boundaries of the downtown district are
24 altered at the time of reinstatement of the authority.

25 (3) In the resolution of intent, the municipality shall set a
26 date for the holding of a public hearing on the adoption of a
27 proposed ordinance reinstating the authority. The procedure for

1 publishing the notice of hearing, holding the hearing, and adopting
2 the ordinance reinstating the authority shall be as provided in
3 section 203(2), (4), and (5).

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

8 (a) Publication of the ordinance reinstating the authority as
9 adopted.

10 (b) Filing of the ordinance reinstating the authority with the
11 secretary of state.

12 (c) May 27, 1993.

13 PART 3

14 TAX INCREMENT FINANCE AUTHORITIES

15 Sec. 301. As used in this part:

16 (a) "Advance" means a transfer of funds made by a municipality
17 to an authority or to another person on behalf of the authority.
18 Evidence of the intent to repay an advance is required and may
19 include, but is not limited to, an executed agreement to repay,
20 provisions contained in a tax increment financing plan approved
21 before the advance or before August 14, 1993, or a resolution of
22 the authority or the municipality.

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

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

27 (ii) For valuations made after December 31, 1994, taxable

1 value as determined under section 27a of the general property tax
2 act, 1893 PA 206, MCL 211.27a.

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

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

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

9 (f) "Captured assessed value" means the amount in any 1 year
10 by which the current assessed value of the development area,
11 including the assessed value of property for which specific local
12 taxes are paid in lieu of property taxes as determined in
13 subdivision (w), exceeds the initial assessed value. The state tax
14 commission shall prescribe the method for calculating captured
15 assessed value.

16 (g) "Chief executive officer" means the mayor or city manager
17 of a city, the president of a village, or the supervisor of a
18 township.

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

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

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

25 (k) "Development program" means the implementation of the
26 development plan.

27 (l) "Eligible advance" means an advance made before August 19,

1 1993.

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

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

21 (ii) For taxes levied after June 30, 2005 and before July 1,
22 2006, \$3,000,000.00.

23 (iii) For taxes levied after June 30, 2006 and before July 1,
24 2007, \$3,000,000.00.

25 (iv) For taxes levied after June 30, 2007 and before July 1,
26 2008, \$3,000,000.00.

27 (v) For taxes levied after June 30, 2008 and before July 1,

1 2009, \$3,000,000.00.

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

4 (vii) For taxes levied after June 30, 2010 and before July 1,
5 2011, \$2,650,000.00.

6 (viii) For taxes levied after June 30, 2011 and before July 1,
7 2012, \$2,400,000.00.

8 (ix) For taxes levied after June 30, 2012 and before July 1,
9 2013, \$2,125,000.00.

10 (x) For taxes levied after June 30, 2013 and before July 1,
11 2014, \$1,500,000.00.

12 (xi) For taxes levied after June 30, 2014 and before July 1,
13 2015, \$1,150,000.00.

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

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

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

18 (p) "Initial assessed value" means the assessed value, as
19 equalized, of all the taxable property within the boundaries of the
20 development area at the time the resolution establishing the tax
21 increment financing plan is approved as shown by the most recent
22 assessment roll of the municipality for which equalization has been
23 completed at the time the resolution is adopted. Property exempt
24 from taxation at the time of the determination of the initial
25 assessed value shall be included as zero. For the purpose of
26 determining initial assessed value, property for which a specific
27 local tax is paid in lieu of a property tax shall not be considered

1 property that is exempt from taxation. The initial assessed value
2 of property for which a specific tax was paid in lieu of a property
3 tax shall be determined as provided in subdivision (w).

4 (q) "Municipality" means a city.

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

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

17 (ii) A management contract or a contract for professional
18 services.

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

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

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

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

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

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

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

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

20 (t) "Other protected obligation" means:

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

26 (ii) An obligation issued or incurred by an authority or by a
27 municipality on behalf of an authority after August 19, 1993, but

1 before December 31, 1994, to finance a project described in a tax
2 increment finance plan approved by the municipality in accordance
3 with this part before December 31, 1993, for which a contract for
4 final design is entered into by the municipality or authority
5 before March 1, 1994.

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

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

20 (v) An ongoing management or professional services contract
21 with the governing body of a county which was entered into before
22 March 1, 1994 and which 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 (vi) An obligation issued or incurred by a municipality under
27 a contract executed on December 19, 1994 as subsequently amended

1 between the municipality and the authority to implement a project
2 described in a tax increment finance plan approved by the
3 municipality under this part before August 19, 1993 for which a
4 contract for final design was entered into by the municipality
5 before March 1, 1994 provided that final payment by the
6 municipality is made on or before December 31, 2001.

7 (vii) An obligation issued or incurred by an authority or by a
8 municipality on behalf of an authority that meets all of the
9 following qualifications:

10 (A) The obligation is issued or incurred to finance a project
11 described in a tax increment financing plan approved before August
12 19, 1993 by a municipality in accordance with this part.

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

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

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

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

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

27 (B) The obligation qualifies as an obligation under

1 subparagraph (ii). The obligation described in this subparagraph
2 may be amended to extend cash rental payments for a period not to
3 exceed 30 years through the year 2039. The duration of the
4 development plan and tax increment financing plan described in this
5 subparagraph is extended to 1 year after the final date that the
6 extended cash rental payments are due.

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

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

21 (ii) The acquisition and disposal of real and personal
22 property or interests in real and personal property, demolition of
23 structures, site preparation, relocation costs, building
24 rehabilitation, and all associated administrative costs, including,
25 but not limited to, architect's, engineer's, legal, and accounting
26 fees as contained in the resolution establishing the district's
27 development plan.

1 (iii) 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) "Qualified refunding obligation" means an obligation
8 issued or incurred by an authority or by a municipality on behalf
9 of an authority to refund an obligation if 1 of the following
10 applies:

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

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

17 (B) The net present value of the sum of the tax increment
18 revenues described in subdivision (aa) (ii) and the distributions
19 under section 12a to repay the refunding obligation will not be
20 greater than the net present value of the sum of the tax increment
21 revenues described in subdivision (aa) (ii) and the distributions
22 under section 312a to repay the obligation being refunded, as
23 calculated using a method approved by the department of treasury.

24 (ii) The refunding obligation is a tax increment refunding
25 bond issued to refund a refunding bond that is an other protected
26 obligation issued as a capital appreciation bond delivered to the
27 Michigan municipal bond authority on December 21, 1994, or bonds

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

14 (w) "Specific local tax" means a tax levied under 1974 PA 198,
15 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
16 255, MCL 207.651 to 207.668, the technology park development act,
17 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181
18 to 211.182. The initial assessed value or current assessed value of
19 property subject to a specific local tax shall be the quotient of
20 the specific local tax paid divided by the ad valorem millage rate.
21 However, after 1993, the state tax commission shall prescribe the
22 method for calculating the initial assessed value and current
23 assessed value of property for which a specific local tax was paid
24 in lieu of a property tax.

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

27 (y) "Tax increment district" or "district" means that area to

1 which the tax increment finance plan pertains.

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

4 (aa) "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, subject to the following requirements:

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

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

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

26 (A) Ad valorem property taxes attributable either to a portion
27 of the captured assessed value shared with taxing jurisdictions

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

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

10 (C) 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 (III) Except as otherwise provided in section 303(6), ad
18 valorem property taxes or specific local taxes attributable to
19 those ad valorem property taxes levied for a separate millage for
20 public library purposes approved by the electors after December 31,
21 2016.

22 (iv) The amount of tax increment revenues authorized to be
23 included under subparagraph (ii), and required to be transmitted to
24 the authority under section 314(1), from ad valorem property taxes
25 and specific local taxes attributable to the application of the
26 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
27 211.906, a local school district or an intermediate school district

1 upon the captured assessed value of real and personal property in a
2 development area shall be determined separately for the levy by the
3 state, each school district, and each intermediate school district
4 as the product of sub-subparagraphs (A) and (B):

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

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

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

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

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

25 Sec. 302. (1) A municipality may establish not more than 1
26 authority. An authority shall exercise its powers in all
27 development areas designated pursuant to this part.

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

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

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

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

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

24 (4) The governing body may alter or amend the boundaries of
25 the authority district to include or exclude lands from the
26 authority district in accordance with the same requirements
27 prescribed for adopting the resolution creating the authority.

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

5 (a) Publication of the resolution as adopted.

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

7 (6) If a separate millage for public library purposes was
8 levied before January 1, 2017, and all obligations and other
9 protected obligations of the authority are paid, then the levy is
10 exempt from capture under this part, unless the library board or
11 commission allows all or a portion of its taxes levied to be
12 included as tax increment revenues and subject to capture under
13 this part under the terms of a written agreement between the
14 library board or commission and the authority. The written
15 agreement shall be filed with the clerk of the municipality.
16 However, if a separate millage for public library purposes was
17 levied before January 1, 2017, and the authority alters or amends
18 the boundaries of the authority district or extends the duration of
19 the existing finance plan, then the library board or commission
20 may, not later than 60 days after a public hearing is held under
21 this subsection, exempt all or a portion of its taxes from capture
22 by adopting a resolution to that effect and filing a copy with the
23 clerk of the municipality that created the authority. For ad
24 valorem property taxes or specific local taxes attributable to
25 those ad valorem property taxes levied for a separate millage for
26 public library purposes approved by the electors after December 31,
27 2016, a library board or commission may allow all or a portion of

1 its taxes levied to be included as tax increment revenues and
2 subject to capture under this part under the terms of a written
3 agreement between the library board or commission and the
4 authority. The written agreement shall be filed with the clerk of
5 the municipality. However, if the library was created under section
6 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
7 under 1869 LA 233, then any action of the library board or
8 commission under this subsection shall have the concurrence of the
9 chief executive officer of the city that created the library to be
10 effective.

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

15 (a) The board of directors of the economic development
16 corporation of the municipality established pursuant to the
17 economic development corporations act, 1974 PA 338, MCL 125.1601 to
18 125.1636.

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

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

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

26 (e) In a municipality that has a population of less than
27 5,000, the planning commission of the municipality established

1 pursuant to Michigan planning enabling act, 2008 PA 33, MCL
2 125.3801 to 125.3885.

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

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

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

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

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

1 circuit court.

2 (6) All expense items of the authority shall be publicized
3 annually and the financial records shall be open to the public
4 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
5 to 15.246.

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

1 subscribe to the constitutional oath and furnish bond as required
2 of the director. The director shall furnish the board with
3 information or reports governing the operation of the authority as
4 the board requires.

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

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

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

22 (5) The board may employ other personnel considered necessary
23 by the board.

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

1 Sec. 307. The board may:

2 (a) Prepare an analysis of economic changes taking place in
3 the municipality and its environs as those changes relate to urban
4 deterioration in the development areas.

5 (b) Study and analyze the impact of growth upon development
6 areas.

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

13 (d) Plan, propose, and implement an improvement to a public
14 facility within the development area to comply with the barrier
15 free design requirements of the state construction code promulgated
16 under the Stille-Derossett-Hale single state construction code act,
17 1972 PA 230, MCL 125.1501 to 125.1531.

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

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

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

1 (h) Acquire by purchase or otherwise, on terms and conditions
2 and in a manner the authority considers proper, own, convey,
3 demolish, relocate, rehabilitate, or otherwise dispose of, or lease
4 as lessor or lessee, land and other property, real or personal, or
5 rights or interests therein, which the authority determines is
6 reasonably necessary to achieve the purposes of this part, and to
7 grant or acquire licenses, easements, and options with respect
8 thereto.

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

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

21 (k) Lease any building or property or part of a building or
22 property under its control.

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

25 (m) Acquire and construct public facilities.

26 (n) Incur costs in connection with the performance of its
27 authorized functions, including but not limited to, administrative

1 costs, and architects, engineers, legal, and accounting fees.

2 Sec. 308. If a board created under this part serves as the
3 planning commission under the Michigan planning enabling act, 2008
4 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
5 commission business in its agenda.

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

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

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

18 (a) Contributions to the authority for the performance of its
19 functions.

20 (b) 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 (c) Tax increment revenues received pursuant to a tax
25 increment financing plan established under sections 313 to 315.

26 (d) Proceeds of tax increment bonds issued pursuant to section
27 315.

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

2 (f) Money obtained from any other sources approved by the
3 governing body of the municipality or otherwise authorized by law
4 for use by the authority or the municipality to finance a
5 development program.

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

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

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

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

27 (2) Not less than 30 days before the first day of a fiscal

1 year, an authority eligible to retain tax increment revenues from
2 taxes levied by a local or intermediate school district or this
3 state, or to receive a distribution under this section for that
4 fiscal year shall file a claim with the department of treasury. The
5 claim shall include the following information:

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

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

12 (c) The tax increment revenues estimated to be received by the
13 authority for that fiscal year based upon actual property tax
14 levies of all taxing jurisdictions within the jurisdictional area
15 of the authority plus any tax increment revenues the authority
16 would have received for the fiscal year from property that is
17 exempt from taxation pursuant to the Michigan renaissance zone act,
18 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
19 taxable value at the time the zone is designated.

20 (d) The tax increment revenues the authority estimates it
21 would have received for that fiscal year if property taxes were
22 levied by local school districts within the jurisdictional area of
23 the authority for school operating purposes at the millage rates
24 described in subdivision (a) and if no property taxes were levied
25 by this state under the state education tax act, 1993 PA 331, MCL
26 211.901 to 211.906.

27 (e) A list and documentation of eligible obligations and

1 eligible advances and the payments due on each of those eligible
2 obligations or eligible advances in that fiscal year, and the total
3 amount of all the payments due on those eligible obligations and
4 eligible advances in that fiscal year.

5 (f) 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 or the repayment of an eligible advance. That
9 amount shall not include excess tax increment revenues of the
10 authority that are permitted by law to be retained by the authority
11 for purposes that further the development program. However, that
12 amount shall include money to be obtained from sources authorized
13 by law, which law is enacted on or after December 1, 1993, for use
14 by the municipality or authority to finance a development project.

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

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

23 (3) For the fiscal year that commences after September 30,
24 1993 and before October 1, 1994, an authority may make a claim with
25 all information required by subsection (2) at any time after March
26 15, 1994.

27 (4) After review and verification of claims submitted pursuant

1 to this section, amounts appropriated by the state in compliance
2 with this part shall be distributed as 2 equal payments on March 1
3 and September 1 after receipt of a claim. An authority shall
4 allocate a distribution it receives for an eligible obligation
5 issued on behalf of a municipality to the municipality.

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

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

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

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

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

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

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

26 (9) Obligations for which distributions are made pursuant to
27 this section are not a debt or liability of this state; do not

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

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

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

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

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

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

6 (a) To repay an eligible advance.

7 (b) To repay an eligible obligation.

8 (c) To repay an other protected obligation.

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

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

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

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

26 (d) A list of eligible obligations, eligible advances, and
27 other protected obligations, the payments due on each of those in

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

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

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

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

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

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

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

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

26 (5) Subject to subsection (6), the aggregate amount under this
27 section shall be the sum of the amounts determined under

1 subdivisions (a) and (b) minus the amount determined under
2 subdivision (c), as follows:

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

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

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

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

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

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

1 authority under subsection (5).

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

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

11 (11) It is the intent of the legislature that, to the extent
12 that the total amount of taxes levied under the state education tax
13 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
14 retained under this section and section 411b, section 15a of the
15 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
16 and section 213c, exceeds the difference of the total school aid
17 fund revenue for the tax year minus the estimated amount of revenue
18 the school aid fund would have received for the tax year had the
19 tax exemptions described in subsection (1) and the earmark created
20 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
21 208.1515, not taken effect, the general fund shall reimburse the
22 school aid fund the difference.

23 Sec. 313. (1) When the authority determines that it is
24 necessary for the achievement of the purposes of this part, the
25 authority shall prepare and submit a tax increment financing plan
26 to the governing body. The plan shall be in compliance with section
27 314 and shall include a development plan as provided in section

1 316. The plan shall also contain the following:

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

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

1 (c) The estimated tax increment revenues for each year of the
2 plan.

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

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

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

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

11 (h) The duration of the development plan and the tax increment
12 plan.

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

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

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

1 present their recommendations at the public hearing on the tax
2 increment financing plan. The authority may enter into agreements
3 with the taxing jurisdictions and the governing body of the
4 municipality in which the development area is located to share a
5 portion of the captured assessed value of the district.

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

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

25 Sec. 315. (1) By resolution of its board, the authority may
26 authorize, issue, and sell its tax increment bonds, subject to the
27 limitations set forth in this section, to finance a development

1 program. The bonds are subject to the revised municipal finance
2 act, 2001 PA 34, MCL 141.2101 to 141.2821. The bonds issued under
3 this section shall be considered a single series for the purposes
4 of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
5 141.2821.

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

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

1 for the obligation being refunded.

2 Sec. 316. (1) When a board decides to finance a project in a
3 development area pursuant to this part, it shall prepare a
4 development plan.

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

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

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

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

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

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

27 (f) A statement of the construction or stages of construction

1 planned, and the estimated time of completion of each stage.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 plan has been approved by the board and governing body pursuant to
2 sections 317 and 318.

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

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

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

21 (b) A statement that maps, plats, and a description of the
22 development plan, including the method of relocating families and
23 individuals who may be displaced from the area, are available for
24 public inspection at a place designated in the notice, and that all
25 aspects of the development plan will be open for discussion at the
26 public hearing.

27 (c) Other information that the governing body considers

1 appropriate.

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

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

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

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

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

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

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

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

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

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

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

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

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

1 adopted before July 18, 1983 is validated and shall be conclusive
2 unless contested in a court of competent jurisdiction within 60
3 days after July 18, 1983. A plan in effect before July 18, 1983
4 shall not be contested to the extent that tax increment revenues
5 are necessary for the payment of principal and interest on
6 outstanding bonds issued pursuant to the plan and payable from the
7 tax increment revenues or to the extent the authority or
8 municipality has incurred other obligations or made commitments
9 dependent upon tax increment revenues.

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

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

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

26 (3) If a development area citizens council is required
27 pursuant to subsection (1) and if the authority was established

1 pursuant to section 304(1)(a), (b), (c), or (d), a council
2 established in conjunction with any of those boards or commissions,
3 may serve in an advisory capacity to the authority, if the
4 authority determines it is representative of the development area.

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

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

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

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

27 (4) Failure of a council to organize or to consult with and be

1 advised by the authority, or failure to advise the governing body,
2 as provided in this part, shall not preclude the adoption of a
3 development plan by a municipality if the municipality complies
4 with the other provisions of this part.

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

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

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

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

21 (c) Upon termination of the authority by resolution of the
22 governing body.

23 Sec. 325. (1) The director of the authority shall prepare and
24 submit for the approval of the board a budget for the operation of
25 the authority for the ensuing fiscal year. The budget shall be
26 prepared in the manner and contain the information required of
27 municipal departments. Before the budget may be adopted by the

1 board, it shall be approved by the governing body. Funds of the
2 municipality shall not be included in the budget of the authority
3 except those funds authorized in this part or by the governing
4 body.

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

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

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

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

26 Sec. 328. Notwithstanding the limitation provided by section
27 302(1) on having more than 1 authority, if an authority district is

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

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

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

23 (3) A development area created or expanded after December 29,
24 1986 shall be subject to the requirements of section 303(1).

25 PART 4

26 LOCAL DEVELOPMENT FINANCE AUTHORITIES

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

1 (a) That there exists in this state conditions of
2 unemployment, underemployment, and joblessness detrimental to the
3 state economy and the economic growth of the state economy.

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

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

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

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

25 (f) That the creation of jobs and the promotion of economic
26 growth in the state are essential governmental functions and
27 constitute essential public purposes.

1 (g) That the creation of jobs and the promotion of economic
2 growth stabilize and strengthen the tax bases upon which local
3 units of government rely and that government programs to eliminate
4 causes of unemployment, underemployment, and joblessness benefit
5 local units of government and are for the use of those local units
6 of government.

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

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

14 Sec. 402. As used in this part:

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

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

26 (i) The storage, generation, reformation, or distribution of
27 clean fuels integrated within an alternative energy system or

1 alternative energy vehicle, not including an anaerobic digester
2 energy system or a hydroelectric energy system, for use within the
3 alternative energy system or alternative energy vehicle.

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

9 (iii) Research and development of an alternative energy
10 vehicle.

11 (iv) Research, development, and manufacturing of an
12 alternative energy system.

13 (v) Research, development, and manufacturing of an anaerobic
14 digester energy system.

15 (vi) Research, development, and manufacturing of a
16 hydroelectric energy system.

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

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

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

26 (ii) For valuations made after December 31, 1994, the taxable
27 value as determined under section 27a of the general property tax

1 act, 1893 PA 206, MCL 211.27a.

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

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

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

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

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

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

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

16 (i) Is located in a certified technology park or a certified
17 alternative energy park.

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

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

23 (j) "Captured assessed value" means the amount in any 1 year
24 by which the current assessed value of the eligible property
25 identified in the tax increment financing plan or, for a certified
26 technology park, a certified alternative energy park, or a Next
27 Michigan development area, the real and personal property included

1 in the tax increment financing plan, including the current assessed
2 value of property for which specific local taxes are paid in lieu
3 of property taxes as determined pursuant to subdivision (hh),
4 exceeds the initial assessed value. The state tax commission shall
5 prescribe the method for calculating captured assessed value.
6 Except as otherwise provided in this part, tax abated property in a
7 renaissance zone as defined under section 3 of the Michigan
8 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded
9 from the calculation of captured assessed value to the extent that
10 the property is exempt from ad valorem property taxes or specific
11 local taxes.

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

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

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

1 (n) "Chief executive officer" means the mayor or city manager
2 of a city, the president of a village, or, for other local units of
3 government or school districts, the person charged by law with the
4 supervision of the functions of the local unit of government or
5 school district.

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

8 (p) "Development program" means the implementation of a
9 development plan.

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

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

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

27 (ii) Agricultural processing.

1 (iii) A high technology activity.

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

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

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

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

1 contamination pursuant to law.

2 (v) A business incubator.

3 (vi) An alternative energy technology business.

4 (vii) A transit-oriented facility.

5 (viii) A transit-oriented development.

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

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

13 (u) "Governing body" means, except as otherwise provided in
14 this subdivision, the elected body having legislative powers of a
15 municipality creating an authority under this part. For a Next
16 Michigan development corporation, governing body means the
17 executive committee of the Next Michigan development corporation,
18 unless otherwise provided in the interlocal agreement or articles
19 of incorporation creating the Next Michigan development corporation
20 or the governing body of an eligible urban entity or its designee
21 as provided in the next Michigan development act, 2010 PA 275, MCL
22 125.2951 to 125.2959.

23 (v) "High-technology activity" means that term as defined in
24 section 3 of the Michigan economic growth authority act, 1995 PA
25 24, MCL 207.803.

26 (w) "Initial assessed value" means the assessed value of the
27 eligible property identified in the tax increment financing plan

1 or, for a certified technology park, a certified alternative energy
2 park, or a Next Michigan development area, the assessed value of
3 any real and personal property included in the tax increment
4 financing plan, at the time the resolution establishing the tax
5 increment financing plan is approved as shown by the most recent
6 assessment roll for which equalization has been completed at the
7 time the resolution is adopted or, for property that becomes
8 eligible property in other than a certified technology park or a
9 certified alternative energy park after the date the plan is
10 approved, at the time the property becomes eligible property.
11 Property exempt from taxation at the time of the determination of
12 the initial assessed value shall be included as zero. Property for
13 which a specific local tax is paid in lieu of property tax shall
14 not be considered exempt from taxation. The initial assessed value
15 of property for which a specific local tax was paid in lieu of
16 property tax shall be determined as provided in subdivision (hh).
17 (x) "Michigan economic development corporation" means the
18 public body corporate created under section 28 of article VII of
19 the state constitution of 1963 and the urban cooperation act of
20 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
21 interlocal agreement effective April 5, 1999 between local
22 participating economic development corporations formed under the
23 economic development corporations act, 1974 PA 338, MCL 125.1601 to
24 125.1636, and the Michigan strategic fund. If the Michigan economic
25 development corporation is unable for any reason to perform its
26 duties under this part, those duties may be exercised by the
27 Michigan strategic fund.

1 (y) "Michigan strategic fund" means the Michigan strategic
2 fund as described in the Michigan strategic fund act, 1984 PA 270,
3 MCL 125.2001 to 125.2094.

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

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

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

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

24 (i) A requirement to pay proceeds derived from ad valorem
25 property taxes or taxes levied in lieu of ad valorem property
26 taxes.

27 (ii) A management contract or a contract for professional

1 services.

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

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

8 (v) A letter of credit, paying agent, transfer agent, bond
9 registrar, or trustee fee associated with a contract, agreement,
10 bond, or note.

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

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

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

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

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

3 (ee) "Other protected obligation" means:

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

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

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

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

1 August 19, 1993.

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

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

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

26 (iii) All administrative and real and personal property
27 acquisition and disposal costs related to a public facility

1 described in subparagraphs (i) and (iv), including, but not limited
2 to, architect's, engineer's, legal, and accounting fees as
3 permitted by the district's development plan.

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

10 (v) All of the following costs approved by the Michigan
11 economic development corporation:

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

20 (B) Costs related to the acquisition, improvement,
21 preparation, demolition, disposal, construction, reconstruction,
22 remediation, rehabilitation, restoration, preservation,
23 maintenance, repair, furnishing, and equipping of land and other
24 assets that, if privately owned, would be eligible for depreciation
25 under the internal revenue code of 1986 for laboratory facilities,
26 research and development facilities, conference facilities,
27 teleconference facilities, testing, training facilities, and

1 quality control facilities that are or that support eligible
2 property under subdivision (s) (iii), that are owned by a public
3 entity, and that are located within a certified technology park.

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

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

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

24 (i) The net present value of the principal and interest to be
25 paid on the refunding obligation, including the cost of issuance,
26 will be less than the net present value of the principal and
27 interest to be paid on the obligation being refunded, as calculated

1 using a method approved by the department of treasury.

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

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

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

24 (jj) "Tax increment revenues" means the amount of ad valorem
25 property taxes and specific local taxes attributable to the
26 application of the levy of all taxing jurisdictions upon the
27 captured assessed value of eligible property within the district

1 or, for purposes of a certified technology park, a Next Michigan
2 development area, or a certified alternative energy park, real or
3 personal property that is located within the certified technology
4 park, a Next Michigan development area, or a certified alternative
5 energy park and included within the tax increment financing plan,
6 subject to the following requirements:

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

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

22 (A) To repay eligible advances, eligible obligations, and
23 other protected obligations.

24 (B) To fund or to repay an advance or obligation issued by or
25 on behalf of an authority to fund the cost of public facilities
26 related to or for the benefit of eligible property located within a
27 certified technology park or a certified alternative energy park to

1 the extent the public facilities have been included in an agreement
2 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as
3 determined by the state treasurer, of the amounts levied by the
4 state pursuant to the state education tax act, 1993 PA 331, MCL
5 211.901 to 211.906, and local and intermediate school districts for
6 a period, except as otherwise provided in this sub-subparagraph,
7 not to exceed 15 years, as determined by the state treasurer, if
8 the state treasurer determines that the capture under this sub-
9 subparagraph is necessary to reduce unemployment, promote economic
10 growth, and increase capital investment in the municipality.
11 However, upon approval of the state treasurer and the president of
12 the Michigan economic development corporation, a certified
13 technology park may capture under this sub-subparagraph for an
14 additional period of 5 years if the authority agrees to additional
15 reporting requirements and modifies its tax increment financing
16 plan to include regional collaboration as determined by the state
17 treasurer and the president of the Michigan economic development
18 corporation. In addition, upon approval of the state treasurer and
19 the president of the Michigan economic development corporation, if
20 a municipality that has created a certified technology park that
21 has entered into an agreement with another authority that does not
22 contain a certified technology park to designate a distinct
23 geographic area under section 412b, that authority that has created
24 the certified technology park and the associated distinct
25 geographic area may both capture under this sub-subparagraph for an
26 additional period of 15 years as determined by the state treasurer
27 and the president of the Michigan economic development corporation.

1 (C) To fund the cost of public facilities related to or for
2 the benefit of eligible property located within a Next Michigan
3 development area to the extent that the public facilities have been
4 included in a development plan, not to exceed 50%, as determined by
5 the state treasurer, of the amounts levied by the state pursuant to
6 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
7 and local and intermediate school districts for a period not to
8 exceed 15 years, as determined by the state treasurer, if the state
9 treasurer determines that the capture under this sub-subparagraph
10 is necessary to reduce unemployment, promote economic growth, and
11 increase capital investment in the authority district.

12 (iii) Tax increment revenues do not include any of the
13 following:

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

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

24 (C) Ad valorem property taxes exempted from capture under
25 section 404(3) or specific local taxes attributable to such ad
26 valorem property taxes.

27 (D) 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 local taxes attributable to
4 such ad valorem property taxes.

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

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

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

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

20 (III) Except as otherwise provided in section 404(3), ad
21 valorem property taxes or specific local taxes attributable to
22 those ad valorem property taxes levied for a separate millage for
23 public library purposes approved by the electors after December 31,
24 2016.

25 (iv) The amount of tax increment revenues authorized to be
26 included under subparagraph (ii), and required to be transmitted to
27 the authority under section 413(1), from ad valorem property taxes

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

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

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

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

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

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

1 (i) Meets all of the following requirements:

2 (A) Has a population of 20,000 or more, or has a population of
3 10,000 or more but is located in a county with a population of
4 400,000 or more.

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

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

8 (ii) Meets all of the following requirements:

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

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

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

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

18 (iii) Meets all of the following requirements:

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

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

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

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

25 (E) Has within its boundaries a combination of parcels under
26 common ownership that is 800 acres or larger, is immediately
27 adjacent to a limited access highway, is capable of being served by

1 a railroad, and is immediately adjacent to an existing sewer line.

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

3 (iv) Meets all of the following requirements:

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

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

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

8 (v) Meets all of the following requirements:

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

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

14 (C) Has a master plan in effect.

15 (vi) Meets all of the following requirements:

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

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

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

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

24 (E) Has rail service.

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

26 (vii) Has joined an authority under section 403(2) which is
27 seeking or has entered into an agreement for a certified technology

1 park.

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

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

8 (2) In addition to an authority established under subsection
9 (1), a municipality may join with 1 or more other municipalities
10 located within the same county to establish an authority under this
11 part. An authority created under this subsection may only exercise
12 its powers in a certified technology park designated in an
13 agreement made under section 412a or 412b or in a certified
14 alternative energy park designated in an agreement under section
15 412c. A municipality shall not establish more than 1 authority
16 under this subsection.

17 (3) A Next Michigan development corporation may establish not
18 more than 1 authority under the provisions of this part. An
19 authority established under this subsection shall exercise its
20 powers within its authority district and in all Next Michigan
21 development areas. The authority district in which the authority
22 may exercise its powers shall include all or part of the territory
23 of a Next Michigan development corporation, as determined by the
24 governing body of the Next Michigan development corporation.

25 (4) The authority shall be a public body corporate which may
26 sue and be sued in any court of this state. The authority possesses
27 all the powers necessary to carry out the purpose of its

1 incorporation. The enumeration of a power in this part shall not be
2 construed as a limitation upon the general powers of the authority.
3 The powers granted in this part to an authority may be exercised
4 notwithstanding that bonds are not issued by the authority.

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

9 (2) In the resolution of intent, the governing body proposing
10 to create the authority shall set a date for holding a public
11 hearing on the adoption of a proposed resolution creating the
12 authority and designating the boundaries of the authority district
13 or districts. Notice of the public hearing shall be published twice
14 in a newspaper of general circulation in the municipality, not less
15 than 20 nor more than 40 days before the date of the hearing.
16 Except as otherwise provided in subsection (8), not less than 20
17 days before the hearing, the governing body proposing to create the
18 authority shall also mail notice of the hearing to the property
19 taxpayers of record in a proposed authority district and, for a
20 public hearing to be held after February 15, 1994, to the governing
21 body of each taxing jurisdiction levying taxes that would be
22 subject to capture if the authority is established and a tax
23 increment financing plan is approved. Beginning June 1, 2005, the
24 notice of hearing within the time frame described in this
25 subsection shall be mailed by certified mail to the governing body
26 of each taxing jurisdiction levying taxes that would be subject to
27 capture if the authority is established and a tax increment

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

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

1 a separate millage for public library purposes was levied before
2 January 1, 2017, and all obligations and other protected
3 obligations of the authority are paid, then the levy is exempt from
4 capture under this part, unless the library board or commission
5 allows all or a portion of its taxes levied to be included as tax
6 increment revenues and subject to capture under this part under the
7 terms of a written agreement between the library board or
8 commission and the authority. The written agreement shall be filed
9 with the clerk of the municipality. However, if a separate millage
10 for public library purposes was levied before January 1, 2017, and
11 the authority alters or amends the boundaries of the authority
12 district or extends the duration of the existing finance plan, then
13 the library board or commission may, not later than 60 days after a
14 public hearing is held under this subsection, exempt all or a
15 portion of its taxes from capture by adopting a resolution to that
16 effect and filing a copy with the clerk of the municipality that
17 created the authority. For ad valorem property taxes or specific
18 local taxes attributable to those ad valorem property taxes levied
19 for a separate millage for public library purposes approved by the
20 electors after December 31, 2016, a library board or commission may
21 allow all or a portion of its taxes levied to be included as tax
22 increment revenues and subject to capture under this part under the
23 terms of a written agreement between the library board or
24 commission and the authority. The written agreement shall be filed
25 with the clerk of the municipality. However, if the library was
26 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
27 397.210a, or established under 1869 LA 233, then any action of the

1 library board or commission under this subsection shall have the
2 concurrence of the chief executive officer of the city that created
3 the library to be effective.

4 (4) Except as otherwise provided in subsection (8), not less
5 than 60 days after the public hearing or a shorter period as
6 determined by the governing body for a certified technology park or
7 a certified alternative energy park, if the governing body creating
8 the authority intends to proceed with the establishment of the
9 authority, it shall adopt, by majority vote of its members elected
10 and serving, a resolution establishing the authority and
11 designating the boundaries of the authority district or districts
12 within which the authority shall exercise its powers. The adoption
13 of the resolution is subject to any applicable statutory or charter
14 provisions with respect to the approval or disapproval of
15 resolutions by the chief executive officer of the municipality and
16 the adoption of a resolution over his or her veto. This resolution
17 shall be filed with the secretary of state promptly after its
18 adoption and shall be published at least once in a newspaper of
19 general circulation in the municipality.

20 (5) The governing body may alter or amend the boundaries of an
21 authority district to include or exclude lands from that authority
22 district or create new authority districts pursuant to the same
23 requirements prescribed for adopting the resolution creating the
24 authority.

25 (6) The validity of the proceedings establishing an authority
26 shall be conclusive unless contested in a court of competent
27 jurisdiction within 60 days after the last of the following takes

1 place:

2 (a) Publication of the resolution creating the authority as
3 adopted.

4 (b) Filing of the resolution creating the authority with the
5 secretary of state.

6 (7) Except as otherwise provided by this subsection, if 2 or
7 more municipalities desire to establish an authority under section
8 403(2), each municipality in which the authority district will be
9 located shall comply with the procedures prescribed by this part.
10 The notice required by subsection (2) may be published jointly by
11 the municipalities establishing the authority. The resolutions
12 establishing the authority shall include, or shall approve an
13 agreement including, provisions governing the number of members on
14 the board, the method of appointment, the members to be represented
15 by governmental units or agencies, the terms of initial and
16 subsequent appointments to the board, the manner in which a member
17 of the board may be removed for cause before the expiration of his
18 or her term, the manner in which the authority may be dissolved,
19 and the disposition of assets upon dissolution. An authority
20 described in this subsection shall not be considered established
21 unless all of the following conditions are satisfied:

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

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

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

4 (8) For an authority created under section 403(3), except as
5 otherwise provided by this subsection, the Next Michigan
6 development corporation shall comply with the procedures prescribed
7 for a municipality by subsections (1) and (2) and this subsection.
8 The provisions of subsections (3) and (4) shall not apply to an
9 authority exercising its powers under section 403(3). The notice
10 required by subsection (2) may be published by the Next Michigan
11 development corporation in a newspaper or newspapers of general
12 circulation within the municipalities which are constituent members
13 of the Next Michigan development corporation, and notice shall not
14 be required to be mailed to the property taxpayers of record in the
15 proposed authority district. The governing body of the Next
16 Michigan development corporation shall be the governing body of the
17 authority. A taxing jurisdiction levying ad valorem taxes within
18 the authority district that would otherwise be subject to capture
19 which is not a party to the intergovernmental agreement may exempt
20 its taxes from capture by adopting a resolution to that effect and
21 filing a copy not more than 60 days after the public hearing with
22 the recording officer of the Next Michigan development corporation.
23 The Next Michigan development corporation shall mail notice of the
24 public hearing to the governing body of each taxing jurisdiction
25 which is not a party to the intergovernmental agreement not less
26 than 20 days before the hearing. Following the public hearing, the
27 governing body of the Next Michigan development corporation shall

1 adopt a resolution designating the boundaries of the authority
2 district within which the authority shall exercise its powers,
3 which may include any certified technology park within the proposed
4 authority district in accordance with this subsection and may
5 include property adjacent to or within 1,500 feet of a road
6 classified as an arterial or collector according to the Federal
7 Highway Administration manual "Highway Functional Classification -
8 Concepts, Criteria and Procedures" or of another road in the
9 discretion of the Next Michigan development corporation, and
10 property adjacent to that property within the territory of the Next
11 Michigan development corporation, as provided in the resolution.
12 The resolution shall be effective when adopted, shall be filed with
13 the secretary of state and the president of the Michigan strategic
14 fund promptly after its adoption, and shall be published at least
15 once in a newspaper of general circulation in the territory of the
16 Next Michigan development corporation. If an authority district
17 designated under this subsection or subsequently amended includes a
18 certified technology park which is within the authority district of
19 another authority and which is subject to an existing development
20 plan or tax increment financing plan, then that certified
21 technology park may be considered to be under the jurisdiction of
22 the authority established under section 403(3) if so provided in a
23 resolution of the authority established under section 403(3) and if
24 approved by resolution of the governing body of the municipality
25 which created the other authority, and by the president of the
26 Michigan strategic fund. If so provided and approved, then the
27 development plan and tax increment financing plan applicable to the

1 certified technology park, including all assets and obligations
2 under the plans, shall be considered assigned and transferred from
3 the other authority to the authority created under section 403(3),
4 and the initial assessed value of the certified technology park
5 prior to the transfer shall remain the initial assessed value of
6 the certified technology park following the transfer. The transfer
7 shall be effective as of the later of the effective date of the
8 resolution of the authority established under section 403(3), the
9 resolution approved by the governing body of the municipality which
10 created the other authority, and the approval of the president of
11 the Michigan strategic fund.

12 Sec. 405. (1) The authority shall be under the supervision and
13 control of a board of 7 members appointed by the chief executive
14 officer of the city, village, or urban township creating the
15 authority subject to the approval of the governing body creating
16 the authority. The board shall include 1 member appointed by the
17 county board of commissioners of the county in which the authority
18 is located. The board shall include 1 member representing a
19 community or junior college in whose district the authority is
20 located appointed by the chief executive officer of that community
21 or junior college. The board shall also include 2 members appointed
22 by the chief executive officer of each local governmental unit,
23 other than the city, village, or urban township creating the
24 authority, which levied 20% or more of the ad valorem property
25 taxes levied against all property located in an authority district
26 in the year before the year in which the authority district is
27 established. However, those additional members shall only vote on

1 matters relating to authority districts located within their
2 respective local unit of government. Of the members first
3 appointed, an equal number, as near as possible, shall have terms
4 designated by the governing body creating the authority of 1 year,
5 2 years, 3 years, and 4 years. However, a member shall hold office
6 until the member's successor is appointed. After the first
7 appointment, each member shall serve for a term of 4 years. An
8 appointment to fill a vacancy shall be made in the same manner as
9 the original appointment. An appointment to fill an unexpired term
10 shall be for the unexpired portion of the term only. Members of the
11 board shall serve without compensation, but shall be reimbursed for
12 actual and necessary expenses.

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

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

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

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

1 (6) All expense items of the authority shall be publicized
2 annually and the financial records shall be open to the public
3 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
4 to 15.246.

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

8 Sec. 406. (1) The board may employ and fix the compensation of
9 a director, subject to the approval of the governing body creating
10 the authority. The director shall serve at the pleasure of the
11 board. A member of the board is not eligible to hold the position
12 of director. Before entering upon the duties of the office, the
13 director shall take and subscribe to the constitutional oath of
14 office and shall furnish bond by posting a bond in the penal sum
15 determined in the resolution establishing the authority. The bond
16 shall be payable to the authority for the use and benefit of the
17 authority, approved by the board, and filed with the clerk of the
18 municipality. The premium on the bond shall be considered an
19 operating expense of the authority, payable from funds available to
20 the authority for expenses of operation. The director shall be the
21 chief executive officer of the authority. Subject to the approval
22 of the board, the director shall supervise and be responsible for
23 the preparation of plans and the performance of the functions of
24 the authority in the manner authorized by this part. The director
25 shall attend the meetings of the board and shall render to the
26 board and to the governing body a regular report covering the
27 activities and financial condition of the authority. If the

1 director is absent or disabled, the board may designate a qualified
2 person as acting director to perform the duties of the office.

3 Before entering upon the duties of the office, the acting director
4 shall take and subscribe to the constitutional oath of office and
5 furnish bond as required of the director. The director shall
6 furnish the board with information or reports governing the
7 operation of the authority as the board requires.

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

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

21 (4) The board may retain legal counsel to advise the board in
22 the proper performance of its duties. The legal counsel may
23 represent the authority in actions brought by or against the
24 authority.

25 (5) The board may employ other personnel considered necessary
26 by the board.

27 (6) The employees of an authority may be eligible to

1 participate in municipal retirement and insurance programs of the
2 municipality as if they were civil service employees on the same
3 basis as civil service employees.

4 Sec. 407. The board may:

5 (a) Study and analyze unemployment, underemployment, and
6 joblessness and the impact of growth upon the authority district or
7 districts.

8 (b) Plan and propose the construction, renovation, repair,
9 remodeling, rehabilitation, restoration, preservation, or
10 reconstruction of a public facility.

11 (c) Develop long-range plans, in cooperation with the agency
12 which is chiefly responsible for planning in the municipality, to
13 promote the growth of the authority district or districts, and take
14 the steps that are necessary to implement the plans to the fullest
15 extent possible to create jobs, and promote economic growth.

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

19 (e) Make and enter into contracts necessary or incidental to
20 the exercise of the board's powers and the performance of its
21 duties.

22 (f) Acquire by purchase or otherwise on terms and conditions
23 and in a manner the authority considers proper, own or lease as
24 lessor or lessee, convey, demolish, relocate, rehabilitate, or
25 otherwise dispose of real or personal property, or rights or
26 interests in that property, which the authority determines is
27 reasonably necessary to achieve the purposes of this part, and to

1 grant or acquire licenses, easements, and options with respect to
2 the property.

3 (g) Improve land, prepare sites for buildings, including the
4 demolition of existing structures, and construct, reconstruct,
5 rehabilitate, restore and preserve, equip, improve, maintain,
6 repair, or operate a building, and any necessary or desirable
7 appurtenances to a building, as provided in section 412(2) for the
8 use, in whole or in part, of a public or private person or
9 corporation, or a combination thereof.

10 (h) Fix, charge, and collect fees, rents, and charges for the
11 use of a building or property or a part of a building or property
12 under the board's control, or a facility in the building or on the
13 property, and pledge the fees, rents, and charges for the payment
14 of revenue bonds issued by the authority.

15 (i) Lease a building or property or part of a building or
16 property under the board's control.

17 (j) Accept grants and donations of property, labor, or other
18 things of value from a public or private source.

19 (k) Acquire and construct public facilities.

20 (l) Incur costs in connection with the performance of the
21 board's authorized functions including, but not limited to,
22 administrative costs, and architects, engineers, legal, and
23 accounting fees.

24 (m) Plan, propose, and implement an improvement to a public
25 facility on eligible property to comply with the barrier free
26 design requirements of the state construction code promulgated
27 under the Stille-DeRossett-Hale single state constitution code act,

1 1972 PA 230, MCL 125.1501 to 125.1531.

2 Sec. 408. The authority shall be considered an instrumentality
3 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
4 to 213.332.

5 Sec. 409. A municipality may take private property under the
6 uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to
7 213.75, for the purpose of transfer to the authority, and may
8 transfer the property to the authority for use as authorized in the
9 development plan, on terms and conditions it considers appropriate.
10 The taking, transfer, and use shall be considered necessary for
11 public purposes and for the benefit of the public.

12 Sec. 410. The activities of the authority shall be financed
13 from 1 or more of the following sources:

14 (a) Contributions to the authority for the performance of its
15 functions.

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

20 (c) Tax increment revenues received pursuant to a tax
21 increment financing plan established under sections 412 to 414.

22 (d) Proceeds of tax increment bonds issued pursuant to section
23 414.

24 (e) Proceeds of revenue bonds issued pursuant to section 411.

25 (f) Money obtained from any other legal source approved by the
26 governing body of the municipality or otherwise authorized by law
27 for use by the authority or the municipality to finance a

1 development program.

2 (g) Money obtained pursuant to section 411a.

3 (h) Loans from the Michigan strategic fund or the Michigan
4 economic development corporation.

5 Sec. 411. (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 141.135. Except as provided in
8 subsection (2), revenue bonds issued by the authority shall not be
9 considered a debt of the municipality or of the state.

10 (2) The municipality by a majority vote of the members of its
11 governing body may make a limited tax pledge to support the
12 authority's revenue bonds or, if authorized by the voters of the
13 municipality, may pledge its full faith and credit to support the
14 authority's revenue bonds.

15 Sec. 411a. (1) If the amount of tax increment revenues lost as
16 a result of the reduction of taxes levied by local school districts
17 for school operating purposes required by the millage limitations
18 under section 1211 of the revised school code, 1976 PA 451, MCL
19 380.1211, reduced by the amount of tax increment revenues received
20 from the capture of taxes levied under or attributable to the state
21 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
22 the tax increment revenues received in a fiscal year by an
23 authority under section 413 to be insufficient to repay an eligible
24 advance or to pay an eligible obligation, the legislature shall
25 appropriate and distribute to the authority the amount described in
26 subsection (5).

27 (2) Not less than 30 days before the first day of a fiscal

1 year, an authority eligible to retain tax increment revenues from
2 taxes levied by a local or intermediate school district or this
3 state or to receive a distribution under this section for that
4 fiscal year shall file a claim with the department of treasury. The
5 claim shall include the following information:

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

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

12 (c) The tax increment revenues estimated to be received by the
13 authority for that fiscal year based upon actual property tax
14 levies of all taxing jurisdictions within the jurisdictional area
15 of the authority plus any tax increment revenues the authority
16 would have received for the fiscal year from property that is
17 exempt from taxation pursuant to the Michigan renaissance zone act,
18 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
19 taxable value at the time the zone is designated.

20 (d) The tax increment revenues the authority estimates it
21 would have received for that fiscal year if property taxes were
22 levied by local school districts within the jurisdictional area of
23 the authority for school operating purposes at the millage rates
24 described in subdivision (a) and if no property taxes were levied
25 by this state under the state education tax act, 1993 PA 331, MCL
26 211.901 to 211.906.

27 (e) A list and documentation of eligible obligations and

1 eligible advances and the payments due on each of those eligible
2 obligations or eligible advances in that fiscal year, and the total
3 amount of all the payments due on those eligible obligations and
4 eligible advances in that fiscal year.

5 (f) 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 or the repayment of an eligible advance. That
9 amount shall not include excess tax increment revenues of the
10 authority that are permitted by law to be retained by the authority
11 for purposes that further the development program. However, that
12 amount shall include money to be obtained from sources authorized
13 by law, which law is enacted on or after December 1, 1993, for use
14 by the municipality or authority to finance a development project.

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

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

23 (3) For the fiscal year that commences after September 30,
24 1993 and before October 1, 1994, an authority may make a claim with
25 all information required by subsection (2) at any time after March
26 15, 1994.

27 (4) After review and verification of claims submitted pursuant

1 to this section, amounts appropriated by the state in compliance
2 with this part shall be distributed as 2 equal payments on March 1
3 and September 1 after receipt of a claim. An authority shall
4 allocate a distribution it receives for an eligible obligation
5 issued on behalf of a municipality to the municipality.

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

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

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

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

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

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

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

26 (9) Obligations for which distributions are made pursuant to
27 this section are not a debt or liability of this state; do not

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

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

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

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

20 Sec. 411b. (1) If the amount of tax increment revenues lost as
21 a result of the personal property tax exemptions provided by
22 section 1211(4) of the revised school code, 1976 PA 451, MCL
23 380.1211, section 3 of the state education tax act, 1993 PA 331,
24 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
25 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
26 reduce the allowable school tax capture received in a fiscal year,
27 then, notwithstanding any other provision of this part, the

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

6 (a) To repay an eligible advance.

7 (b) To repay an eligible obligation.

8 (c) To repay an other protected obligation.

9 (d) To pay an advance or an obligation identified in a
10 development plan, or an amendment to that plan for property located
11 in a certified technology park approved by board of the authority
12 not later than 90 days after July 19, 2010 if the plan contains all
13 of the following and the plan for the capture of school taxes has
14 been approved within 1 year after July 19, 2010:

15 (i) A detailed description of the project.

16 (ii) A statement of the estimated cost of the project.

17 (iii) The specific location of the project.

18 (iv) The name of any developer of the project.

19 (e) To pay an advance or an obligation identified in a
20 development plan, or an amendment to that plan for property located
21 in a certified alternative energy park approved by the board of the
22 authority if the plan contains all of the following and the plan
23 for the capture of school taxes has been approved not later than
24 December 31, 2012:

25 (i) A detailed description of the project.

26 (ii) A statement of the estimated cost of the project.

27 (iii) The specific location of the project.

1 (iv) The name of any developer of the project.

2 (2) Not later than June 15, 2008, not later than September 30,
3 2009, and not later than June 1 of each subsequent year, an
4 authority eligible under subsection (1) to have taxes levied under
5 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
6 retained and paid to the authority under this section, shall apply
7 for approval with the department of treasury. The application for
8 approval shall include the following information:

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

12 (b) The tax increment revenues estimated to be received by the
13 authority for that fiscal year based upon actual property tax
14 levies of all taxing jurisdictions within the jurisdictional area
15 of the authority.

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

19 (d) A list of eligible obligations, eligible advances, other
20 protected obligations, and advances and obligations described in
21 subsection (1)(d) for expenditures authorized in a certified
22 technology park or described in subsection (1)(e) for expenditures
23 authorized in a certified alternative energy park; the payments due
24 on each of those in that fiscal year; and the total amount of
25 payments due on all of those in that fiscal year.

26 (e) The amount of money, other than tax increment revenues,
27 estimated to be received in that fiscal year by the authority that

1 is primarily pledged to, and to be used for, the payment of an
2 eligible obligation, the repayment of an eligible advance, the
3 payment of another protected obligation, the payment of obligations
4 or advances described in subsection (1)(d) for expenditures
5 authorized in a certified technology park, or the payment of
6 obligations or advances described in subsection (1)(e) for
7 expenditures authorized in a certified alternative energy park.
8 That amount shall not include excess tax increment revenues of the
9 authority that are permitted by law to be retained by the authority
10 for purposes that further the development program. However, that
11 amount shall include money to be obtained from sources authorized
12 by law, which law is enacted on or after December 1, 1993, for use
13 by the municipality or authority to finance a development plan.

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

18 (3) Not later than August 15, 2008; for 2009 only, not later
19 than 30 days after August 1, 2012; and not later than August 15 of
20 each subsequent year, based on the calculations under subsection
21 (5), the department of treasury shall approve, modify, or deny the
22 application for approval to have taxes levied under the state
23 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
24 and paid to the authority under this section. If the application
25 for approval contains the information required under subsection
26 (2)(a) through (f) and appears to be in substantial compliance with
27 the provisions of this section, then the department of treasury

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

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

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

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

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

1 subdivision (c), as follows:

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

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

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

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

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

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

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

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

10 (11) It is the intent of the legislature that, to the extent
11 that the total amount of taxes levied under the state education tax
12 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
13 retained under this section and section 15a of the brownfield
14 redevelopment financing act, 1996 PA 381, MCL 125.2665a, section
15 312b, and section 213c exceeds the difference of the total school
16 aid fund revenue for the tax year minus the estimated amount of
17 revenue the school aid fund would have received for the tax year
18 had the tax exemptions described in subsection (1) and the earmark
19 created by section 515 of the Michigan business tax act, 2007 PA
20 36, MCL 208.1515, not taken effect, the general fund shall
21 reimburse the school aid fund the difference.

22 Sec. 412. (1) If the board determines that it is necessary for
23 the achievement of the purposes of this part, the board shall
24 prepare and submit a tax increment financing plan to the governing
25 body. The plan shall be in compliance with section 413 and shall
26 include a development plan as provided in section 415. The plan
27 shall also contain the following:

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

8 (b) An estimate of the captured assessed value for each year
9 of the plan. The plan may provide for the use of part or all of the
10 captured assessed value or, subject to subsection (3), of the tax
11 increment revenues attributable to the levy of any taxing
12 jurisdiction, but the portion intended to be used shall be clearly
13 stated in the plan. The board or the municipality creating the
14 authority may exclude from captured assessed value a percentage of
15 captured assessed value as specified in the plan or growth in
16 property value resulting solely from inflation. If excluded, the
17 plan shall set forth the method for excluding growth in property
18 value resulting solely from inflation.

19 (c) The estimated tax increment revenues for each year of the
20 plan.

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

22 (e) The maximum amount of note or bonded indebtedness to be
23 incurred, if any.

24 (f) The amount of operating and planning expenditures of the
25 authority and municipality, the amount of advances extended by or
26 indebtedness incurred by the municipality, and the amount of
27 advances by others to be repaid from tax increment revenues.

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

3 (h) The duration of the development plan and the tax increment
4 plan.

5 (i) An estimate of the impact of tax increment financing on
6 the revenues of all taxing jurisdictions in which the eligible
7 property is or is anticipated to be located.

8 (j) A legal description of the eligible property to which the
9 tax increment financing plan applies or shall apply upon
10 qualification as eligible property.

11 (k) An estimate of the number of jobs to be created as a
12 result of implementation of the tax increment financing plan.

13 (l) The proposed boundaries of a certified technology park to
14 be created under an agreement proposed to be entered into pursuant
15 to section 412a, or of a certified alternative energy park to be
16 created under an agreement proposed to be entered into pursuant to
17 section 412c, or of a Next Michigan development area designated
18 under section 412e, an identification of the real property within
19 the certified technology park, the certified alternative energy
20 park, or the Next Michigan development area to be included in the
21 tax increment financing plan for purposes of determining tax
22 increment revenues, and whether personal property located in the
23 certified technology park, the certified alternative energy park,
24 or the Next Michigan development area is exempt from determining
25 tax increment revenues.

26 (2) Except as provided in subsection (7), a tax increment
27 financing plan shall provide for the use of tax increment revenues

1 for public facilities for eligible property whose captured assessed
2 value produces the tax increment revenues or, to the extent the
3 eligible property is located within a business development area or
4 a Next Michigan development area, for other eligible property
5 located in the business development area or the Next Michigan
6 development area. Public facilities for eligible property include
7 the development or improvement of access to and around, or within
8 the eligible property, of road facilities reasonably required by
9 traffic flow to be generated by the eligible property, and the
10 development or improvement of public facilities that are necessary
11 to service the eligible property, whether or not located on that
12 eligible property. If the eligible property identified in the tax
13 increment financing plan is property to which section 402(p)(iv)
14 applies, the tax increment financing plan shall not provide for the
15 use of tax increment revenues for public facilities other than
16 those described in the development plan as of April 1, 1991.
17 Whether or not provided in the tax increment financing plan, if the
18 eligible property identified in the tax increment financing plan is
19 property to which section 402(s)(iv) applies, then to the extent
20 that captured tax increment revenues are utilized for the costs of
21 cleanup of identified soil and groundwater contamination, the
22 captured tax increment revenues shall be first credited against the
23 shares of responsibility for the total costs of cleanup of
24 uncollectible parties who are responsible for the identified soil
25 and groundwater contamination pursuant to law, and then shall be
26 credited on a pro rata basis against the shares of responsibility
27 for the total costs of cleanup of other parties who are responsible

1 for the identified soil and groundwater contamination pursuant to
2 law.

3 (3) The percentage of taxes levied for school operating
4 purposes that is captured and used by the tax increment financing
5 plan and the tax increment financing plans under part 2, part 3,
6 and the brownfield redevelopment financing act, 1996 PA 381, MCL
7 125.2651 to 125.2672, shall not be greater than the percentage
8 capture and use of taxes levied by a municipality or county for
9 operating purposes under the tax increment financing plan and tax
10 increment financing plans under part 2, part 3, and the brownfield
11 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.
12 For purposes of the previous sentence, taxes levied by a county for
13 operating purposes include only millage allocated for county or
14 charter county purposes under the property tax limitation act, 1933
15 PA 62, MCL 211.201 to 211.217a.

16 (4) Except as otherwise provided by this subsection, approval
17 of the tax increment financing plan shall be in accordance with the
18 notice, hearing, disclosure, and approval provisions of sections
19 416 and 417. If the development plan is part of the tax increment
20 financing plan, only 1 hearing and approval procedure is required
21 for the 2 plans together. For a plan submitted by an authority
22 established by 2 or more municipalities under sections 403(2) and
23 404(7) or by an authority established by a Next Michigan
24 development corporation under sections 403(3) and 404(8), the
25 notice required by section 416 may be published jointly by the
26 municipalities in which the authority district is located or by the
27 Next Michigan development corporation. For a plan submitted by an

1 authority exercising its powers under sections 403(2) and 404(7),
2 the plan shall not be considered approved unless each governing
3 body in which the authority district is located makes the
4 determinations required by section 417 and approves the same plan,
5 including the same modifications, if any, made to the plan by any
6 other governing body. A plan submitted by an authority exercising
7 its powers under sections 403(3) and 404(8) shall be approved if
8 the governing body of the Next Michigan development corporation
9 makes the determinations required by section 417.

10 (5) 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
13 express their views and recommendations regarding the tax increment
14 financing plan. The authority shall fully inform the taxing
15 jurisdictions about the fiscal and economic implications of the
16 proposed tax increment financing plan. The taxing jurisdictions may
17 present their recommendations at the public hearing on the tax
18 increment financing plan. The authority may enter into agreements
19 with the taxing jurisdictions and the governing body of the
20 municipality in which the authority district is located to share a
21 portion of the captured assessed value of the district or to
22 distribute tax increment revenues among taxing jurisdictions. Upon
23 adoption of the plan, the collection and transmission of the amount
24 of tax increment revenues, as specified in this part, shall be
25 binding on all taxing units levying ad valorem property taxes or
26 specific local taxes against property located in the authority
27 district.

1 (6) Property qualified as a public facility under section
2 402(ff)(ii) that is acquired by an authority may be sold, conveyed,
3 or otherwise disposed to any person, public or private, for fair
4 market value or reasonable monetary consideration established by
5 the authority with the concurrence of the Michigan economic
6 development corporation and the municipality in which the eligible
7 property is located based on a fair market value appraisal from a
8 fee appraiser only if the property is sold for fair market value.
9 Unless the property acquired by an authority was located within a
10 certified business park, a certified technology park, a certified
11 alternative energy park, or a Next Michigan development area at the
12 time of disposition, an authority shall remit all monetary proceeds
13 received from the sale or disposition of property that qualified as
14 a public facility under section 402(ff)(ii) and was purchased with
15 tax increment revenues to the taxing jurisdictions. Proceeds
16 distributed to taxing jurisdictions shall be remitted in proportion
17 to the amount of tax increment revenues attributable to each taxing
18 jurisdiction in the year the property was acquired. If the property
19 was acquired in part with funds other than tax increment revenues,
20 only that portion of the monetary proceeds received upon
21 disposition that represent the proportion of the cost of
22 acquisition paid with tax increment revenues is required to be
23 remitted to taxing jurisdictions. If the property is located within
24 a certified business park, a certified technology park, or a
25 certified alternative energy park, or a Next Michigan development
26 area at the time of disposition, the monetary proceeds received
27 from the sale or disposition of that property may be retained by

1 the authority for any purpose necessary to further the development
2 program for the certified business park, certified technology park,
3 certified alternative energy park, or Next Michigan development
4 area in accordance with the tax increment financing plan.

5 (7) The tax increment financing plan may provide for the use
6 of tax increment revenues from a certified technology park for
7 public facilities for any eligible property located in the
8 certified technology park. The tax increment financing plan may
9 provide for the use of tax increment revenues from a certified
10 alternative energy park for public facilities for any eligible
11 property located in the certified alternative energy park. The tax
12 increment financing plan may provide for the use of tax increment
13 revenues within or without the development area from which the tax
14 increment revenues are derived, provided that the tax increment
15 revenues shall be used for public facilities within a Next Michigan
16 development area within the municipality whose levy has contributed
17 to the tax increment revenues except as otherwise provided in the
18 interlocal agreement creating the Next Michigan development
19 corporation that established the authority.

20 (8) If title to property qualified as a public facility under
21 section 402(ff)(ii) and acquired by an authority with tax increment
22 revenues is sold, conveyed, or otherwise disposed of pursuant to
23 subsection (6) for less than fair market value, the authority shall
24 enter into an agreement relating to the use of the property with
25 the person to whom the property is sold, conveyed, or disposed of,
26 which agreement shall include a penalty provision addressing
27 repayment to the authority if any interest in the property is sold,

1 conveyed, or otherwise disposed of by the person within 12 years
2 after the person received title to the property from the authority.
3 This subsection shall not require enforcement of a penalty
4 provision for a conveyance incident to a merger, acquisition,
5 reorganization, sale-lease back transaction, employee stock
6 ownership plan, or other change in corporate or business form or
7 structure.

8 (9) The penalty provision described in subsection (8) shall
9 not be less than an amount equal to the difference between the fair
10 market value of the property when originally sold, conveyed, or
11 otherwise disposed of and the actual consideration paid by the
12 person to whom the property was originally sold, conveyed, or
13 otherwise disposed of.

14 Sec. 412a. (1) A municipality that has created an authority
15 may apply to the Michigan economic development corporation for
16 designation of all or a portion of the authority district as a
17 certified technology park and to enter into an agreement governing
18 the terms and conditions of the designation. The form of the
19 application shall be in a form specified by the Michigan economic
20 development corporation and shall include information the Michigan
21 economic development corporation determines necessary to make the
22 determinations required under this section.

23 (2) After receipt of an application, the Michigan economic
24 development corporation may designate, pursuant to an agreement
25 entered into under subsection (3), a certified technology park that
26 is determined by the Michigan economic development corporation to
27 satisfy 1 or more of the following criteria based on the

1 application:

2 (a) A demonstration of significant support from an institution
3 of higher education, a private research-based institute, or a
4 large, private corporate research and development center located
5 within the proximity of the proposed certified technology park, as
6 evidenced by, but not limited to, the following types of support:

7 (i) Grants of preferences for access to and commercialization
8 of intellectual property.

9 (ii) Access to laboratory and other facilities owned by or
10 under control of the institution of higher education or private
11 research-based institute.

12 (iii) Donations of services.

13 (iv) Access to telecommunication facilities and other
14 infrastructure.

15 (v) Financial commitments.

16 (vi) Access to faculty, staff, and students.

17 (vii) Opportunities for adjunct faculty and other types of
18 staff arrangements or affiliations.

19 (b) A demonstration of a significant commitment on behalf of
20 the institution of higher education, private research-based
21 institute, or a large, private corporate research and development
22 center to the commercialization of research produced at the
23 certified technology park, as evidenced by the intellectual
24 property and, if applicable, tenure policies that reward faculty
25 and staff for commercialization and collaboration with private
26 businesses.

27 (c) A demonstration that the proposed certified technology

1 park will be developed to take advantage of the unique
2 characteristics and specialties offered by the public and private
3 resources available in the area in which the proposed certified
4 technology park will be located.

5 (d) The existence of or proposed development of a business
6 incubator within the proposed certified technology park that
7 exhibits the following types of resources and organization:

8 (i) Significant financial and other types of support from the
9 public or private resources in the area in which the proposed
10 certified technology park will be located.

11 (ii) A business plan exhibiting the economic utilization and
12 availability of resources and a likelihood of successful
13 development of technologies and research into viable business
14 enterprises.

15 (iii) A commitment to the employment of a qualified full-time
16 manager to supervise the development and operation of the business
17 incubator.

18 (e) The existence of a business plan for the proposed
19 certified technology park that identifies its objectives in a
20 clearly focused and measurable fashion and that addresses the
21 following matters:

22 (i) A commitment to new business formation.

23 (ii) The clustering of businesses, technology, and research.

24 (iii) The opportunity for and costs of development of
25 properties under common ownership or control.

26 (iv) The availability of and method proposed for development
27 of infrastructure and other improvements, including

1 telecommunications technology, necessary for the development of the
2 proposed certified technology park.

3 (v) Assumptions of costs and revenues related to the
4 development of the proposed certified technology park.

5 (f) A demonstrable and satisfactory assurance that the
6 proposed certified technology park can be developed to principally
7 contain eligible property as defined by section 402(s)(iii) and
8 (v).

9 (3) An authority and a municipality that incorporated the
10 authority may enter into an agreement with the Michigan economic
11 development corporation establishing the terms and conditions
12 governing the certified technology park. Upon designation of the
13 certified technology park pursuant to the terms of the agreement,
14 the subsequent failure of any party to comply with the terms of the
15 agreement shall not result in the termination or rescission of the
16 designation of the area as a certified technology park. The
17 agreement shall include, but is not limited to, the following
18 provisions:

19 (a) A description of the area to be included within the
20 certified technology park.

21 (b) Covenants and restrictions, if any, upon all or a portion
22 of the properties contained within the certified technology park
23 and terms of enforcement of any covenants or restrictions.

24 (c) The financial commitments of any party to the agreement
25 and of any owner or developer of property within the certified
26 technology park.

27 (d) The terms of any commitment required from an institution

1 of higher education or private research-based institute for support
2 of the operations and activities at eligible properties within the
3 certified technology park.

4 (e) 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 (f) The public facilities to be developed for the certified
9 technology park.

10 (g) The costs approved for public facilities under section
11 402(dd) .

12 (4) If the Michigan economic development corporation has
13 determined that a sale price or rental value at below market rate
14 will assist in increasing employment or private investment in the
15 certified technology park, the authority and municipality have
16 authority to determine the sale price or rental value for public
17 facilities owned or developed by the authority and municipality in
18 the certified technology park at below market rate.

19 (5) If public facilities developed pursuant to an agreement
20 entered into under this section are conveyed or leased at less than
21 fair market value or at below market rates, the terms of the
22 conveyance or lease shall include legal and equitable remedies and
23 rights to assure the public facilities are used as eligible
24 property. Legal and equitable remedies and rights may include
25 penalties and actual or liquidated damages.

26 (6) Except as otherwise provided in this section, an agreement
27 designating a certified technology park may not be made after

1 December 31, 2002, but any agreement made on or before December 31,
2 2002 may be amended after that date. However, the Michigan economic
3 development corporation may enter into an agreement with a
4 municipality after December 31, 2002 and on or before December 31,
5 2005 if that municipality has adopted a resolution of interest to
6 create a certified technology park before December 31, 2002.

7 (7) The Michigan economic development corporation shall market
8 the certified technology parks and the certified business parks.
9 The Michigan economic development corporation and an authority may
10 contract with each other or any third party for these marketing
11 services.

12 (8) Except as otherwise provided in subsections (9), (10), and
13 (11), the Michigan economic development corporation shall not
14 designate more than 10 certified technology parks. For purposes of
15 this subsection only, 2 certified technology parks located in a
16 county that contains a city with a population of more than 750,000,
17 shall be counted as 1 certified technology park. Not more than 7 of
18 the certified technology parks designated under this section may
19 not include a firm commitment from at least 1 business engaged in a
20 high technology activity creating a significant number of jobs.

21 (9) The Michigan economic development corporation may
22 designate an additional 5 certified technology parks after November
23 1, 2002 and before December 31, 2007. The Michigan economic
24 development corporation shall not accept applications for the
25 additional certified technology parks under this subsection until
26 after November 1, 2002.

27 (10) The Michigan economic development corporation may

1 designate an additional 3 certified technology parks after February
2 1, 2008 and before December 31, 2008. The Michigan economic
3 development corporation shall not accept applications for the
4 additional certified technology parks under this subsection until
5 after February 1, 2008.

6 (11) The Michigan economic development corporation may
7 designate an additional 3 certified technology parks before March
8 31, 2013. It is the intent of the legislature that after the
9 additional 3 certified technology parks are designated under this
10 subsection, no additional certified technology parks shall be
11 designated under this section.

12 (12) The Michigan economic development corporation shall give
13 priority to applications that include new business activity.

14 (13) For an authority established by 2 or more municipalities
15 under sections 403(2) and 404(7), each municipality in which the
16 authority district is located by a majority vote of the members of
17 its governing body may make a limited tax pledge to support the
18 authority's tax increment bonds issued under section 14 or, if
19 authorized by the voters of the municipality, may pledge its full
20 faith and credit for the payment of the principal of and interest
21 on the bonds. The municipalities that have made a pledge to support
22 the authority's tax increment bonds may approve by resolution an
23 agreement among themselves establishing obligations each may have
24 to the other party or parties to the agreement for reimbursement of
25 all or any portion of a payment made by a municipality related to
26 its pledge to support the authority's tax increment bonds.

27 (14) Not including certified technology parks designated under

1 subsection (8), but for certified technology parks designated under
2 subsections (9), (10), and (11) only, this state shall do all of
3 the following:

4 (a) Reimburse intermediate school districts each year for all
5 tax revenue lost that was captured by an authority for a certified
6 technology park designated by the Michigan economic development
7 corporation after October 3, 2002.

8 (b) Reimburse local school districts each year for all tax
9 revenue lost that was captured by an authority for a certified
10 technology park designated by the Michigan economic development
11 corporation after October 3, 2002.

12 (c) Reimburse the school aid fund from funds other than those
13 appropriated in section 411 of the state school aid act of 1979,
14 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
15 calculations under subdivisions (a) and (b) and for all revenue
16 lost that was captured by an authority for a certified technology
17 park designated by the Michigan economic development corporation
18 after October 3, 2002. Foundation allowances calculated under
19 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
20 388.1620, shall not be reduced as a result of tax revenue lost that
21 was captured by an authority for a certified technology park
22 designated by the Michigan economic development corporation under
23 subsection (9), (10), or (11) after October 3, 2002.

24 Sec. 412b. (1) A municipality that has created an authority in
25 which a certified technology park has been designated under this
26 part may enter into an agreement with another authority that does
27 not contain a certified technology park to designate a distinct

1 geographic area within the authority district as a certified
2 technology park. The authority shall consider the advantages of the
3 unique characteristics and specialties offered by the public and
4 private resources available in the distinct geographic area, shall
5 consider the benefits to regional cooperation and collaboration,
6 and shall consider whether designating the additional distinct
7 geographic area adds value to the mission of the designated
8 certified technology park. The distinct geographic area is subject
9 to the provisions of section 412a(3), (4), and (5). The state
10 treasurer shall not approve the capture of amounts levied by the
11 state under the state education tax act, 1993 PA 331, MCL 211.901
12 to 211.906, and by local and intermediate school districts as
13 permitted in section 402(jj)(ii)(B) for more than 9 distinct
14 geographic areas designated under this section. In addition,
15 beginning on July 21, 2015, the state treasurer shall not approve
16 the capture of amounts described in this subsection unless the
17 application for approval of a distinct geographic area under this
18 subsection is also approved by the Michigan economic development
19 corporation as provided in subsection (2). A copy of the
20 designation shall be filed with the Michigan economic development
21 corporation.

22 (2) Beginning on July 21, 2015, the Michigan economic
23 development corporation shall designate the distinct geographic
24 areas under subsection (1) pursuant to a competitive application
25 process that has an initial application period and a final
26 application period and that meets all the following:

27 (a) The initial application period shall begin on July 21,

1 2015 and end on October 1, 2015. All applications submitted during
2 the initial application period shall be approved or denied not
3 later than November 1, 2015. The Michigan economic development
4 corporation may approve up to 3 applications as a result of the
5 initial application period. Applications submitted outside the
6 initial application period shall not be considered under this
7 subdivision.

8 (b) The final application period shall begin on January 1,
9 2016 and end on July 1, 2016. All applications submitted during the
10 final application period shall be approved or denied by September
11 1, 2016. The Michigan economic development corporation may approve
12 the remaining designations available under subsection (1) as a
13 result of the final application period. However, there is no
14 requirement that all 9 designations be made under this section.
15 Applications submitted outside the final application period shall
16 not be considered under this subdivision.

17 (c) The Michigan economic development corporation shall
18 publish the application process and competitive criteria upon which
19 applications will be evaluated on its website. If an application
20 does not meet the requirements of this section, the application
21 shall not be approved by the Michigan economic development
22 corporation.

23 Sec. 412c. (1) A municipality that has created an authority
24 may apply to the Michigan economic development corporation for
25 designation of all or a portion of the authority district as a
26 certified alternative energy park and to enter into an agreement
27 governing the terms and conditions of the designation. The form of

1 the application shall be in a form specified by the Michigan
2 economic development corporation and shall include information the
3 Michigan economic development corporation determines necessary to
4 make the determinations required under this section.

5 (2) After receipt of an application, the Michigan economic
6 development corporation may designate, pursuant to an agreement
7 entered into under subsection (3), a certified alternative energy
8 park that is determined by the Michigan economic development
9 corporation to satisfy 1 or more of the following criteria based on
10 the application:

11 (a) A demonstration that the proposed alternative energy park
12 will be developed to take advantage of the unique characteristics
13 and specialties offered by public and private resources available
14 in the area in which the proposed certified alternative energy park
15 will be located.

16 (b) The existence of or strong likelihood of attracting
17 alternative energy technology businesses to the proposed
18 alternative energy park by exhibiting the following types of
19 resources and organization:

20 (i) Significant financial and other types of support from the
21 public or private resources in the area.

22 (ii) Proposed or actual ownership of land in sufficient
23 quantity as to attract 1 or more major alternative energy
24 technology businesses.

25 (c) The existence of a business plan for the proposed
26 certified alternative energy park that identifies its objectives in
27 a clearly focused and measurable fashion and that addresses the

1 following matters:

2 (i) A commitment to new business formation or major business
3 attraction.

4 (ii) The clustering of businesses, technology, and research
5 within the region.

6 (iii) The opportunity for and costs of development of
7 properties under common ownership or control.

8 (iv) The availability of and method proposed for development
9 and sale or conveyance of shovel-ready sites to include
10 infrastructure and other improvements, including telecommunications
11 technology, necessary for the successful development of the
12 proposed certified alternative energy park.

13 (v) Assumptions of costs and revenues related to the
14 development of the proposed certified alternative energy park.

15 (d) A demonstrable and satisfactory assurance that the
16 proposed certified alternative energy park can be developed to
17 principally contain eligible property as defined by section
18 402(s)(v) and (vi).

19 (e) The proposed certified alternative energy park includes a
20 military installation that was operated by the United States
21 Department of Defense and closed after 1980.

22 (3) An authority and a municipality that incorporated the
23 authority may enter into an agreement with the Michigan economic
24 development corporation establishing the terms and conditions
25 governing the certified alternative energy park. Upon designation
26 of the certified alternative energy park pursuant to the terms of
27 the agreement, the subsequent failure of any party to comply with

1 the terms of the agreement shall not result in the termination or
2 rescission of the designation of the area as a certified
3 alternative energy park. The agreement shall include, but is not
4 limited to, the following provisions:

5 (a) A description of the area to be included within the
6 certified alternative energy park.

7 (b) Covenants and restrictions, if any, upon all or a portion
8 of the properties contained within the certified alternative energy
9 park and terms of enforcement of any covenants or restrictions.

10 (c) The financial commitments of any party to the agreement
11 and of any owner or developer of property, including sale or
12 transfer of ownership or options thereto upon designation of a
13 certified alternative energy park for property within the certified
14 alternative energy park.

15 (d) The terms of enforcement of the agreement, which may
16 include the definition of events of default, cure periods, legal
17 and equitable remedies and rights, and penalties and damages,
18 actual or liquidated, upon the occurrence of an event of default.

19 (e) Proposed method of ownership of the land within the
20 certified alternative energy park.

21 (f) The costs approved for public facilities under section
22 402(dd).

23 (g) Proposed method of operating the certified alternative
24 energy park.

25 (4) If the Michigan economic development corporation has
26 determined that a sale price or rental value at below market rate
27 will assist in increasing employment or private investment in the

1 certified alternative energy park, the authority and municipality
2 have authority to determine the sale price or rental value for
3 public facilities owned or developed by the authority and
4 municipality in the certified alternative energy park at below
5 market rate.

6 (5) If public facilities developed pursuant to an agreement
7 entered into under this section are conveyed or leased at less than
8 fair market value or at below market rates, the terms of the
9 conveyance or lease shall include legal and equitable remedies and
10 rights to assure that the public facilities are used as eligible
11 property. Legal and equitable remedies and rights may include
12 penalties and actual or liquidated damages.

13 (6) Except as otherwise provided in this section, an agreement
14 designating a certified alternative energy park may not be made
15 after December 31, 2012, but any agreement made on or before
16 December 31, 2012 may be amended after that date.

17 (7) The Michigan economic development corporation shall not
18 designate more than 10 certified alternative energy parks. For
19 purposes of this subsection only, certified alternative energy
20 parks located in the same county shall be counted as 1 certified
21 alternative energy park.

22 (8) For an authority established by 2 or more municipalities
23 under sections 403(2) and 404(7), each municipality in which the
24 authority district is located by a majority vote of the members of
25 its governing body may make a limited tax pledge to support the
26 authority's tax increment bonds issued under section 414 or, if
27 authorized by the voters of the municipality, may pledge its full

1 faith and credit for the payment of the principal of and interest
2 on the bonds. The municipalities that have made a pledge to support
3 the authority's tax increment bonds may approve by resolution an
4 agreement among themselves establishing obligations each may have
5 to the other party or parties to the agreement for reimbursement of
6 all or any portion of a payment made by a municipality related to
7 its pledge to support the authority's tax increment bonds.

8 (9) Upon approval of the Michigan economic development
9 corporation, the certified alternative energy park may be owned and
10 operated by an economic development corporation created under the
11 economic development corporations act, 1974 PA 338, MCL 125.1601 to
12 125.1636, or other public body agreeable to all members.

13 Sec. 412d. (1) If an authority determines that a sale price or
14 rental value at below market rate will assist in increasing
15 employment or private investment in a development area, the
16 authority may determine a sale price or rental value for public
17 facilities owned or developed by the authority at below market
18 rate.

19 (2) If public facilities are conveyed or leased at less than
20 fair market value or at below market rates, the terms of the
21 conveyance or lease shall include legal and equitable remedies and
22 rights to assure that the public facilities are used as eligible
23 property. Legal and equitable remedies and rights may include
24 penalties and actual or liquidated damages. If public facilities
25 for public benefit are provided to private owners or users of
26 eligible property, the terms of the conveyance or lease shall
27 include a benefit to the private owner or user.

1 Sec. 412e. (1) A Next Michigan development corporation
2 establishing an authority under section 403(3) shall notify the
3 Michigan economic development corporation of the designation of a
4 Next Michigan development area.

5 (2) The Michigan economic development corporation shall market
6 the authority district including Next Michigan development areas.

7 (3) For an authority exercising its powers under section
8 403(3), each municipality and county which is a party to the
9 interlocal agreement establishing the Next Michigan development
10 corporation, or any 1 of them, by a majority vote of the members of
11 its governing body, may make a limited tax pledge to support the
12 authority's tax increment bonds issued under section 414 or, if
13 authorized by the voters of the municipality or county, may pledge
14 its full faith and credit for the payment of the principal of and
15 interest on the bonds. The municipalities or counties that have
16 made a pledge to support the authority's tax increment bonds may
17 approve by resolution an agreement among themselves establishing
18 obligations each may have to the other party or parties to the
19 agreement for reimbursement of all or any portion of a payment made
20 by a municipality or county related to its pledge to support the
21 authority's tax increment bonds.

22 Sec. 413. (1) The city, village, township, school district,
23 and county treasurers shall transmit to the authority tax increment
24 revenues.

25 (2) The authority shall expend the tax increment revenues
26 received for the development program only in accordance with the
27 tax increment financing plan. Tax increment revenues in excess of

1 the estimated tax increment revenues or of the actual costs of the
2 plan to be paid by the tax increment revenues may be retained by
3 the authority only for purposes, that by resolution of the board,
4 are determined to further the development program in accordance
5 with the tax increment financing plan. The excess tax increment
6 revenues not so used shall revert proportionately to the respective
7 taxing jurisdictions. These revenues shall not be used to
8 circumvent existing property tax laws or a local charter that
9 provides a maximum authorized rate for the levy of property taxes.
10 The governing body may abolish the tax increment financing plan if
11 it finds that the purposes for which the plan was established are
12 accomplished. However, the tax increment financing plan may not be
13 abolished, allowed to expire, or otherwise terminate until the
14 principal of, and interest on, bonds issued pursuant to section 414
15 have been paid or funds sufficient to make that payment have been
16 segregated and placed in an irrevocable trust for the benefit of
17 the holders of the bonds.

18 Sec. 414. (1) By resolution of its board and subject to the
19 limitations set forth in this section, the authority may authorize,
20 issue, and sell its tax increment bonds to finance a development
21 program. The bonds are subject to the revised municipal finance
22 act, 2001 PA 34, MCL 141.2101 to 141.2821. The authority may pledge
23 for debt service requirements the tax increment revenues to be
24 received from an eligible property. The bonds issued under this
25 section shall be considered a single series for the purposes of the
26 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
27 141.2821.

1 (2) The municipality by majority vote of the members of its
2 governing body may make a limited tax pledge to support the
3 authority's tax increment bonds or, if authorized by the voters of
4 the municipality, pledge its full faith and credit for the payment
5 of the principal of and interest on the authority's tax increment
6 bonds. The municipality may pledge as additional security for the
7 bonds any money received by the authority or the municipality
8 pursuant to section 410.

9 (3) Bonds and notes issued by the authority and the interest
10 on and income from those bonds and notes are exempt from taxation
11 by the state or a political subdivision of this state.

12 (4) Notwithstanding any other provision of this part, if the
13 state treasurer determines that an authority or municipality can
14 issue a qualified refunding obligation and the authority or
15 municipality does not make a good-faith effort to issue the
16 qualified refunding obligation as determined by the state
17 treasurer, the state treasurer may reduce the amount claimed by the
18 authority or municipality under section 411a by an amount equal to
19 the net present value saving that would have been realized had the
20 authority or municipality refunded the obligation or the state
21 treasurer may require a reduction in the capture of tax increment
22 revenues from taxes levied by a local or intermediate school
23 district or this state by an amount equal to the net present value
24 savings that would have been realized had the authority or
25 municipality refunded the obligation. This subsection does not
26 authorize the state treasurer to require the authority or
27 municipality to pledge security greater than the security pledged

1 for the obligation being refunded.

2 Sec. 415. (1) If a board decides to finance a project under
3 this part, it shall prepare a development plan.

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

6 (a) A description of the property to which the plan applies in
7 relation to the boundaries of the authority district and a legal
8 description of the property.

9 (b) The designation of boundaries of the property to which the
10 plan applies in relation to highways, streets, or otherwise.

11 (c) The location and extent of existing streets and other
12 public facilities in the vicinity of the property to which the plan
13 applies; the location, character, and extent of the categories of
14 public and private land uses then existing and proposed for the
15 property to which the plan applies, including residential,
16 recreational, commercial, industrial, educational, and other uses.

17 (d) A description of public facilities to be acquired for the
18 property to which the plan applies, a description of any repairs
19 and alterations necessary to make those improvements, and an
20 estimate of the time required for completion of the improvements.

21 (e) The location, extent, character, and estimated cost of the
22 public facilities for the property to which the plan applies, and
23 an estimate of the time required for completion.

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

26 (g) A description of any portions of the property to which the
27 plan applies, which the authority desires to sell, donate,

1 exchange, or lease to or from the municipality and the proposed
2 terms.

3 (h) A description of desired zoning changes and changes in
4 streets, street levels, intersections, and utilities.

5 (i) An estimate of the cost of the public facility or
6 facilities, a statement of the proposed method of financing the
7 public facility or facilities, and the ability of the authority to
8 arrange the financing.

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

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

20 (l) Estimates of the number of persons residing on the
21 property to which the plan applies and the number of families and
22 individuals to be displaced. If occupied residences are designated
23 for acquisition and clearance by the authority, a development plan
24 shall include a survey of the families and individuals to be
25 displaced, including their income and racial composition, a
26 statistical description of the housing supply in the community,
27 including the number of private and public units in existence or

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

7 (m) A plan for establishing priority for the relocation of
8 persons displaced by the development.

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

15 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
16 213.332.

17 (p) Other material which the authority or governing body
18 considers pertinent.

19 (3) It shall not be necessary for the board to prepare a
20 development plan pursuant to this section if a development plan
21 that adequately provides for accomplishing the proposed development
22 program has already been prepared and where the development plan
23 has been approved by the board and governing body pursuant to
24 sections 416 and 417.

25 Sec. 416. (1) Before adoption of a resolution approving or
26 amending a development plan or approving or amending a tax
27 increment financing plan, the governing body shall hold a public

1 hearing on the development plan. Notice of the time and place of
2 the hearing shall be given by publication twice in a newspaper of
3 general circulation designated by the municipality, the first of
4 which shall not be less than 20 days before the date set for the
5 hearing. Beginning June 1, 2005, the notice of hearing within the
6 time frame described in this subsection shall be mailed by
7 certified mail to the governing body of each taxing jurisdiction
8 levying taxes that would be subject to capture if the development
9 plan or the tax increment financing plan is approved or amended.

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

12 (a) A description of the property to which the plan applies in
13 relation to highways, streets, streams, or otherwise.

14 (b) A statement that maps, plats, and a description of the
15 development plan, including the method of relocating families and
16 individuals who may be displaced from the area, are available for
17 public inspection at a place designated in the notice, and that all
18 aspects of the development plan will be open for discussion at the
19 public hearing.

20 (c) Other information that the governing body considers
21 appropriate.

22 (3) At the time set for hearing, the governing body shall
23 provide an opportunity for interested persons to be heard and shall
24 receive and consider communications in writing with reference to
25 the matter. The hearing shall provide the fullest opportunity for
26 expression of opinion, for argument on the merits, and for
27 introduction of documentary evidence pertinent to the development

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

3 Sec. 417. (1) After a public hearing on the development plan
4 or the tax increment financing plan, or both, with notice of the
5 hearing given pursuant to section 416, the governing body shall
6 determine whether the development plan or tax increment financing
7 plan, or both, constitutes a public purpose. If the governing body
8 determines that the development plan or tax increment financing
9 plan, or both, constitutes a public purpose, the governing body may
10 then approve or reject the plan, or approve it with modification,
11 by resolution, based on the following considerations:

12 (a) Whether the development plan meets the requirements set
13 forth in section 415(2) and the tax increment financing plan meets
14 the requirements set forth in section 412(1), (2), and (3).

15 (b) Whether the proposed method of financing the public
16 facility or facilities is feasible and the authority has the
17 ability to arrange the financing.

18 (c) Whether the development is reasonable and necessary to
19 carry out the purposes of this part.

20 (d) Whether the amount of captured assessed value estimated to
21 result from adoption of the plan is reasonable.

22 (e) Whether the land to be acquired under the development plan
23 is reasonably necessary to carry out the purposes of the plan and
24 the purposes of this part.

25 (f) Whether the development plan is in reasonable accord with
26 the approved master plan of the municipality, if an approved master
27 plan exists.

1 (g) Whether public services, such as fire and police
2 protection and utilities, are or will be adequate to service the
3 property.

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

7 (2) Except as provided in this subsection, amendments to an
8 approved development plan or tax increment plan must be submitted
9 by the authority to the governing body for approval or rejection
10 following the same notice and public hearing provisions that are
11 necessary for approval or rejection of the original plan. Notice
12 and hearing shall not be necessary for revisions in the estimates
13 of captured assessed value and tax increment revenues.

14 (3) The procedure, adequacy of notice, and findings with
15 respect to purpose and captured assessed value shall be conclusive
16 unless contested in a court of competent jurisdiction within 60
17 days after adoption of the resolution adopting the plan. An
18 amendment, adopted by resolution, to a conclusive plan shall
19 likewise be conclusive unless contested within 60 days after
20 adoption of the resolution adopting the amendment. If a resolution
21 adopting an amendment to the plan is contested, the resolution
22 adopting the plan is not open to contest.

23 Sec. 418. A person to be relocated under this part shall be
24 given not less than 90 days' written notice to vacate unless
25 modified by court order for good cause.

26 Sec. 419. (1) The director of the authority shall prepare and
27 submit for the approval of the board a budget for the operation of

1 the authority for the ensuing fiscal year. The budget shall be
2 prepared in the manner and contain the information required of
3 municipal departments. Before the budget may be adopted by the
4 board, it shall be approved by the governing body. Funds of the
5 municipality shall not be included in the budget of the authority
6 except those funds authorized in this part or by the governing
7 body.

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

13 Sec. 420. An authority that completes the purposes for which
14 it was organized shall be dissolved by resolution of the governing
15 body. The property and assets of the authority remaining after the
16 satisfaction of the obligations of the authority shall belong to
17 the municipality or to an agency or instrumentality designated by
18 resolution of the municipality.

19 PART 5

20 NONPROFIT STREET RAILWAYS

21 Sec. 503. The legislature finds and declares that there exists
22 in this state a need to encourage the development of transportation
23 facilities and the provision of public transportation services by
24 authorizing the acquiring, owning, constructing, furnishing,
25 equipping, completing, operating, improving, and maintaining of
26 nonprofit street railway companies and systems and that public
27 assistance in acquiring, owning, constructing, furnishing,

1 equipping, completing, operating, improving, and maintaining
2 nonprofit street railway companies and systems in this state is
3 declared to be a public purpose. It is the intent of the
4 legislature that a street railway system constructed by a nonprofit
5 corporation under this part be designed to adapt to or connect with
6 other public transit systems. It is the intent of the legislature
7 that resources expended to construct a street railway system under
8 this part qualify as state and local match funds for transit
9 systems eligible for federal funding.

10 Sec. 505. (1) This part shall be construed liberally to
11 effectuate the legislative intent and the purpose of this part as
12 complete and independent authorization for the performance of each
13 and every act and thing authorized in this part and all powers
14 granted in this part shall be broadly interpreted to effectuate the
15 intent and purposes of this part and not as a limitation of powers.

16 (2) The powers conferred in this part upon a street railway
17 shall be in addition to any other powers the street railway
18 possesses under law.

19 (3) Unless permitted by the state constitution of 1963 or this
20 part or agreed to by a street railway, any restrictions, standards,
21 conditions, or prerequisites of a city, village, or township
22 otherwise applicable only to a street railway and enacted after
23 January 12, 2009 do not apply to a street railway. This subsection
24 is intended to prohibit special local legislation or ordinances
25 applicable exclusively or primarily to a street railway and not to
26 exempt a street railway from laws generally applicable to other
27 persons or entities.

1 Sec. 507. As used in this part:

2 (a) "Department" means the state transportation department.

3 (b) "Nonprofit corporation" means that term as defined under
4 section 108 of the nonprofit corporation act, 1982 PA 162, MCL
5 450.2108.

6 (c) "Public street or highway" means any state trunk line
7 highway, county road, or city or village street maintained by a
8 road authority.

9 (d) "Railroad" means that term as defined under section 109 of
10 the railroad code of 1993, 1993 PA 354, MCL 462.109.

11 (e) "Operating license agreement" means an agreement entered
12 into under section 513 by and among a street railway and each road
13 authority with jurisdiction over public streets and highways upon
14 which the street railway operates or seeks to operate a street
15 railway system, including, but not limited to, each city, village,
16 or township road authority in the city, village, or township in
17 which the street railway operates or seeks to operate a street
18 railway system.

19 (f) "Road authority" means each governmental agency with
20 jurisdiction over public streets and highways. Road authority
21 includes the department, any other state agency, and
22 intergovernmental, county, city, and village governmental agencies
23 responsible for the construction, repair, and maintenance of
24 streets and highways. When a street railway operates or seeks to
25 operate a street railway system over public streets and highways
26 over which more than 1 road authority possesses jurisdiction, road
27 authority includes each road authority with jurisdiction over

1 public streets and highways upon which the street railway operates
2 or seeks to operate a street railway system.

3 (g) "Street railway" means a nonprofit corporation organized
4 under this part for the purpose of operating a street railway
5 system other than a railroad train for transporting individuals or
6 property. Street railway includes a nonprofit corporation
7 incorporated under the nonprofit corporation act, 1982 PA 162, MCL
8 450.2101 to 450.3192, by a street railway organized under section
9 511, or by 1 or more members of the board of directors of a street
10 railway for the purpose of assisting the street railway in
11 acquiring, owning, constructing, furnishing, equipping, completing,
12 operating, improving, or maintaining a street railway system or for
13 the purpose of financing a street railway system.

14 (h) "Street railway system" means the facilities, equipment,
15 and personnel required to provide and maintain a public
16 transportation system operated on rails at grade or above or below
17 ground within a city, village, or township utilizing streetcars,
18 trolleys, light rail vehicles, or trams for the transportation of
19 individuals or property. Street railway system also includes
20 necessary power feeds, signals, and stops or stations within a
21 public right-of-way. Street railway system excludes facilities and
22 improvements that are not required to maintain a public
23 transportation system.

24 Sec. 509. (1) After January 12, 2009, 1 or more persons may
25 organize a street railway under this part for the purpose of
26 acquiring, owning, constructing, furnishing, equipping, completing,
27 operating, improving, and maintaining a street railway system by

1 signing in ink and filing articles of incorporation for the street
2 railway. The articles shall include all of the following:

3 (a) The name of the street railway, which shall include the
4 words "rail", "railway", "street railway", "light rail", or "metro
5 rail".

6 (b) The purpose for which the corporation is organized, which
7 shall be limited to acquiring, owning, constructing, furnishing,
8 equipping, completing, operating, improving, and maintaining a
9 street railway system.

10 (c) The city, village, or township in which the street railway
11 system will principally operate.

12 (2) Articles of incorporation shall be filed with the bureau
13 of commercial services of the department of talent and economic
14 development as provided under the nonprofit corporation act, 1982
15 PA 162, MCL 450.2101 to 450.3192.

16 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
17 to 450.3192, shall apply to a street railway organized under this
18 section unless otherwise provided in or inconsistent with this
19 part.

20 Sec. 511. (1) A nonprofit corporation may become a street
21 railway under this part and acquire, own, construct, furnish,
22 equip, complete, operate, improve, and maintain a street railway
23 system in a city if on and after January 12, 2009 the articles of
24 incorporation for the nonprofit corporation are amended to include
25 all of the following provisions:

26 (a) A provision authorizing the name of the corporation, to
27 include the words "rail", "railway", or "street railway", "light

1 rail", or "metro rail".

2 (b) A provision detailing the purposes for which the
3 corporation is organized, which shall be limited to purposes
4 related to acquiring, owning, constructing, furnishing, equipping,
5 completing, operating, improving, and maintaining a street railway
6 system.

7 (c) A provision indicating the city in which the street
8 railway system will principally operate.

9 (2) Amendments to the articles of incorporation of a nonprofit
10 corporation under this section shall be adopted and filed with the
11 bureau of commercial services of the department of talent and
12 economic development as provided under the nonprofit corporation
13 act, 1982 PA 162, MCL 450.2101 to 450.3192.

14 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
15 to 450.3192, shall apply to a street railway organized under this
16 section unless otherwise provided in or inconsistent with this
17 part.

18 Sec. 513. (1) A street railway may acquire, own, construct,
19 furnish, equip, complete, operate, improve, and maintain a street
20 railway system in and upon the streets and highways of a road
21 authority with the approval of the road authority, on terms and
22 conditions imposed by the road authority. The approval shall be
23 embodied in an operating license agreement between a street railway
24 and each road authority with jurisdiction over public streets and
25 highways upon which the street railway operates or seeks to operate
26 a street railway system, including, but not limited to, a city,
27 village, or township road authority located in the city, village,

1 or township in which the street railway system operates or seeks to
2 operate. An operating license agreement shall include the terms and
3 conditions for operation of the street railway system. An operating
4 license agreement may require the street railway to pay the direct
5 administrative costs incurred by the road authority in
6 administering the operating license agreement. An operating license
7 agreement shall not require a street railway to acquire, accept
8 responsibility for, or obligate itself to assume liability for or
9 pay for any legacy costs of a public transportation provider.

10 Before approving a proposed operating license agreement, a road
11 authority shall hold a public hearing on the proposed operating
12 license agreement. The hearing shall be held in the city, village,
13 or township in which the street railway seeks to operate a street
14 railway system and shall be held in compliance with the open
15 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the
16 public hearing shall be provided not less than 20 days before the
17 date of the hearing. One or more road authorities may conduct a
18 joint public hearing under this section. At a public hearing, a
19 street railway and a road authority may present information
20 regarding the proposed operating licensing agreement. When
21 operating in and upon the streets and highways of a road authority,
22 a street railway is subject to rules, regulations, or ordinances
23 imposed by the road authority. A street railway shall not construct
24 a street railway system in and upon the streets and highways of a
25 road authority until the street railway accepts in writing any
26 terms and conditions imposed by the road authority, the operating
27 license agreement is approved under this section, and the agreement

1 is filed with each road authority with jurisdiction over public
2 streets and highways upon which the street railway will operate. A
3 road authority may approve or disapprove an operating license
4 agreement. A decision of a road authority regarding an operating
5 license agreement is final and binding upon a street railway and
6 other interested persons. The street railway shall pay a road
7 authority for all of the road authority's costs incurred in
8 constructing the street railway system, mitigating the impact of
9 the street railway system on road users, the environment, and the
10 surrounding neighborhoods, and modifying the streets or highways
11 impacted by construction of the street railway system, as provided
12 in the operating license agreement. As a condition to obtaining or
13 holding an operating license agreement, a road authority shall not
14 require a street railway to obtain any other license or franchise,
15 assess any other fee or charge, or impose any other licensing,
16 regulatory, or franchise requirement, including a provision
17 regulating schedules or fares of a street railway, unless expressly
18 authorized under this part.

19 (2) A street railway may acquire, own, construct, furnish,
20 equip, complete, operate, improve, and maintain a street railway
21 system upon public or private rights of way, and obtain easements
22 when necessary for a street railway to acquire and use private
23 property for acquiring, owning, constructing, furnishing,
24 equipping, completing, operating, improving, and maintaining a
25 street railway system.

26 (3) After a road authority consents to the acquiring, owning,
27 constructing, furnishing, equipping, completing, operating,

1 improving, and maintaining of a street railway system on the
2 streets or highways of the road authority or grants a right or
3 privilege to the street railway by entering into an operating
4 license agreement with the street railway, the road authority may
5 not revoke the consent or deprive the street railway of the rights
6 and privileges conferred without affording the street railway
7 procedural due process of law if and to the extent provided in the
8 operating license agreement.

9 (4) A street railway may do 1 or more of the following:

10 (a) Acquire by gift, devise, transfer, exchange, purchase,
11 lease, or otherwise on terms and conditions and in a manner the
12 street railway considers proper property or rights or interests in
13 property relating to the operation of the street railway or street
14 railway system.

15 (b) Take, transport, or carry and convey individuals and
16 property on a street railway system and receive just and fair
17 compensation from users of the street railway system for that
18 purpose.

19 (c) Erect and maintain all necessary and convenient buildings,
20 structures, stations, depots, fixtures, and machinery for the
21 accommodation and use of individuals and property transported by
22 the street railway.

23 (d) Regulate the time and manner in which individuals and
24 property are transported by the street railway and fares or other
25 compensation are paid for that purpose. A street railway may charge
26 just and fair compensation for the use of its street railway
27 system.

1 (e) Borrow money and issue bonds and notes for any
2 indebtedness incurred and mortgage street railway property and
3 rights to secure the payment of bonds, notes, money borrowed, and
4 any and all debts and liabilities incurred by the street railway. A
5 street railway shall not use tax increments to repay bonds and
6 notes.

7 (f) Transfer a street railway system to a public entity
8 operating a public transportation system, with the consent of the
9 public entity, if the transfer is authorized by a law enacted after
10 January 12, 2009.

11 (5) As used in this section, "public transportation provider"
12 means that term as defined in section 2 of the regional transit
13 authority act, 2012 PA 387, MCL 124.542.

14 Sec. 515. (1) Subject to applicable law and applicable
15 regulations of this state, a city, a township, or a village, a
16 street railway may generate, store, transmit, distribute, dispense,
17 furnish, or use electricity and electric power for use or
18 consumption by the street railway and the street railway system.

19 (2) For a street railway that constructs, expands, or modifies
20 a street railway system outside of a qualified city, if the street
21 railway requests a public utility to modify or relocate facilities
22 of the public utility that lie within a public street or highway
23 right of way, or if, in response to the construction, expansion, or
24 modification of a street railway system a public utility determines
25 that the public utility should modify or relocate the public
26 utility's facilities, consistent with law, regulation, or sound
27 utility practice and unless the street railway and the public

1 utility agree otherwise, the street railway shall pay all costs of
2 the relocation and modification of the facilities to the public
3 utility.

4 (3) A street railway that constructs, expands, or modifies a
5 street railway system in a qualified city shall protect and keep in
6 place the facilities of a public utility affected by the
7 construction, expansion, or modification of the street railway
8 system in a public highway, street, or right-of-way unless sound
9 utility practice requires modification or relocation of the
10 facilities. If sound utility practice requires modification or
11 relocation of the facilities, the street railway shall pay the cost
12 of the modification or relocation, unless 1 or both of the
13 following apply:

14 (a) Modification or relocation of the public utility's
15 facilities is required because the facilities are at an
16 unauthorized location in the public highway, street, or right-of-
17 way. If the facilities are located anywhere in a public highway,
18 street, or right-of-way, there is a rebuttable presumption that the
19 public utility's facilities are at an authorized location in the
20 public highway, street, or right-of-way.

21 (b) The street railway and the public utility agree to an
22 alternative cost allocation.

23 (4) Notwithstanding subsection (3), a qualified city and a
24 street railway may agree that the street railway pay the cost of
25 modifying or relocating a public utility's facilities in the
26 qualified city if the modification or relocation is required by the
27 modification or relocation of a street railway system by the street

1 railway in a public highway, street, or right-of-way in the
2 qualified city.

3 (5) The property of a street railway and its income and
4 operations are exempt from all taxation by this state or a
5 political subdivision of this state.

6 (6) A public utility or a street railway may bring an action
7 in circuit court to enforce the provisions of this section. This
8 remedy is in addition to any other remedy that may exist at law.

9 (7) As used in this section:

10 (a) "Public utility" includes a provider of communications,
11 data, cable television, electricity, heat, natural or manufactured
12 gas, steam, sewage, video, water, or other similar services. Public
13 utility also includes a telecommunications provider and a video
14 service provider.

15 (b) "Qualified city" means a city that has incorporated an
16 authority under the municipal lighting authority act, 2012 PA 392,
17 MCL 123.1261 to 123.1295.

18 (c) "Telecommunications provider" means that term as defined
19 in section 102 of the Michigan telecommunications act, 1991 PA 179,
20 MCL 484.2102.

21 (d) "Video service provider" means that term as defined in
22 section 1 of the uniform video services local franchise act, 2006
23 PA 480, MCL 484.3301.

24 Sec. 517. (1) In constructing a street railway system, a
25 street railway shall conform to grades established by a road
26 authority for a public street or highway traversed by the street
27 railway.

1 (2) A street railway shall not alter or change the grade or
2 line of any public street or highway, without the consent of the
3 road authority with public jurisdiction over the public street or
4 highway.

5 (3) A street railway shall lay and maintain the track of a
6 street railway system in a manner and with the type of track to
7 keep the track and the pavement of the public street or highway
8 adjacent to the track in a state of condition and repair as
9 prescribed by the road authority with jurisdiction over the public
10 street or highway.

11 Sec. 519. A road authority may establish and prescribe rules
12 and regulations applicable to a street railway operating in or upon
13 a public street or highway under the jurisdiction of a road
14 authority relating to 1 or more of the following subjects:

15 (a) Grading, paving, obstruction, or repairing of a street or
16 highway.

17 (b) Construction, maintenance, or obstruction of public
18 service facilities and infrastructure, including water, light,
19 heat, power, sewage disposal, and transportation.

20 (c) Construction, maintenance, or obstruction of traffic
21 control and parking control facilities and infrastructure.

22 Sec. 521. (1) If a person refuses to pay a fare owed to a
23 street railway or refuses to obey regulations established by the
24 street railway for the convenience and safety of passengers, the
25 street railway may remove the person from the streetcar, tram, or
26 trolley at a usual stopping place.

27 (2) A person who causes or attempts to cause the derailment of

1 a streetcar, tram, or trolley of a street railway by the placing of
2 an impediment upon the track of a street railway, whether the
3 streetcar, tram, or trolley is dislodged from the track or not, or
4 who by any other means whatsoever willfully endangers or attempts
5 to endanger the life of any person engaged in the work of the
6 street railway, or any person traveling on the streetcar, tram, or
7 trolley of the street railway, is guilty of a felony punishable by
8 imprisonment for life or any number of years. Proof that the person
9 intended to injure or endanger the life of any particular person is
10 not required to prove a violation of this section.

11 (3) A person who throws a stone, brick, or other missile at a
12 streetcar, tram, or trolley of a street railway is guilty of a
13 misdemeanor punishable by a fine of not less than \$100.00 or more
14 than \$500.00 or imprisonment for not less than 10 days or more than
15 90 days, or both.

16 Sec. 523. (1) At the request of a street railway, and with the
17 consent of the department, a city, village, or township in which a
18 street railway system is located may establish a transit operations
19 finance zone for a street railway system if the city, village, or
20 township and the department determine that it is necessary for the
21 best interests of the public to promote and finance transit
22 operations in a zone. A parcel shall not be included in more than 1
23 zone created under this section.

24 (2) The boundaries of a zone shall be established by the city,
25 village, or township and may include parcels that are in whole or
26 in part up to 1/4 mile in distance from the street railway system.
27 Before establishing a zone, the city, village, or township shall

1 consult with the street railway, the department, affected taxing
2 jurisdictions, and any other person or entity that the city,
3 village, or township considers necessary. The city, village, or
4 township may conduct a planning study and may designate a zone
5 before implementation of street railway system service within the
6 zone.

7 (3) If the city, village, or township and the department
8 determine that it is necessary for the best interests of the public
9 to promote and finance transit operations in a zone under
10 subsection (1), the city, village, or township shall enter into an
11 agreement with the street railway and the department for the
12 creation of a zone. The agreement shall include, but not be limited
13 to, all of the following:

14 (a) The geographic boundaries of the zone, including both of
15 the following:

16 (i) The designation of boundaries of the zone in relation to
17 highways, streets, streams, lakes, other bodies of water, or
18 otherwise.

19 (ii) The location and extent of existing streets and other
20 public facilities within the zone, designating the location,
21 character, and extent of the categories of public and private land
22 uses then existing in the zone, including residential,
23 recreational, commercial, industrial, educational, and other uses,
24 and including a legal description of the zone.

25 (b) A tax increment financing plan for the zone as provided
26 under subsection (4).

27 (c) A description of specific actions to be taken by the

1 parties under the agreement to help establish the zone.

2 (d) The requirement that amendments to the agreement must be
3 approved by the city, village, or township, the department, and the
4 street railway.

5 (e) Any other material that the city, village, or township,
6 the department, or the street railway consider necessary or
7 appropriate.

8 (4) A tax increment financing plan for a zone established
9 under this section shall include a description of the tax increment
10 financing procedure, the distribution of tax increment financing
11 revenue to the street railway, and a statement of the estimated
12 impact of tax increment financing on the assessed value of property
13 in each taxing jurisdiction in the zone. The plan may exclude from
14 captured assessed value growth in property value resulting solely
15 from inflation and, if so, shall include the method for excluding
16 that growth. The plan shall require that tax increment revenue
17 received by a street railway under the plan be used only for the
18 expenses of operating the street railway system. If the street
19 railway subject to an agreement designating a zone under this
20 section ceases to operate a street railway system in the city,
21 village, or township that established the zone, the plan shall
22 terminate and the zone shall be abolished. The plan shall restrict
23 the revenue distributed to a street railway for any tax year to the
24 lesser of 25% of any operating deficit of the street railway for
25 the prior fiscal year or \$4,000,000.00. Before including a tax
26 increment financing plan in an agreement, the city, village, or
27 township shall provide taxing jurisdictions in the zone levying

1 taxes subject to capture under the plan an opportunity to meet with
2 the city, village, or township. The city, village, or township
3 shall fully inform the taxing jurisdictions of the fiscal and
4 economic implications of the plan and the taxing jurisdictions may
5 present recommendations to the city, village, or township on the
6 tax increment financing plan.

7 (5) Before entering into an agreement for the creation of a
8 zone under this section, the city, village, or township shall
9 conduct a public hearing on the proposed agreement. Notice of the
10 public hearing shall be published twice in a newspaper of general
11 circulation in the city, village, or township, not less than 20 or
12 more than 40 days before the date of the hearing. The notice shall
13 state the date, time, and place of the hearing and shall describe
14 the proposed boundaries of the zone. A citizen, taxpayer, or
15 property owner of the city, village, or township, or an official
16 from a taxing jurisdiction within the zone has the right to be
17 heard on the agreement and the proposed boundaries of the zone. The
18 agreement shall not include in the zone land not included in the
19 description contained in the notice of public hearing, but the
20 agreement may exclude described land from the zone in the final
21 determination of the boundaries of the zone. A city, village, or
22 township shall not execute an agreement for the creation of a zone
23 under this section unless the city, village, or township finds that
24 it is necessary for the best interests of the public to promote and
25 finance transit operations in a zone.

26 (6) An agreement designating a zone and establishing its
27 boundaries under this section and any amendments to the agreement

1 shall be filed by the city, village, or township with the secretary
2 of state.

3 (7) The municipal and county treasurers shall transmit tax
4 increment revenues to the treasurer for the city, village, or
5 township in which the street railway system is located for
6 distribution to the street railway according to the tax increment
7 financing plan and the agreement. The street railway shall expend
8 the tax increment revenues only under the terms of the tax
9 increment financing plan and the agreement under this section.
10 Unused funds shall revert proportionately to the respective taxing
11 jurisdictions. Tax increment revenues shall not be used to
12 circumvent existing property tax limitations. The city, village, or
13 township and the department may abolish the zone if the city,
14 village, or township and the department find that the purposes for
15 which the zone was established are accomplished. Annually, the
16 city, village, or township, with assistance from the street
17 railway, shall submit to the department and the state tax
18 commission a report on the status of the tax increment financing
19 revenue. The report shall include all of the following:

20 (a) The amount and source of tax increment revenue received by
21 the street railway.

22 (b) The amount and purpose of expenditures from tax increment
23 revenue.

24 (c) The initial assessed value of the zone.

25 (d) The captured assessed value retained within the zone.

26 (e) A description of operating expenditures of the street
27 railway.

1 (8) The state tax commission may institute proceedings to
2 compel enforcement of this section. The state tax commission may
3 promulgate rules necessary for the administration of this section
4 under the administrative procedures act of 1969, 1969 PA 306, MCL
5 24.201 to 24.328.

6 (9) As used in this section:

7 (a) "Assessed value" means the taxable value as determined
8 under section 27a of the general property tax act, 1893 PA 206, MCL
9 211.27a.

10 (b) "Captured assessed value" means the amount in any 1 year
11 by which the current assessed value of a zone, including the
12 assessed value of property for which specific local taxes are paid
13 in lieu of property taxes, exceeds the initial assessed value. The
14 state tax commission shall prescribe the method for calculating
15 captured assessed value.

16 (c) "Initial assessed value" means the assessed value of all
17 the taxable property within the boundaries of a zone at the time
18 the tax increment financing plan is approved, as shown by the most
19 recent equalized assessment roll of the city, village, or township
20 at the time an agreement is approved under this section. Property
21 exempt from taxation at the time of the determination of the
22 initial assessed value shall be included as zero. For the purpose
23 of determining initial assessed value, property for which a
24 specific local tax is paid in lieu of a property tax shall not be
25 considered to be property that is exempt from taxation.

26 (d) "Parcel" means an identifiable unit of land that is
27 treated as separate for valuation or zoning purposes.

1 (e) "Specific local tax" means a tax levied under 1974 PA 198,
2 1976 PA 430, MCL 207.551 to 207.572, the commercial redevelopment
3 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park
4 development act, 1984 PA 385, MCL 207.701 to 207.718, the
5 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,
6 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to
7 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL
8 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The
9 initial assessed value or current assessed value of property
10 subject to a specific local tax shall be the quotient of the
11 specific local tax paid divided by the ad valorem millage rate. The
12 state tax commission shall prescribe the method for calculating the
13 initial assessed value and current assessed value of property for
14 which a specific local tax was paid in lieu of a property tax.

15 (f) "Tax increment revenues" means the amount of ad valorem
16 property taxes and specific local taxes attributable to the
17 application of the levy of all taxing jurisdictions upon the
18 captured assessed value of real and personal property in the zone.
19 Tax increment revenues do not include any of the following:

20 (i) Taxes under the state education tax act, 1993 PA 331, MCL
21 211.901 to 211.906.

22 (ii) Taxes levied by local or intermediate school districts.

23 (iii) Taxes levied by a library established by 1901 LA 359.

24 (iv) Ad valorem property taxes attributable either to a
25 portion of the captured assessed value shared with taxing
26 jurisdictions within the jurisdictional area of the authority or to
27 a portion of value of property that may be excluded from captured

1 assessed value or specific local taxes attributable to the ad
2 valorem property taxes.

3 (v) Ad valorem property taxes excluded by the tax increment
4 financing plan of the authority from the determination of the
5 amount of tax increment revenues to be transmitted to the authority
6 or specific local taxes attributable to the ad valorem property
7 taxes.

8 (vi) Ad valorem property taxes exempted from capture under
9 this section or specific local taxes attributable to the ad valorem
10 property taxes.

11 (vii) Ad valorem property taxes specifically levied for the
12 payment of principal and interest of obligations approved by the
13 electors or obligations pledging the unlimited taxing power of the
14 local governmental unit or specific taxes attributable to those ad
15 valorem property taxes.

16 (viii) Ad valorem taxes captured on property in a zone by any
17 of the following authorities if the taxes were captured on the date
18 that the property became subject to a tax increment financing plan
19 under this section by any of the following authorities:

20 (A) A downtown development authority created under 1975 PA
21 197, MCL 125.1651 to 125.1681.

22 (B) A water resource improvement tax increment finance
23 authority created under the water resource improvement tax
24 increment finance authority act, 2008 PA 94, MCL 125.1771 to
25 125.1794.

26 (C) A tax increment finance authority under the tax increment
27 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

1 (D) A local development finance authority created under the
2 local development finance authority act, 1986 PA 281, MCL 125.2151
3 to 125.2174.

4 (E) A brownfield redevelopment finance authority created under
5 the brownfield redevelopment financing act, 1996 PA 381, MCL
6 125.2651 to 125.2672.

7 (F) A historical neighborhood tax increment finance authority
8 created under the historical neighborhood tax increment finance
9 authority act, 2004 PA 530, MCL 125.2841 to 125.2866.

10 (G) A corridor improvement authority created under the
11 corridor improvement authority act, 2005 PA 280, MCL 125.2871 to
12 125.2899.

13 (H) A neighborhood improvement authority created under the
14 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
15 125.2932.

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

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

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

23 (g) "Zone" means a transit operations finance zone established
24 under this section.

25 Sec. 527. (1) Within 30 days of January 12, 2009, the
26 secretary of state or any other agency having records of a street
27 railway formed under this part prior to January 12, 2009 shall

1 certify and transfer the records to the bureau of commercial
2 services of the department of talent and economic development.

3 (2) Any entity formed on or after January 12, 2009 for the
4 purpose of acquiring, owning, constructing, furnishing, equipping,
5 completing, operating, improving, and maintaining a street railway
6 or street railway system shall be organized under this part.

7 (3) A street railway is not subject to the railroad code of
8 1993, 1993 PA 354, MCL 462.101 to 462.451.

9 PART 6

10 CORRIDOR IMPROVEMENT AUTHORITIES

11 Sec. 602. 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) "Assessed value" means the taxable value as determined
20 under section 27a of the general property tax act, 1893 PA 206, MCL
21 211.27a.

22 (c) "Authority" means a corridor improvement authority created
23 under section 604(1) or a joint authority created under section
24 604(2).

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

26 (e) "Business district" means an area of a municipality zoned
27 and used principally for business.

1 (f) "Captured assessed value" means the amount in any 1 year
2 by which the current assessed value of the development area,
3 including the assessed value of property for which specific local
4 taxes are paid in lieu of property taxes as determined in section
5 603(e), exceeds the initial assessed value. The state tax
6 commission shall prescribe the method for calculating captured
7 assessed value.

8 (g) "Chief executive officer" means the mayor of a city, the
9 president of a village, or the supervisor of a township.

10 (h) "Development area" means that area described in section
11 605 to which a development plan is applicable.

12 (i) "Development plan" means that information and those
13 requirements for a development area set forth in section 621.

14 (j) "Development program" means the implementation of the
15 development plan.

16 (k) "Fiscal year" means the fiscal year of the authority.

17 (l) "Governing body" or "governing body of a municipality"
18 means the elected body of a municipality having legislative powers
19 or, for a joint authority created under section 604(2), the elected
20 body of each municipality having legislative powers that is a
21 member of the joint authority.

22 (m) "Initial assessed value" means the assessed value, as
23 equalized, of all the taxable property within the boundaries of the
24 development area at the time the resolution establishing or
25 amending the tax increment financing plan is approved, as shown by
26 the most recent assessment roll of the municipality for which
27 equalization has been completed at the time the resolution is

1 adopted. The initial assessed value may be modified once during the
2 term of the tax increment financing plan through an amendment as
3 provided in section 618(4) after the tax increment financing plan
4 fails to generate captured assessed value for 3 consecutive years
5 due to declines in assessed value. Property exempt from taxation at
6 the time of the determination of the initial or amended assessed
7 value shall be included as zero. For the purpose of determining
8 initial or amended assessed value, property for which a specific
9 local tax is paid in lieu of a property tax shall not be considered
10 to be property that is exempt from taxation. The initial assessed
11 value of property for which a specific local tax was paid in lieu
12 of a property tax shall be determined as provided in section
13 603(e).

14 (n) "Land use plan" means a plan prepared under former 1921 PA
15 207, former 1943 PA 184, or a site plan under the Michigan zoning
16 enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

17 (o) "Municipality" means 1 of the following:

18 (i) A city.

19 (ii) A village.

20 (iii) A township.

21 (iv) A combination of 2 or more cities, villages, or townships
22 acting jointly under a joint authority created under section
23 604(2).

24 Sec. 603. As used in this part:

25 (a) "Operations" means office maintenance, including salaries
26 and expenses of employees, office supplies, consultation fees,
27 design costs, and other expenses incurred in the daily management

1 of the authority and planning of its activities.

2 (b) "Parcel" means an identifiable unit of land that is
3 treated as separate for valuation or zoning purposes.

4 (c) "Public facility" means a street, plaza, pedestrian mall,
5 and any improvements to a street, plaza, or pedestrian mall
6 including street furniture and beautification, sidewalk, trail,
7 lighting, traffic flow modification, park, parking facility,
8 recreational facility, right-of-way, structure, waterway, bridge,
9 lake, pond, canal, utility line or pipe, transit-oriented
10 development, transit-oriented facility, or building, including
11 access routes, that are either designed and dedicated to use by the
12 public generally or used by a public agency, or that are located in
13 a qualified development area and are for the benefit of or for the
14 protection of the health, welfare, or safety of the public
15 generally, whether or not used by 1 or more business entities,
16 provided that any road, street, or bridge shall be continuously
17 open to public access and that other property shall be located in
18 public easements or rights-of-way and designed to accommodate
19 foreseeable development of public facilities in adjoining areas.
20 Public facility includes an improvement to a facility used by the
21 public or a public facility as those terms are defined in section 1
22 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
23 barrier-free design requirements of the state construction code
24 promulgated under the Stille-DeRossett-Hale single state
25 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

26 (d) "Qualified development area" means a development area that
27 meets 1 of the following:

1 (i) All of the following:

2 (A) Is located within a city with a population of 700,000 or
3 more.

4 (B) Contains at least 30 contiguous acres.

5 (C) Was owned by this state on December 31, 2003 and was
6 conveyed to a private owner before June 30, 2004.

7 (D) Is zoned to allow for mixed use that includes commercial
8 use and that may include residential use.

9 (E) Otherwise complies with the requirements of section
10 605(a), (d), (e), and (g).

11 (F) Construction within the qualified development area begins
12 on or before the date 2 years after the effective date of the
13 amendatory act that added this subdivision.

14 (G) Is located in a distressed area.

15 (ii) Contains transit-oriented development or a transit-
16 oriented facility.

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

27 (f) "State fiscal year" means the annual period commencing

1 October 1 of each year.

2 (g) "Tax increment revenues" means the amount of ad valorem
3 property taxes and specific local taxes attributable to the
4 application of the levy of all taxing jurisdictions upon the
5 captured assessed value of real and personal property in the
6 development area. Except as otherwise provided in section 29, tax
7 increment revenues do not include any of the following:

8 (i) Taxes under the state education tax act, 1993 PA 331, MCL
9 211.901 to 211.906.

10 (ii) Taxes levied by local or intermediate school districts.

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

17 (iv) 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 the ad valorem property
21 taxes.

22 (v) Ad valorem property taxes exempted from capture under
23 section 618(5) or specific local taxes attributable to the ad
24 valorem property taxes.

25 (vi) Ad valorem property taxes specifically levied for the
26 payment of principal and interest of obligations approved by the
27 electors or obligations pledging the unlimited taxing power of the

1 local governmental unit or specific taxes attributable to those ad
2 valorem property taxes.

3 (vii) Ad valorem property taxes levied under 1 or more of the
4 following or specific local taxes attributable to those ad valorem
5 property taxes:

6 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
7 to 123.1183.

8 (B) The art institute authorities act, 2010 PA 296, MCL
9 123.1201 to 123.1229.

10 (C) Except as otherwise provided in section 618(5), ad valorem
11 property taxes or specific local taxes attributable to those ad
12 valorem property taxes levied for a separate millage for public
13 library purposes approved by the electors after December 31, 2016.

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

19 (i) "Transit-oriented facility" means a facility that houses a
20 transit station in a manner that promotes transit ridership or
21 passenger rail use.

22 (j) "Distressed area" means a local governmental unit that
23 meets all of the following:

24 (i) Has a population of 700,000 or more.

25 (ii) Shows a negative population change from 1970 to the date
26 of the most recent federal decennial census.

27 (iii) Shows an overall increase in the state equalized value

1 of real and personal property of less than the statewide average
2 increase since 1972.

3 (iv) Has a poverty rate, as defined by the most recent federal
4 decennial census, greater than the statewide average.

5 (v) Has had an unemployment rate higher than the statewide
6 average.

7 Sec. 604. (1) Except as otherwise provided in this subsection,
8 a municipality may establish multiple authorities. A parcel of
9 property shall not be included in more than 1 authority created
10 under this part.

11 (2) A city, village, or township located in a county with a
12 population of more than 335,000 and less than 415,000 and that has
13 not less than 2 state public universities within its boundaries may
14 by resolution join with 1 or more cities, villages, or townships
15 located in a county with a population of more than 335,000 and less
16 than 415,000 and that has not less than 2 state public universities
17 within its boundaries to create a joint authority under this part.

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

23 Sec. 605. A development area shall only be established in a
24 municipality and, except for a development area located in a
25 qualified development area, shall comply with all of the following
26 criteria:

27 (a) Is adjacent to or is within 500 feet of a road classified

1 as an arterial or collector according to the Federal Highway
2 Administration manual "Highway Functional Classification -
3 Concepts, Criteria and Procedures".

4 (b) Contains at least 10 contiguous parcels or at least 5
5 contiguous acres.

6 (c) More than 1/2 of the existing ground floor square footage
7 in the development area is classified as commercial real property
8 under section 34c of the general property tax act, 1893 PA 206, MCL
9 211.34c.

10 (d) Residential use, commercial use, or industrial use has
11 been allowed and conducted under the zoning ordinance or conducted
12 in the entire development area, for the immediately preceding 30
13 years.

14 (e) Is presently served by municipal water or sewer.

15 (f) Is zoned to allow for mixed use that includes high-density
16 residential use.

17 (g) The municipality agrees to all of the following:

18 (i) To expedite the local permitting and inspection process in
19 the development area.

20 (ii) To modify its master plan to provide for walkable
21 nonmotorized interconnections, including sidewalks and streetscapes
22 throughout the development area.

23 Sec. 606. (1) If the governing body of a municipality
24 determines that it is necessary for the best interests of the
25 public to redevelop its commercial corridors and to promote
26 economic growth, the governing body may, by resolution, do 1 of the
27 following:

1 (a) Declare its intention to create and provide for the
2 operation of an authority.

3 (b) Declare its intention to jointly create and provide for
4 the operation of a joint authority created under section 604(2).

5 (2) In the resolution of intent, the governing body shall
6 state that the proposed development area meets the criteria in
7 section 605, set a date for a public hearing on the adoption of a
8 proposed resolution creating the authority, and designate the
9 boundaries of the development area. Notice of the public hearing
10 shall be published twice in a newspaper of general circulation in
11 the municipality, not less than 20 or more than 40 days before the
12 date of the hearing. Not less than 20 days before the hearing, the
13 governing body proposing to create the authority shall also mail
14 notice of the hearing to the property taxpayers of record in the
15 proposed development area, to the governing body of each taxing
16 jurisdiction levying taxes that would be subject to capture if the
17 authority is established and a tax increment financing plan is
18 approved, and to the state tax commission. Failure of a property
19 taxpayer to receive the notice does not invalidate these
20 proceedings. Notice of the hearing shall be posted in at least 20
21 conspicuous and public places in the proposed development area not
22 less than 20 days before the hearing. The notice shall state the
23 date, time, and place of the hearing and shall describe the
24 boundaries of the proposed development area. A citizen, taxpayer,
25 or property owner of the municipality or an official from a taxing
26 jurisdiction with millage that would be subject to capture has the
27 right to be heard in regard to the establishment of the authority

1 and the boundaries of the proposed development area. The governing
2 body of the municipality shall not incorporate land into the
3 development area not included in the description contained in the
4 notice of public hearing, but it may eliminate described lands from
5 the development area in the final determination of the boundaries.

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

19 (4) The governing body of the municipality may alter or amend
20 the boundaries of the development area to include or exclude lands
21 from the development area in the same manner as adopting the
22 resolution creating the authority.

23 (5) A municipality that has created an authority may enter
24 into an agreement with an adjoining municipality that has created
25 an authority to jointly operate and administer those authorities
26 under an interlocal agreement under the urban cooperation act of
27 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal

1 agreement shall include, but is not limited to, a plan to
2 coordinate and expedite local inspections and permit approvals, a
3 plan to address contradictory zoning requirements, and a date
4 certain to implement all provisions of these plans. If a
5 municipality enters into an interlocal agreement under this
6 subsection, the municipality shall provide a copy of that
7 interlocal agreement to the state tax commission within 60 days of
8 entering into the interlocal agreement.

9 Sec. 607. If a development area is part of an area annexed to
10 or consolidated with another municipality, the authority managing
11 that development area shall become an authority of the annexing or
12 consolidated municipality. Obligations of that authority incurred
13 under a development or tax increment plan, agreements related to a
14 development or tax increment plan, and bonds issued under this part
15 shall remain in effect following the annexation or consolidation.

16 Sec. 608. (1) Except as provided in subsection (7) or as
17 otherwise provided in subsection (8), an authority shall be under
18 the supervision and control of a board consisting of the chief
19 executive officer of the municipality or his or her assignee and
20 not less than 5 or more than 9 members as determined by the
21 governing body of the municipality. Members shall be appointed by
22 the chief executive officer of the municipality, subject to
23 approval by the governing body of the municipality. Not less than a
24 majority of the members shall be persons having an ownership or
25 business interest in property located in the development area. At
26 least 1 of the members shall be a resident of the development area
27 or of an area within 1/2 mile of any part of the development area.

1 Of the members first appointed, an equal number of the members, as
2 near as is practicable, shall be appointed for 1 year, 2 years, 3
3 years, and 4 years. A member shall hold office until the member's
4 successor is appointed. After the initial appointment, each member
5 shall serve for a term of 4 years. An appointment to fill a vacancy
6 shall be made by the chief executive officer of the municipality
7 for the unexpired term only. Members of the board shall serve
8 without compensation, but shall be reimbursed for actual and
9 necessary expenses. The chairperson of the board shall be elected
10 by the board.

11 (2) Before assuming the duties of office, a member shall
12 qualify by taking and subscribing to the constitutional oath of
13 office.

14 (3) The proceedings and rules of the board are subject to the
15 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
16 shall adopt rules governing its procedure and the holding of
17 regular meetings, subject to the approval of the governing body.
18 Special meetings may be held if called in the manner provided in
19 the rules of the board.

20 (4) After having been given notice and an opportunity to be
21 heard, a member of the board may be removed for cause by the
22 governing body.

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

26 (6) A writing prepared, owned, used, in the possession of, or
27 retained by the board in the performance of an official function is

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

3 (7) If the boundaries of the development area are the same as
4 those of a business improvement district established under 1961 PA
5 120, MCL 125.981 to 125.990m, the governing body of the
6 municipality may provide that the members of the board of the
7 authority shall be the members of the board of the business
8 improvement district and 1 person shall be a resident of the
9 development area or of an area within 1/2 mile of any part of the
10 development area.

11 (8) If 2 or more cities, villages, or townships create a joint
12 authority under section 604(2), the board shall consist of up to 3
13 individuals appointed by the chief executive officer of each city,
14 village, or township that is a member of the joint authority. Each
15 of those individuals shall be appointed for initial staggered terms
16 of 2 years, 3 years, or 4 years. A member shall hold office until
17 the member's successor is appointed. After the initial appointment,
18 each member shall serve for a term of 4 years. An appointment to
19 fill a vacancy shall be made by the chief executive officer of the
20 city, village, or township for the unexpired term only. Members of
21 the board shall serve without compensation, but shall be reimbursed
22 for actual and necessary expenses. The chairperson of the board
23 shall be elected by the board.

24 Sec. 609. (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 resolution 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. 610. 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. 611. (1) The board may do any of the following:

19 (a) Prepare an analysis of economic changes taking place in
20 the development area.

21 (b) Study and analyze the impact of metropolitan growth upon
22 the development area.

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

1 in the economic growth of the development area.

2 (d) Plan, propose, and implement an improvement to a public
3 facility within the development area to comply with the barrier
4 free design requirements of the state construction code promulgated
5 under the Stille-DeRossett-Hale single state construction code act,
6 1972 PA 230, MCL 125.1501 to 125.1531.

7 (e) Develop long-range plans, in cooperation with the agency
8 that is chiefly responsible for planning in the municipality,
9 designed to halt the deterioration of property values in the
10 development area and to promote the economic growth of the
11 development area, and take steps as may be necessary to persuade
12 property owners to implement the plans to the fullest extent
13 possible.

14 (f) Implement any plan of development in the development area
15 necessary to achieve the purposes of this part in accordance with
16 the powers of the authority granted by this part.

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

19 (h) On terms and conditions and in a manner and for
20 consideration the authority considers proper or for no
21 consideration, acquire by purchase or otherwise, or own, convey, or
22 otherwise dispose of, or lease as lessor or lessee, land and other
23 property, real or personal, or rights or interests in the property,
24 that the authority determines is reasonably necessary to achieve
25 the purposes of this part, and to grant or acquire licenses,
26 easements, and options.

27 (i) Improve land and construct, reconstruct, rehabilitate,

1 restore and preserve, equip, improve, maintain, repair, and operate
2 any building, including multiple-family dwellings, and any
3 necessary or desirable appurtenances to those buildings, 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) Conduct market research and public relations campaigns,
17 develop, coordinate, and conduct retail and institutional
18 promotions, and sponsor special events and related activities.

19 (o) Contract for broadband service and wireless technology
20 service in a development area.

21 (2) Notwithstanding any other provision of this part, in a
22 qualified development area the board may, in addition to the powers
23 enumerated in subsection (1), do 1 or more of the following:

24 (a) Perform any necessary or desirable site improvements to
25 the land, including, but not limited to, installation of temporary
26 or permanent utilities, temporary or permanent roads and driveways,
27 silt fences, perimeter construction fences, curbs and gutters,

1 sidewalks, pavement markings, water systems, gas distribution
2 lines, concrete, including, but not limited to, building pads,
3 storm drainage systems, sanitary sewer systems, parking lot paving
4 and light fixtures, electrical service, communications systems,
5 including broadband and high-speed internet, site signage, and
6 excavation, backfill, grading of site, landscaping and irrigation,
7 within the development area for the use, in whole or in part, of
8 any public or private person or business entity, or a combination
9 of these.

10 (b) Incur expenses and expend funds to pay or reimburse a
11 public or private person for costs associated with any of the
12 improvements described in subdivision (a).

13 (c) Make and enter into financing arrangements with a public
14 or private person for the purposes of implementing the board's
15 powers described in this section, including, but not limited to,
16 lease purchase agreements, land contracts, installment sales
17 agreements, sale leaseback agreements, and loan agreements.

18 Sec. 612. The authority is an instrumentality of a political
19 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

20 Sec. 613. A municipality may acquire private property under
21 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to
22 the authority, and may transfer the property to the authority for
23 use in an approved development, on terms and conditions it
24 considers appropriate, and the taking, transfer, and use shall be
25 considered necessary for public purposes and for the benefit of the
26 public.

27 Sec. 614. (1) The activities of the authority shall be

1 financed from 1 or more of the following sources:

2 (a) Donations to the authority for the performance of its
3 functions.

4 (b) Money borrowed and to be repaid as authorized by sections
5 616 and 617.

6 (c) Revenues from any property, building, or facility owned,
7 leased, licensed, or operated by the authority or under its
8 control, subject to the limitations imposed upon the authority by
9 trusts or other agreements.

10 (d) Proceeds of a tax increment financing plan established
11 under sections 618 to 620.

12 (e) Proceeds from a special assessment district created as
13 provided by law.

14 (f) Money obtained from other sources 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 (2) Money received by the authority and not covered under
19 subsection (1) shall immediately be deposited to the credit of the
20 authority, subject to disbursement under this part. Except as
21 provided in this part, the municipality shall not obligate itself,
22 and shall not be obligated, to pay any sums from public funds,
23 other than money received by the municipality under this section,
24 for or on account of the activities of the authority.

25 Sec. 615. (1) An authority with the approval of the governing
26 body may levy a special assessment as provided by law.

27 (2) The municipality may at the request of the authority

1 borrow money and issue its notes under the revised municipal
2 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
3 of collection of the ad valorem tax authorized in this section.

4 Sec. 616. The authority may, with approval of the local
5 governing body, borrow money and issue its negotiable revenue bonds
6 under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
7 141.140. Revenue bonds issued by the authority are not a debt of
8 the municipality unless the municipality by majority vote of the
9 members of its governing body pledges its full faith and credit to
10 support the authority's revenue bonds. Revenue bonds issued by the
11 authority are never a debt of the state.

12 Sec. 617. (1) The authority may with approval of the local
13 governing body borrow money and issue its revenue bonds or notes to
14 finance all or part of the costs of acquiring or constructing or
15 causing to be constructed property in connection with either of the
16 following:

17 (a) The implementation of a development plan in the
18 development area.

19 (b) The refund, or refund in advance, of bonds or notes issued
20 under this section.

21 (2) Any of the following may be financed by the issuance of
22 revenue bonds or notes:

23 (a) The cost of purchasing, acquiring, constructing,
24 improving, enlarging, extending, or repairing property in
25 connection with the implementation of a development plan in the
26 development area, and, for the implementation of the development
27 plan in a qualified development area, the cost of reimbursing a

1 public or private person for any of those costs.

2 (b) Any engineering, architectural, legal, accounting, or
3 financial expenses.

4 (c) The costs necessary or incidental to the borrowing of
5 money.

6 (d) Interest on the bonds or notes during the period of
7 construction.

8 (e) A reserve for payment of principal and interest on the
9 bonds or notes.

10 (f) A reserve for operation and maintenance until sufficient
11 revenues have developed.

12 (3) The authority may secure the bonds and notes by mortgage,
13 assignment, or pledge of the property and any money, revenues, or
14 income received in connection with the property.

15 (4) A pledge made by the authority is valid and binding from
16 the time the pledge is made. The money or property pledged by the
17 authority immediately is subject to the lien of the pledge without
18 a physical delivery, filing, or further act. The lien of a pledge
19 is valid and binding against parties having claims of any kind in
20 tort, contract, or otherwise, against the authority, whether or not
21 the parties have notice of the lien. Neither the resolution, the
22 trust agreement, nor any other instrument by which a pledge is
23 created must be filed or recorded to be enforceable.

24 (5) Bonds or notes issued under this section are exempt from
25 all taxation in this state except inheritance and transfer taxes,
26 and the interest on the bonds or notes is exempt from all taxation
27 in this state, notwithstanding that the interest may be subject to

1 federal income tax.

2 (6) The municipality is not liable on bonds or notes of the
3 authority issued under this section, and the bonds or notes are not
4 a debt of the municipality. The bonds or notes shall contain on
5 their face a statement to that effect.

6 (7) The bonds and notes of the authority may be invested in by
7 all public officers, state agencies and political subdivisions,
8 insurance companies, banks, savings and loan associations,
9 investment companies, and fiduciaries and trustees, and may be
10 deposited with and received by all public officers and the agencies
11 and political subdivisions of this state for any purpose for which
12 the deposit of bonds is authorized.

13 Sec. 618. (1) If the authority determines that it is necessary
14 for the achievement of the purposes of this part, the authority
15 shall prepare and submit a tax increment financing plan to the
16 governing body of the municipality. The plan shall include a
17 development plan as provided in section 621, a detailed explanation
18 of the tax increment procedure, the maximum amount of bonded
19 indebtedness to be incurred, and the duration of the program, and
20 shall be in compliance with section 619. The plan shall contain a
21 statement of the estimated impact of tax increment financing on the
22 assessed values of all taxing jurisdictions in which the
23 development area is located. The plan may provide for the use of
24 part or all of the captured assessed value, but the portion
25 intended to be used by the authority shall be clearly stated in the
26 tax increment financing plan. The authority or municipality may
27 exclude from captured assessed value growth in property value

1 resulting solely from inflation. The plan shall set forth the
2 method for excluding growth in property value resulting solely from
3 inflation.

4 (2) Approval of the tax increment financing plan shall comply
5 with the notice, hearing, and disclosure provisions of section 622.
6 If the development plan is part of the tax increment financing
7 plan, only 1 hearing and approval procedure is required for the 2
8 plans together.

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

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

24 (5) Except for a development area located in a qualified
25 development area, not more than 60 days after the public hearing on
26 the tax increment financing plan, the governing body in a taxing
27 jurisdiction levying ad valorem property taxes that would otherwise

1 be subject to capture may exempt its taxes from capture by adopting
2 a resolution to that effect and filing a copy with the clerk of the
3 municipality proposing to create the authority. The resolution
4 shall take effect when filed with the clerk and remains effective
5 until a copy of a resolution rescinding that resolution is filed
6 with that clerk. If a separate millage for public library purposes
7 was levied before January 1, 2017, and all obligations of the
8 authority are paid, then the levy is exempt from capture under this
9 part, unless the library board or commission allows all or a
10 portion of its taxes levied to be included as tax increment
11 revenues and subject to capture under this part under the terms of
12 a written agreement between the library board or commission and the
13 authority. The written agreement shall be filed with the clerk of
14 the municipality. However, if a separate millage for public library
15 purposes was levied before January 1, 2017, and the authority
16 alters or amends the boundaries of the development area or extends
17 the duration of the existing finance plan, then the library board
18 or commission may, not later than 60 days after a public hearing is
19 held under this subsection, exempt all or a portion of its taxes
20 from capture by adopting a resolution to that effect and filing a
21 copy with the clerk of the municipality that created the authority.
22 For ad valorem property taxes or specific local taxes attributable
23 to those ad valorem property taxes levied for a separate millage
24 for public library purposes approved by the electors after December
25 31, 2016, a library board or commission may allow all or a portion
26 of its taxes levied to be included as tax increment revenues and
27 subject to capture under this part under the terms of a written

1 agreement between the library board or commission and the
2 authority. The written agreement shall be filed with the clerk of
3 the municipality. However, if the library was created under section
4 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
5 under 1869 LA 233, then any action of the library board or
6 commission under this subsection shall have the concurrence of the
7 chief executive officer of the city that created the library to be
8 effective.

9 Sec. 619. (1) The municipal and county treasurers shall
10 transmit tax increment revenues to the authority.

11 (2) The authority shall expend the tax increment revenues
12 received for the development program only under the terms of the
13 tax increment financing plan. Unused funds shall revert
14 proportionately to the respective taxing bodies. Tax increment
15 revenues shall not be used to circumvent existing property tax
16 limitations. The governing body of the municipality may abolish the
17 tax increment financing plan if it finds that the purposes for
18 which it was established are accomplished. However, the tax
19 increment financing plan shall not be abolished, allowed to expire,
20 or otherwise terminate until the principal of, and interest on,
21 bonds issued under section 620 have been paid or funds sufficient
22 to make the payment have been segregated.

23 Sec. 620. (1) The municipality may by resolution of its
24 governing body authorize, issue, and sell limited general
25 obligation bonds subject to the limitations set forth in this
26 subsection to finance the development program of the tax increment
27 financing plan and shall pledge its full faith and credit for the

1 payment of the bonds. The municipality may pledge as additional
2 security for the bonds any money received by the authority or the
3 municipality under section 614. The bonds are subject to the
4 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
5 141.2821. Before the municipality may authorize the borrowing, the
6 authority shall submit an estimate of the anticipated tax increment
7 revenues and other revenue available under section 614 to be
8 available for payment of principal and interest on the bonds, to
9 the governing body of the municipality. This estimate shall be
10 approved by the governing body of the municipality by resolution
11 adopted by majority vote of the members of the governing body in
12 the resolution authorizing the bonds. If the governing body of the
13 municipality adopts the resolution authorizing the bonds, the
14 estimate of the anticipated tax increment revenues and other
15 revenue available under section 614 to be available for payment of
16 principal and interest on the bonds shall be conclusive for
17 purposes of this section. The bonds issued under this subsection
18 shall be considered a single series for the purposes of the revised
19 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

20 (2) By resolution of its governing body, the authority may
21 authorize, issue, and sell tax increment bonds subject to the
22 limitations set forth in this subsection to finance the development
23 program of the tax increment financing plan. The tax increment
24 bonds issued by the authority under this subsection shall pledge
25 solely the tax increment revenues of a development area in which
26 the project is located or a development area from which tax
27 increment revenues may be used for this project, or both. In

1 addition or in the alternative, the bonds issued by the authority
2 under this subsection may be secured by any other revenues
3 identified in section 614 as sources of financing for activities of
4 the authority that the authority shall specifically pledge in the
5 resolution. However, the full faith and credit of the municipality
6 shall not be pledged to secure bonds issued under this subsection.
7 The bond issue may include a sum sufficient to pay interest on the
8 tax increment bonds until full development of tax increment
9 revenues from the project and also a sum to provide a reasonable
10 reserve for payment of principal and interest on the bonds. The
11 resolution authorizing the bonds shall create a lien on the tax
12 increment revenues and other revenues pledged by the resolution
13 that shall be a statutory lien and shall be a first lien subject
14 only to liens previously created. The resolution may provide the
15 terms upon which additional bonds may be issued of equal standing
16 and parity of lien as to the tax increment revenues and other
17 revenues pledged under the resolution. Bonds issued under this
18 subsection that pledge revenue received under section 615 for
19 repayment of the bonds are subject to the revised municipal finance
20 act, 2001 PA 34, MCL 141.2101 to 141.2821.

21 Sec. 621. (1) If a board decides to finance a project in a
22 development area by the use of revenue bonds as authorized in
23 section 616 or tax increment financing as authorized in sections
24 618, 619, and 620, it shall prepare a development plan.

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

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

1 (b) The location and extent of existing streets and other
2 public facilities within the development area, designating the
3 location, character, and extent of the categories of public and
4 private land uses then existing and proposed for the development
5 area, including residential, recreational, commercial, industrial,
6 educational, and other uses, and including a legal description of
7 the development area.

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

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

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

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

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

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

27 (m) A plan for establishing priority for the relocation of

1 persons displaced by the development in any new housing in the
2 development area.

3 (n) Provision for the costs of relocating persons displaced by
4 the development and financial assistance and reimbursement of
5 expenses, including litigation expenses and expenses incident to
6 the transfer of title, in accordance with the standards and
7 provisions of the uniform relocation assistance and real property
8 acquisition policies act of 1970, Public Law 91-646, 84 Stat 1894.

9 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
10 213.332.

11 (p) The requirement that amendments to an approved development
12 plan or tax increment plan must be submitted by the authority to
13 the governing body for approval or rejection.

14 (q) A schedule to periodically evaluate the effectiveness of
15 the development plan.

16 (r) Other material that the authority, local public agency, or
17 governing body considers pertinent.

18 Sec. 622. (1) The governing body, before adoption of a
19 resolution 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. The notice of hearing within the time frame
5 described in this subsection shall be mailed by certified mail to
6 the governing body of each taxing jurisdiction levying taxes that
7 would be subject to capture if the tax increment financing plan is
8 approved.

9 (2) Notice of the time and place of hearing on a development
10 plan shall contain all of the following:

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

13 (b) A statement that maps, plats, and a description of the
14 development plan, including the method of relocating families and
15 individuals who may be displaced from the area, are available for
16 public inspection at a place designated in the notice.

17 (c) A statement that all aspects of the development plan will
18 be open for discussion at the public hearing.

19 (d) Other information that the governing body considers
20 appropriate.

21 (3) At the time set for the hearing, the governing body shall
22 provide an opportunity for interested persons to speak and shall
23 receive and consider communications in writing. The hearing shall
24 provide the fullest opportunity for expression of opinion, for
25 argument on the merits, and for consideration of documentary
26 evidence pertinent to the development plan. The governing body
27 shall make and preserve a record of the public hearing, including

1 all data presented at the hearing.

2 Sec. 623. The governing body after a public hearing on the
3 development plan or the tax increment financing plan, or both, with
4 notice given under section 622, shall determine whether the
5 development plan or tax increment financing plan constitutes a
6 public purpose. If it determines that the development plan or tax
7 increment financing plan constitutes a public purpose, it shall by
8 resolution approve or reject the plan, or approve it with
9 modification, based on the following considerations:

10 (a) The plan meets the requirements under section 620(2).

11 (b) The proposed method of financing the development is
12 feasible and the authority has the ability to arrange the
13 financing.

14 (c) The development is reasonable and necessary to carry out
15 the purposes of this part.

16 (d) The land included within the development area to be
17 acquired is reasonably necessary to carry out the purposes of the
18 plan and of this part in an efficient and economically satisfactory
19 manner.

20 (e) The development plan is in reasonable accord with the land
21 use plan of the municipality.

22 (f) Public services, such as fire and police protection and
23 utilities, are or will be adequate to service the project area.

24 (g) Changes in zoning, streets, street levels, intersections,
25 and utilities are reasonably necessary for the project and for the
26 municipality.

27 Sec. 624. A person to be relocated under this part shall be

1 given not less than 90 days' written notice to vacate unless
2 modified by court order issued for good cause and after a hearing.

3 Sec. 625. (1) The director of the authority shall submit a
4 budget to the board for the operation of the authority for each
5 fiscal year before the beginning of the fiscal year. The budget
6 shall be prepared in the manner and contain the information
7 required of municipal departments. After review by the board, the
8 budget shall be submitted to the governing body. The governing body
9 must approve the budget before the board may adopt the budget.

10 Unless authorized by the governing body or this part, funds of the
11 municipality shall not be included in the budget of the authority.

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

17 Sec. 626. (1) A public facility, building, or structure that
18 is determined by the municipality to have significant historical
19 interests shall be preserved in a manner considered necessary by
20 the municipality in accordance with laws relative to the
21 preservation of historical sites.

22 (2) An authority shall refer all proposed changes to the
23 exterior of sites listed on the state register of historic sites
24 and the National Register of Historic Places to the applicable
25 historic district commission created under the local historic
26 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
27 state housing development authority for review.

1 Sec. 627. An authority that has completed the purposes for
2 which it was organized shall be dissolved by resolution of the
3 governing body. The property and assets of the authority remaining
4 after the satisfaction of the obligations of the authority belong
5 to the municipality.

6 Sec. 629. (1) Subject to the requirements of subsection (2),
7 within 60 days after a development plan for a qualified development
8 area has been approved under section 618, upon written request from
9 the authority, the Michigan economic growth authority under the
10 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
11 207.810, may include the following within the definition of tax
12 increment revenues under section 3(g):

13 (a) Taxes under the state education tax act, 1933 PA 331, MCL
14 211.901 to 211.906.

15 (b) Taxes levied by local or intermediate school districts
16 under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

17 (2) The Michigan economic growth authority may only allow
18 inclusion of the taxes described in subsection (1) in the
19 definition of tax increment revenues if the Michigan economic
20 growth authority under the Michigan economic growth authority act,
21 1995 PA 24, MCL 207.801 to 207.810, determines that the inclusion
22 is necessary to reduce unemployment, promote economic growth, and
23 increase capital investment in a qualified development area.

24 PART 7

25 WATER RESOURCE IMPROVEMENT AUTHORITIES

26 Sec. 702. As used in this part:

27 (a) "Advance" means a transfer of funds made by a municipality

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

7 (b) "Assessed value" means the taxable value as determined
8 under section 27a of the general property tax act, 1893 PA 206, MCL
9 211.27a.

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

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

13 (e) "Captured assessed value" means the amount in any 1 year
14 by which the current assessed value of the development area,
15 including the assessed value of property for which specific local
16 taxes are paid in lieu of property taxes as determined in section
17 803(d), exceeds the initial assessed value. The state tax
18 commission shall prescribe the method for calculating captured
19 assessed value.

20 (f) "Chief executive officer" means the mayor or city manager
21 of a city, the president or village manager of a village, or the
22 supervisor of a township.

23 (g) "Development area" means that area described in section
24 805 to which a development plan is applicable.

25 (h) "Development plan" means that information and those
26 requirements for a development area set forth in section 822.

27 (i) "Development program" means the implementation of the

1 development plan.

2 (j) "Fiscal year" means the fiscal year of the authority.

3 (k) "Governing body" or "governing body of a municipality"
4 means the elected body of a municipality having legislative powers.

5 (l) "Initial assessed value" means the assessed value of all
6 the taxable property within the boundaries of the development area
7 at the time the ordinance establishing the tax increment financing
8 plan is approved, as shown by the most recent assessment roll of
9 the municipality at the time the resolution is adopted. Property
10 exempt from taxation at the time of the determination of the
11 initial assessed value shall be included as zero. For the purpose
12 of determining initial assessed value, property for which a
13 specific local tax is paid in lieu of a property tax shall not be
14 considered to be property that is exempt from taxation. The initial
15 assessed value of property for which a specific local tax was paid
16 in lieu of a property tax shall be determined as provided in
17 section 803(d).

18 (m) "Inland lake" means a natural or artificial lake, pond, or
19 impoundment. Inland lake does not include the Great Lakes, Lake St.
20 Clair, or a lake or pond that has a surface area of less than 5
21 acres.

22 (n) "Land use plan" means a plan prepared under former 1921 PA
23 207, or a site plan under the Michigan zoning enabling act, 2006 PA
24 110, MCL 125.3101 to 125.3702.

25 (o) "Municipality" means a city, village, or township.
26 Sec. 703. As used in this part:

27 (a) "Operations" means office maintenance, including salaries

1 and expenses of employees, office supplies, consultation fees,
2 design costs, and other expenses incurred in the daily management
3 of the authority and planning of its activities.

4 (b) "Parcel" means an identifiable unit of land that is
5 treated as separate for valuation or zoning purposes.

6 (c) "Public facility" means a street, and any improvements to
7 a street, including street furniture and beautification, park,
8 parking facility, recreational facility, right-of-way, structure,
9 waterway, bridge, lake, pond, canal, utility line or pipe, or
10 building, including access routes designed and dedicated to use by
11 the public generally, or used by a public agency, that is related
12 to access to inland lakes or a water resource improvement, or means
13 a water resource improvement. Public facility includes an
14 improvement to a facility used by the public or a public facility
15 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
16 if the improvement complies with the barrier free design
17 requirements of the state construction code promulgated under the
18 Stille-DeRossett-Hale single state construction code act, 1972 PA
19 230, MCL 125.1501 to 125.1531.

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

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

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

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
9 development area. Tax increment revenues do not include any of the
10 following:

11 (i) Taxes under the state education tax act, 1993 PA 331, MCL
12 211.901 to 211.906.

13 (ii) Taxes levied by local or intermediate school districts.

14 (iii) 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 (iv) 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 (v) Ad valorem property taxes exempted from capture under
26 section 815(5) or specific local taxes attributable to the ad
27 valorem property taxes.

1 (vi) 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 (vii) 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 (C) Except as otherwise provided in section 715(5), ad valorem
14 property taxes or specific local taxes attributable to those ad
15 valorem property taxes levied for a separate millage for public
16 library purposes approved by the electors after December 31, 2016.

17 (g) "Water resource improvement" means enhancement of water
18 quality and water dependent natural resources, including, but not
19 limited to, the following:

20 (i) The elimination of the causes and the proliferation of
21 aquatic nuisance species, as defined in section 3101 of the natural
22 resources and environmental protection act, 1994 PA 451, MCL
23 324.3101.

24 (ii) Sewer systems that service existing structures that have
25 failing on-site disposal systems.

26 (iii) Storm water systems that service existing
27 infrastructure.

1 (iv) Dredging, removal of spoils, or other improvements or
2 maintenance activities that enhance navigability of a waterway.

3 (h) "Water resource improvement district" or "district" means
4 1 or more of the following:

5 (i) An inland body of water and land that is up to 1 mile from
6 the shoreline of an inland lake that contains 1 or more public
7 access points.

8 (ii) An inland body of water and parcels of land that are
9 contiguous to the shoreline of an inland lake that does not contain
10 a public access point.

11 (iii) The shoreline of a harbor on a Great Lake and 1 or more
12 of the following:

13 (A) Land up to 1 mile from the shoreline of the harbor.

14 (B) A tributary to that Great Lake harbor up to 5 miles
15 upstream from the shoreline of the Great Lake harbor.

16 (C) Land up to 1 mile from each bank of the tributary
17 described in sub-subparagraph (B).

18 Sec. 704. (1) Except as otherwise provided in this subsection,
19 a municipality may establish multiple authorities. A parcel of
20 property shall not be included in more than 1 authority created
21 under this part.

22 (2) An authority is a public body corporate that may sue and
23 be sued in any court of this state. An authority possesses all the
24 powers necessary to carry out its purpose. The enumeration of a
25 power in this part shall not be construed as a limitation upon the
26 general powers of an authority.

27 Sec. 705. (1) If the governing body of a municipality

1 determines that it is necessary for the best interests of the
2 public to promote water resource improvement or access to inland
3 lakes, or both, in a water resource improvement district, the
4 governing body may, by resolution, declare its intention to create
5 and provide for the operation of an authority within the boundaries
6 of a water resource improvement district.

7 (2) In the resolution of intent, the governing body shall set
8 a date for a public hearing on the adoption of a proposed ordinance
9 creating the authority and designating the boundaries of the
10 development area. Notice of the public hearing shall be published
11 twice in a newspaper of general circulation in the municipality,
12 not less than 20 or more than 40 days before the date of the
13 hearing. Not less than 20 days before the hearing, the governing
14 body proposing to create the authority shall also mail notice of
15 the hearing to the property taxpayers of record in the proposed
16 development area and to the governing body of each taxing
17 jurisdiction levying taxes that would be subject to capture if the
18 authority is established and a tax increment financing plan is
19 approved. Failure of a property taxpayer to receive the notice does
20 not invalidate these proceedings. Notice of the hearing shall be
21 posted in at least 20 conspicuous and public places in the proposed
22 development area not less than 20 days before the hearing. The
23 notice shall state the date, time, and place of the hearing and
24 shall describe the boundaries of the proposed development area. A
25 citizen, taxpayer, or property owner of the municipality or an
26 official from a taxing jurisdiction with millage that would be
27 subject to capture has the right to be heard in regard to the

1 establishment of the authority and the boundaries of the proposed
2 development area. The governing body of the municipality shall not
3 incorporate land into the development area not included in the
4 description contained in the notice of public hearing, but it may
5 eliminate described lands from the development area in the final
6 determination of the boundaries.

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

20 (4) The governing body of the municipality may alter or amend
21 the boundaries of the development area to include or exclude lands
22 from the development area in the same manner as adopting the
23 ordinance creating the authority.

24 (5) A municipality that has created an authority may enter
25 into an agreement with an adjoining municipality that has created
26 an authority to jointly operate and administer those authorities
27 under an interlocal agreement under the urban cooperation act of

1 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

2 Sec. 706. If a development area is part of an area annexed to
3 or consolidated with another municipality, the authority managing
4 that development area shall become an authority of the annexing or
5 consolidated municipality. Obligations of that authority incurred
6 under a development or tax increment plan, agreements related to a
7 development or tax increment plan, and bonds issued under this part
8 shall remain in effect following the annexation or consolidation.

9 Sec. 707. (1) An authority shall be under the supervision and
10 control of a board consisting of the chief executive officer of the
11 municipality or his or her designee and not less than 5 or more
12 than 9 members as determined by the governing body of the
13 municipality. Members shall be appointed by the chief executive
14 officer of the municipality, subject to approval by the governing
15 body of the municipality. Not less than a majority of the members
16 shall be persons having an ownership or business interest in
17 property located in the development area. At least 1 of the members
18 shall be a resident of the development area or of an area within
19 1/2 mile of any part of the development area. Of the members first
20 appointed, an equal number of the members, as near as is
21 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
22 years. A member shall hold office until the member's successor is
23 appointed. After the initial appointment, each member shall serve
24 for a term of 4 years. An appointment to fill a vacancy shall be
25 made by the chief executive officer of the municipality for the
26 unexpired term only. Members of the board shall serve without
27 compensation, but shall be reimbursed for actual and necessary

1 expenses. The chairperson of the board shall be elected by the
2 board.

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

6 (3) The proceedings and rules of the board are subject to the
7 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
8 shall adopt rules governing its procedure and the holding of
9 regular meetings, subject to the approval of the governing body.
10 Special meetings may be held if called in the manner provided in
11 the rules of the board.

12 (4) After having been given notice and an opportunity to be
13 heard, a member of the board may be removed for cause by the
14 governing body.

15 (5) All expense items of the authority shall be publicized
16 monthly and the financial records shall always be open to the
17 public.

18 (6) A writing prepared, owned, used, in the possession of, or
19 retained by the board in the performance of an official function is
20 subject to the freedom of information act, 1976 PA 442, MCL 15.231
21 to 15.246.

22 Sec. 708. (1) The board may employ and fix the compensation of
23 a director, subject to the approval of the governing body of the
24 municipality. The director shall serve at the pleasure of the
25 board. A member of the board is not eligible to hold the position
26 of director. Before beginning his or her duties, the director shall
27 take and subscribe to the constitutional oath, and furnish bond, by

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

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

27 (3) The board may employ and fix the compensation of a

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

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

10 (5) The board may employ other personnel considered necessary
11 by the board.

12 Sec. 709. The employees of an authority shall be eligible to
13 participate in municipal retirement and insurance programs of the
14 municipality as if they were civil service employees except that
15 the employees of an authority are not civil service employees.

16 Sec. 710. (1) The board may do any of the following:

17 (a) Prepare an analysis of water resource improvement and
18 access to inland lakes issues taking place in the development area.

19 (b) Study and analyze the need for water resource improvements
20 and access to inland lakes upon the development area.

21 (c) Plan and propose the construction, renovation, repair,
22 remodeling, rehabilitation, restoration, preservation, or
23 reconstruction of a public facility that may be necessary or
24 appropriate to the execution of a plan that, in the opinion of the
25 board, aids in water resource improvement or access to inland lakes
26 in the development area. The board is encouraged to develop a plan
27 that conserves the natural features, reduces impervious surfaces,

1 and uses landscaping and natural features to reflect the
2 predevelopment site.

3 (d) Plan, propose, and implement an improvement to a public
4 facility within the development area to comply with the barrier
5 free design requirements of the state construction code promulgated
6 under the Stille-DeRossett-Hale single state construction code act,
7 1972 PA 230, MCL 125.1501 to 125.1531.

8 (e) Develop long-range plans for water resource improvement
9 and access to inland lakes within the district.

10 (f) Implement any plan of development for water resource
11 improvement and access to inland lakes in the development area
12 necessary to achieve the purposes of this part in accordance with
13 the powers of the authority 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 the property,
20 that the authority determines is reasonably necessary to achieve
21 the purposes of this part, and to grant or acquire licenses,
22 easements, and options.

23 (i) Improve land and construct, reconstruct, rehabilitate,
24 restore and preserve, equip, clear, improve, maintain, and repair
25 any public facility, building, and any necessary or desirable
26 appurtenances to those buildings and operate a water resource
27 improvement, as determined by the authority to be reasonably

1 necessary to achieve the purposes of this part, within the
2 development area for the use, in whole or in part, of any public or
3 private person or corporation, or a combination thereof.

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

9 (k) Lease, in whole or in part, any facility, building, or
10 property under its control.

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

13 (m) Acquire and construct public facilities.

14 (n) Plan and implement water resource improvements in harbors
15 of the Great Lakes and their tributaries, including, but not
16 limited to, dredging, removal of spoils, and other improvements or
17 maintenance activities that enhance navigability of a waterway.

18 (2) The board shall prepare a water resource management plan
19 in consultation with the department of environmental quality, the
20 department of natural resources, or any other entity with expertise
21 in water quality management and invasive species management.

22 (3) The board may apply for the necessary state and federal
23 permits required for a public facility or a water resource
24 improvement under this part.

25 Sec. 711. The authority is an instrumentality of a political
26 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

27 Sec. 712. (1) The activities of the authority shall be

1 financed from 1 or more of the following sources:

2 (a) Donations to the authority for the performance of its
3 functions.

4 (b) Money borrowed and to be repaid as authorized by sections
5 713 and 714.

6 (c) Revenues from any property, building, or facility owned,
7 leased, licensed, or operated by the authority or under its
8 control, subject to the limitations imposed upon the authority by
9 trusts or other agreements.

10 (d) Proceeds of a tax increment financing plan established
11 under sections 715 to 717.

12 (e) Proceeds from a special assessment district created as
13 provided by law.

14 (f) Money obtained from other sources 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 (2) Money received by the authority and not covered under
19 subsection (1) shall immediately be deposited to the credit of the
20 authority, subject to disbursement under this part. Except as
21 provided in this part, the municipality shall not obligate itself,
22 and shall not be obligated, to pay any sums from public funds,
23 other than money received by the municipality under this section,
24 for or on account of the activities of the authority.

25 Sec. 713. The authority may borrow money and issue its
26 negotiable revenue bonds under the revenue bond act of 1933, 1933
27 PA 94, MCL 141.101 to 141.140.

1 Sec. 714. (1) The authority may with approval of the local
2 governing body borrow money and issue its revenue bonds or notes to
3 finance all or part of the costs of water resource improvements in
4 connection with either of the following:

5 (a) The implementation of a development plan in the
6 development area.

7 (b) The refund, or refund in advance, of bonds or notes issued
8 under this section.

9 (2) Any of the following may be financed by the issuance of
10 revenue bonds or notes:

11 (a) The cost of purchasing, acquiring, constructing,
12 improving, enlarging, extending, or repairing property in
13 connection with the implementation of a development plan in the
14 development area.

15 (b) Any engineering, architectural, legal, accounting, or
16 financial expenses.

17 (c) The costs necessary or incidental to the borrowing of
18 money.

19 (d) Interest on the bonds or notes during the period of
20 construction.

21 (e) A reserve for payment of principal and interest on the
22 bonds or notes.

23 (f) A reserve for operation and maintenance until sufficient
24 revenues have developed.

25 (3) The authority may secure the bonds and notes by mortgage,
26 assignment, or pledge of the property and any money, revenues, or
27 income received in connection with the property.

1 (4) A pledge made by the authority is valid and binding from
2 the time the pledge is made. The money or property pledged by the
3 authority immediately is subject to the lien of the pledge without
4 a physical delivery, filing, or further act. The lien of a pledge
5 is valid and binding against parties having claims of any kind in
6 tort, contract, or otherwise, against the authority, whether or not
7 the parties have notice of the lien. Neither the resolution, the
8 trust agreement, nor any other instrument by which a pledge is
9 created must be filed or recorded to be enforceable.

10 (5) Bonds or notes issued under this section are exempt from
11 all taxation in this state, and the interest on the bonds or notes
12 is exempt from all taxation in this state, notwithstanding that the
13 interest may be subject to federal income tax.

14 (6) The municipality is not liable on bonds or notes of the
15 authority issued under this section, and the bonds or notes are not
16 a debt of the municipality. The bonds or notes shall contain on
17 their face a statement to that effect.

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

25 Sec. 715. (1) If the authority determines that it is necessary
26 for the achievement of the purposes of this part, the authority
27 shall prepare and submit a tax increment financing plan to the

1 governing body of the municipality. The plan shall include a
2 development plan as provided in section 718, 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 716. 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) Approval of the tax increment financing plan shall comply
17 with the notice, hearing, and disclosure provisions of section 821.
18 If the development plan is part of the tax increment financing
19 plan, only 1 hearing and approval procedure is required for the 2
20 plans together.

21 (3) Before the public hearing on the tax increment financing
22 plan, the governing body shall provide a reasonable opportunity to
23 the taxing jurisdictions levying taxes subject to capture to meet
24 with the governing body. The authority shall fully inform the
25 taxing jurisdictions of the fiscal and economic implications of the
26 proposed development area. The taxing jurisdictions may present
27 their recommendations at the public hearing on the tax increment

1 financing plan. The authority may enter into agreements with the
2 taxing jurisdictions and the governing body of the municipality in
3 which the development area is located to share a portion of the
4 captured assessed value of the development area.

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

9 (5) Not more than 60 days after the public hearing, the
10 governing body in a taxing jurisdiction levying ad valorem property
11 taxes that would otherwise be subject to capture may exempt its
12 taxes from capture by adopting a resolution to that effect and
13 filing a copy with the clerk of the municipality proposing to
14 create the authority. In the event that the governing body levies a
15 separate millage for public library purposes, at the request of the
16 public library board, that separate millage shall be exempt from
17 the capture. The resolution shall take effect when filed with the
18 clerk and remains effective until a copy of a resolution rescinding
19 that resolution is filed with that clerk. If a separate millage for
20 public library purposes was levied before January 1, 2017, and all
21 obligations of the authority are paid, then the levy is exempt from
22 capture under this part, unless the library board or commission
23 allows all or a portion of its taxes levied to be included as tax
24 increment revenues and subject to capture under this part under the
25 terms of a written agreement between the library board or
26 commission and the authority. The written agreement shall be filed
27 with the clerk of the municipality. However, if a separate millage

1 for public library purposes was levied before January 1, 2017, and
2 the authority alters or amends the boundaries of the district or
3 extends the duration of the existing finance plan, then the library
4 board or commission may, not later than 60 days after a public
5 hearing is held under this subsection, exempt all or a portion of
6 its taxes from capture by adopting a resolution to that effect and
7 filing a copy with the clerk of the municipality that created the
8 authority. For ad valorem property taxes or specific local taxes
9 attributable to those ad valorem property taxes levied for a
10 separate millage for public library purposes approved by the
11 electors after December 31, 2016, a library board or commission may
12 allow all or a portion of its taxes levied to be included as tax
13 increment revenues and subject to capture under this part under the
14 terms of a written agreement between the library board or
15 commission and the authority. The written agreement shall be filed
16 with the clerk of the municipality. However, if the library was
17 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
18 397.210a, or established under 1869 LA 233, then any action of the
19 library board or commission under this subsection shall have the
20 concurrence of the chief executive officer of the city that created
21 the library to be effective.

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.

11 (2) The governing body of the municipality may assess a
12 reasonable pro rata share of the funds for the cost of handling and
13 auditing the funds against the funds of the authority, other than
14 those committed, which shall be paid annually by the board pursuant
15 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 NEIGHBORHOOD IMPROVEMENT AUTHORITIES

23 Sec. 802. As used in this part:

24 (a) "Advance" means a transfer of funds made by a municipality
25 to an authority or to another person on behalf of the authority in
26 anticipation of repayment by the authority. Evidence of the intent
27 to repay an advance may include, but is not limited to, an executed

1 agreement to repay, provisions contained in a tax increment
2 financing plan approved prior to the advance, or a resolution of
3 the authority or the municipality.

4 (b) "Assessed value" means the taxable value as determined
5 under section 27a of the general property tax act, 1893 PA 206, MCL
6 211.27a.

7 (c) "Authority" means a neighborhood improvement authority
8 created under this part.

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

10 (e) "Captured assessed value" means the amount in any 1 year
11 by which the current assessed value of the development area,
12 including the assessed value of property for which specific local
13 taxes are paid in lieu of property taxes as determined in section
14 803(d), exceeds the initial assessed value. The state tax
15 commission shall prescribe the method for calculating captured
16 assessed value.

17 (f) "Chief executive officer" means the mayor or city manager
18 of a city or the president or village manager of a village.

19 (g) "Development area" means that area described in section
20 805 to which a development plan is applicable.

21 (h) "Development plan" means that information and those
22 requirements for a development area set forth in section 819.

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

25 (j) "Fiscal year" means the fiscal year of the authority.

26 (k) "Governing body" or "governing body of a municipality"
27 means the elected body of a municipality having legislative powers.

1 (l) "Housing" means publicly owned housing, individual or
2 multifamily.

3 (m) "Initial assessed value" means the assessed value of all
4 the taxable property within the boundaries of the development area
5 at the time the ordinance establishing the tax increment financing
6 plan is approved, as shown by the most recent assessment roll of
7 the municipality at the time the resolution is adopted. Property
8 exempt from taxation at the time of the determination of the
9 initial assessed value shall be included as zero. For the purpose
10 of determining initial assessed value, property for which a
11 specific local tax is paid in lieu of a property tax shall not be
12 considered to be property that is exempt from taxation. The initial
13 assessed value of property for which a specific local tax was paid
14 in lieu of a property tax shall be determined as provided in
15 section 803(d).

16 (n) "Land use plan" means a plan prepared under former 1921 PA
17 207 or a site plan under the Michigan zoning enabling act, 2006 PA
18 110, MCL 125.3101 to 125.3702.

19 (o) "Municipality" means a city or a village.

20 Sec. 803. As used in this part:

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

25 (b) "Parcel" means an identifiable unit of land that is
26 treated as separate for valuation or zoning purposes.

27 (c) "Public facility" means housing, a street, plaza,

1 pedestrian mall, and any improvements to a street, plaza, or
2 pedestrian mall including street furniture and beautification,
3 park, parking facility, recreational facility, right-of-way,
4 structure, waterway, bridge, lake, pond, canal, utility line or
5 pipe, or building, including access routes designed and dedicated
6 to use by the public generally, or used by a public agency. Public
7 facility includes an improvement to a facility used by the public
8 or a public facility as those terms are defined in section 1 of
9 1966 PA 1, MCL 125.1351, if the improvement complies with the
10 barrier free design requirements of the state construction code
11 promulgated under the Stille-DeRossett-Hale single state
12 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

13 (d) "Residential district" means an area of a municipality
14 where 75% or more of the area is zoned for residential housing.

15 (e) "Specific local tax" means a tax levied under 1974 PA 198,
16 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
17 255, MCL 207.651 to 207.668, the technology park development act,
18 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
19 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
20 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA
21 210, MCL 207.841 to 207.856. The initial assessed value or current
22 assessed value of property subject to a specific local tax shall be
23 the quotient of the specific local tax paid divided by the ad
24 valorem millage rate. The state tax commission shall prescribe the
25 method for calculating the initial assessed value and current
26 assessed value of property for which a specific local tax was paid
27 in lieu of a property tax.

1 (f) "State fiscal year" means the annual period commencing
2 October 1 of each year.

3 (g) "Tax increment revenues" means the amount of ad valorem
4 property taxes and specific local taxes attributable to the
5 application of the levy of all taxing jurisdictions upon the
6 captured assessed value of real and personal property in the
7 development area. Tax increment revenues do not include any of the
8 following:

9 (i) Taxes under the state education tax act, 1993 PA 331, MCL
10 211.901 to 211.906.

11 (ii) Taxes levied by local or intermediate school districts.

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

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

23 (v) Ad valorem property taxes exempted from capture under
24 section 814(5) or specific local taxes attributable to those ad
25 valorem property taxes.

26 (vi) Ad valorem property taxes specifically levied for the
27 payment of principal and interest of obligations approved by the

1 electors or obligations pledging the unlimited taxing power of the
2 local governmental unit or specific taxes attributable to those ad
3 valorem property taxes.

4 (vii) Ad valorem property taxes levied under 1 or more of the
5 following or specific local taxes attributable to those ad valorem
6 property taxes:

7 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
8 to 123.1183.

9 (B) The art institute authorities act, 2010 PA 296, MCL
10 123.1201 to 123.1229.

11 (C) Except as otherwise provided in section 814(5), ad valorem
12 property taxes or specific local taxes attributable to those ad
13 valorem property taxes levied for a separate millage for public
14 library purposes approved by the electors after December 31, 2016.

15 Sec. 804. (1) Except as otherwise provided in this subsection,
16 a municipality may establish multiple authorities. A parcel of
17 property shall not be included in more than 1 authority created
18 under this part.

19 (2) An authority is a public body corporate that may sue and
20 be sued in any court of this state. An authority possesses all the
21 powers necessary to carry out its purpose. The enumeration of a
22 power in this part shall not be construed as a limitation upon the
23 general powers of an authority.

24 Sec. 805. (1) If the governing body of a municipality
25 determines that it is necessary for the best interests of the
26 public to promote residential growth in a residential district and
27 to promote economic growth, the governing body may, by resolution,

1 declare its intention to create and provide for the operation of an
2 authority.

3 (2) In the resolution of intent, the governing body shall set
4 a date for a public hearing on the adoption of a proposed ordinance
5 creating the authority and designating the boundaries of the
6 development area. Notice of the public hearing shall be published
7 twice in a newspaper of general circulation in the municipality,
8 not less than 20 or more than 40 days before the date of the
9 hearing. Not less than 20 days before the hearing, the governing
10 body proposing to create the authority shall also mail notice of
11 the hearing to the property taxpayers of record in the proposed
12 development area and to the governing body of each taxing
13 jurisdiction levying taxes that would be subject to capture if the
14 authority is established and a tax increment financing plan is
15 approved. Failure of a property taxpayer to receive the notice does
16 not invalidate these proceedings. Notice of the hearing shall be
17 posted in at least 20 conspicuous and public places in the proposed
18 development area not less than 20 days before the hearing. The
19 notice shall state the date, time, and place of the hearing and
20 shall describe the boundaries of the proposed development area. A
21 citizen, taxpayer, or property owner of the municipality or an
22 official from a taxing jurisdiction with millage that would be
23 subject to capture has the right to be heard in regard to the
24 establishment of the authority and the boundaries of the proposed
25 development area. The governing body of the municipality shall not
26 incorporate land into the development area not included in the
27 description contained in the notice of public hearing, but it may

1 eliminate described lands from the development area in the final
2 determination of the boundaries.

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

16 (4) The governing body of the municipality may alter or amend
17 the boundaries of the development area to include or exclude lands
18 from the development area in the same manner as adopting the
19 ordinance creating the authority.

20 (5) A residential district or development area under this part
21 shall not include an area of a municipality that is part of a
22 residential district or a development area under the historical
23 neighborhood tax increment finance authority act, 2004 PA 530, MCL
24 125.2841 to 125.2866.

25 (6) An authority created under this part shall have a duration
26 of not more than 30 years from the date of the resolution creating
27 the authority. The governing body of a municipality may extend the

1 duration of the authority by resolution if the purposes for which
2 the authority was created still exist.

3 Sec. 806. If a development area is part of an area annexed to
4 or consolidated with another municipality, the authority managing
5 that development area shall become an authority of the annexing or
6 consolidated municipality. Obligations of that authority incurred
7 under a development or tax increment plan, agreements related to a
8 development or tax increment plan, and bonds issued under this part
9 shall remain in effect following the annexation or consolidation.

10 Sec. 807. (1) An authority shall be under the supervision and
11 control of a board consisting of the chief executive officer of the
12 municipality or his or her designee and not less than 5 or more
13 than 9 members as determined by the governing body of the
14 municipality. Members shall be appointed by the chief executive
15 officer of the municipality, subject to approval by the governing
16 body of the municipality. Not less than a majority of the members
17 shall be persons having an ownership or business interest in
18 property located in the development area. At least 1 of the members
19 shall be a resident of the development area or of an area within
20 1/2 mile of any part of the development area. Of the members first
21 appointed, an equal number of the members, as near as is
22 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
23 years. A member shall hold office until the member's successor is
24 appointed. After the initial appointment, each member shall serve
25 for a term of 4 years. An appointment to fill a vacancy shall be
26 made by the chief executive officer of the municipality for the
27 unexpired term only. Members of the board shall serve without

1 compensation, but shall be reimbursed for actual and necessary
2 expenses. The chairperson of the board shall be elected by the
3 board.

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 proceedings and rules of the board are subject to the
8 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
9 shall adopt rules governing its procedure and the holding of
10 regular meetings, subject to the approval of the governing body.
11 Special meetings may be held if called in the manner provided in
12 the rules of the board.

13 (4) After having been given notice and an opportunity to be
14 heard, a member of the board may be removed for cause by the
15 governing body.

16 (5) All expense items of the authority shall be publicized
17 monthly and the financial records shall always be open to the
18 public.

19 (6) A writing prepared, owned, used, in the possession of, or
20 retained by the board in the performance of an official function is
21 subject to the freedom of information act, 1976 PA 442, MCL 15.231
22 to 15.246.

23 Sec. 808. (1) The board may employ and fix the compensation of
24 a director, subject to the approval of the governing body of the
25 municipality. The director shall serve at the pleasure of the
26 board. A member of the board is not eligible to hold the position
27 of director. Before beginning his or her duties, the director shall

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

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

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

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

11 (5) The board may employ other personnel considered necessary
12 by the board.

13 Sec. 809. The employees of an authority shall be eligible to
14 participate in municipal retirement and insurance programs of the
15 municipality as if they were civil service employees except that
16 the employees of an authority are not civil service employees.

17 Sec. 810. The board may do any of the following:

18 (a) Prepare an analysis of economic changes taking place in
19 the development area.

20 (b) Study and analyze the impact of metropolitan growth upon
21 the development area.

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

1 area.

2 (d) Plan, propose, and implement an improvement to a public
3 facility within the development area to comply with the barrier
4 free design requirements of the state construction code promulgated
5 under the Stille-DeRossett-Hale single state construction code act,
6 1972 PA 230, MCL 125.1501 to 125.1531.

7 (e) Develop long-range plans, in cooperation with the agency
8 that is chiefly responsible for planning in the municipality,
9 designed to halt the deterioration of property values in the
10 development area and to promote the residential growth and economic
11 growth of the development area, and take steps as may be necessary
12 to persuade property owners to implement the plans to the fullest
13 extent possible.

14 (f) Implement any plan of development, including housing for
15 low-income individuals, in the development area necessary to
16 achieve the purposes of this part in accordance with the powers of
17 the authority granted by this part.

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

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

27 (i) Improve land and construct, reconstruct, rehabilitate,

1 restore and preserve, equip, clear, improve, maintain, repair, and
2 operate any public facility, building, including multiple-family
3 dwellings, and any necessary or desirable appurtenances to those
4 buildings, within the development area for the use, in whole or in
5 part, of any public or private person or corporation, or a
6 combination thereof.

7 (j) Fix, charge, and collect fees, rents, and charges for the
8 use of any facility, building, or property under its control or any
9 part of the facility, building, or property, and pledge the fees,
10 rents, and charges for the payment of revenue bonds issued by the
11 authority.

12 (k) Lease, in whole or in part, any facility, building, or
13 property under its control.

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

16 (m) Acquire and construct public facilities.

17 Sec. 811. (1) The activities of the authority shall be
18 financed from 1 or more of the following sources:

19 (a) Donations to the authority for the performance of its
20 functions.

21 (b) Money borrowed and to be repaid as authorized by sections
22 812 and 813.

23 (c) Revenues from any property, building, or facility owned,
24 leased, licensed, or operated by the authority or under its
25 control, subject to the limitations imposed upon the authority by
26 trusts or other agreements.

27 (d) Proceeds of a tax increment financing plan established

1 under sections 814 to 816.

2 (e) Proceeds from a special assessment district created as
3 provided by law.

4 (f) Money obtained from other sources approved by the
5 governing body of the municipality or otherwise authorized by law
6 for use by the authority or the municipality to finance a
7 development program.

8 (2) Money received by the authority and not covered under
9 subsection (1) shall immediately be deposited to the credit of the
10 authority, subject to disbursement under this part. Except as
11 provided in this part, the municipality shall not obligate itself,
12 and shall not be obligated, to pay any sums from public funds,
13 other than money received by the municipality under this section,
14 for or on account of the activities of the authority.

15 Sec. 812. The authority may borrow money and issue its
16 negotiable revenue bonds under the revenue bond act of 1933, 1933
17 PA 94, MCL 141.101 to 141.140.

18 Sec. 813. (1) The authority may with approval of the local
19 governing body borrow money and issue its revenue bonds or notes to
20 finance all or part of the costs of acquiring or constructing
21 property in connection with either of the following:

22 (a) The implementation of a development plan in the
23 development area.

24 (b) The refund, or refund in advance, of bonds or notes issued
25 under this section.

26 (2) Any of the following may be financed by the issuance of
27 revenue bonds or notes:

1 (a) The cost of purchasing, acquiring, constructing,
2 improving, enlarging, extending, or repairing property in
3 connection with the implementation of a development plan in the
4 development area.

5 (b) Any engineering, architectural, legal, accounting, or
6 financial expenses.

7 (c) The costs necessary or incidental to the borrowing of
8 money.

9 (d) Interest on the bonds or notes during the period of
10 construction.

11 (e) A reserve for payment of principal and interest on the
12 bonds or notes.

13 (f) A reserve for operation and maintenance until sufficient
14 revenues have developed.

15 (3) The authority may secure the bonds and notes by mortgage,
16 assignment, or pledge of the property and any money, revenues, or
17 income received in connection with the property.

18 (4) A pledge made by the authority is valid and binding from
19 the time the pledge is made. The money or property pledged by the
20 authority immediately is subject to the lien of the pledge without
21 a physical delivery, filing, or further act. The lien of a pledge
22 is valid and binding against parties having claims of any kind in
23 tort, contract, or otherwise, against the authority, whether or not
24 the parties have notice of the lien. Neither the resolution, the
25 trust agreement, nor any other instrument by which a pledge is
26 created must be filed or recorded to be enforceable.

27 (5) Bonds or notes issued under this section are exempt from

1 all taxation in this state except inheritance and transfer taxes,
2 and the interest on the bonds or notes is exempt from all taxation
3 in this state, notwithstanding that the interest may be subject to
4 federal income tax.

5 (6) The municipality is not liable on bonds or notes of the
6 authority issued under this section, and the bonds or notes are not
7 a debt of the municipality. The bonds or notes shall contain on
8 their face a statement to that effect.

9 (7) The bonds and notes of the authority may be invested in by
10 all public officers, state agencies and political subdivisions,
11 insurance companies, banks, savings and loan associations,
12 investment companies, and fiduciaries and trustees, and may be
13 deposited with and received by all public officers and the agencies
14 and political subdivisions of this state for any purpose for which
15 the deposit of bonds is authorized.

16 Sec. 814. (1) If the authority determines that it is necessary
17 for the achievement of the purposes of this part, the authority
18 shall prepare and submit a tax increment financing plan to the
19 governing body of the municipality. The plan shall include a
20 development plan as provided in section 816, a detailed explanation
21 of the tax increment procedure, the maximum amount of bonded
22 indebtedness to be incurred, and the duration of the program, and
23 shall be in compliance with section 815. The plan shall contain a
24 statement of the estimated impact of tax increment financing on the
25 assessed values of all taxing jurisdictions in which the
26 development area is located. The plan may provide for the use of
27 part or all of the captured assessed value, but the portion

1 intended to be used by the authority shall be clearly stated in the
2 tax increment financing plan. The authority or municipality may
3 exclude from captured assessed value growth in property value
4 resulting solely from inflation. The plan shall set forth the
5 method for excluding growth in property value resulting solely from
6 inflation.

7 (2) Approval of the tax increment financing plan shall comply
8 with the notice, hearing, and disclosure provisions of section 818.
9 If the development plan is part of the tax increment financing
10 plan, only 1 hearing and approval procedure is required for the 2
11 plans together.

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

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

27 (5) Not more than 60 days after the public hearing, the

1 governing body in a taxing jurisdiction levying ad valorem property
2 taxes that would otherwise be subject to capture may exempt its
3 taxes from capture by adopting a resolution to that effect and
4 filing a copy with the clerk of the municipality proposing to
5 create the authority. In the event that the governing body levies a
6 separate millage for public library purposes, at the request of the
7 public library board, that separate millage shall be exempt from
8 the capture. The resolution shall take effect when filed with the
9 clerk and remains effective until a copy of a resolution rescinding
10 that resolution is filed with that clerk. If a separate millage for
11 public library purposes was levied before January 1, 2017, and all
12 obligations of the authority are paid, then the levy is exempt from
13 capture under this part, unless the library board or commission
14 allows all or a portion of its taxes levied to be included as tax
15 increment revenues and subject to capture under this part under the
16 terms of a written agreement between the library board or
17 commission and the authority. The written agreement shall be filed
18 with the clerk of the municipality. However, if a separate millage
19 for public library purposes was levied before January 1, 2017, and
20 the authority alters or amends the boundaries of a development area
21 or extends the duration of the existing finance plan, then the
22 library board or commission may, not later than 60 days after a
23 public hearing is held under this subsection, exempt all or a
24 portion of its taxes from capture by adopting a resolution to that
25 effect and filing a copy with the clerk of the municipality that
26 created the authority. For ad valorem property taxes or specific
27 local taxes attributable to those ad valorem property taxes levied

1 for a separate millage for public library purposes approved by the
2 electors after December 31, 2016, a library board or commission may
3 allow all or a portion of its taxes levied to be included as tax
4 increment revenues and subject to capture under this part under the
5 terms of a written agreement between the library board or
6 commission and the authority. The written agreement shall be filed
7 with the clerk of the municipality. However, if the library was
8 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
9 397.210a, or established under 1869 LA 233, then any action of the
10 library board or commission under this subsection shall have the
11 concurrence of the chief executive officer of the city that created
12 the library to be effective.

13 Sec. 815. (1) The municipal and county treasurers shall
14 transmit tax increment revenues to the authority.

15 (2) The authority shall expend the tax increment revenues
16 received for the development program only under the terms of the
17 tax increment financing plan. Unused funds shall revert
18 proportionately to the respective taxing bodies. Tax increment
19 revenues shall not be used to circumvent existing property tax
20 limitations. The governing body of the municipality may abolish the
21 tax increment financing plan if it finds that the purposes for
22 which it was established are accomplished. However, the tax
23 increment financing plan shall not be abolished, allowed to expire,
24 or otherwise terminate until the principal of, and interest on,
25 bonds issued under section 816 have been paid or funds sufficient
26 to make the payment have been segregated.

27 Sec. 816. (1) By resolution of its governing body, the

1 authority may authorize, issue, and sell tax increment bonds
2 subject to the limitations set forth in this subsection to finance
3 the development program of the tax increment financing plan. The
4 tax increment bonds issued by the authority under this subsection
5 shall pledge solely the tax increment revenues of a development
6 area in which the project is located or a development area from
7 which tax increment revenues may be used for this project, or both.
8 In addition or in the alternative, the bonds issued by the
9 authority under this subsection may be secured by any other
10 revenues identified in section 811 as sources of financing for
11 activities of the authority that the authority shall specifically
12 pledge in the resolution. However, except as otherwise provided in
13 this section, the full faith and credit of the municipality shall
14 not be pledged to secure bonds issued under this subsection. The
15 bond issue may include a sum sufficient to pay interest on the tax
16 increment bonds until full development of tax increment revenues
17 from the project and also a sum to provide a reasonable reserve for
18 payment of principal and interest on the bonds. The resolution
19 authorizing the bonds shall create a lien on the tax increment
20 revenues and other revenues pledged by the resolution that shall be
21 a statutory lien and shall be a first lien subject only to liens
22 previously created. The resolution may provide the terms upon which
23 additional bonds may be issued of equal standing and parity of lien
24 as to the tax increment revenues and other revenues pledged under
25 the resolution. Bonds issued under this subsection are subject to
26 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
27 141.2821.

1 (2) The municipality, by majority vote of the members of its
2 governing body, may make a limited tax pledge to support the
3 authority's tax increment bonds or notes or, if authorized by the
4 voters of the municipality, may pledge its unlimited tax full faith
5 and credit for the payment of the principal of and interest on the
6 authority's tax increment bonds or notes.

7 Sec. 817. (1) If a board decides to finance a project in a
8 development area by the use of revenue bonds as authorized in
9 section 812 or tax increment financing as authorized in sections
10 814, 815, and 816, it shall prepare a development plan.

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

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

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

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

25 (d) The location, extent, character, and estimated cost of the
26 improvements including rehabilitation contemplated for the
27 development area and an estimate of the time required for

1 completion.

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

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

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

9 (h) A description of desired zoning changes and changes in
10 streets, street levels, intersections, 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) The requirement that amendments to an approved development
26 plan or tax increment plan must be submitted by the authority to
27 the governing body for approval or rejection.

1 (m) Other material that the authority, local public agency, or
2 governing body considers pertinent.

3 Sec. 818. (1) The governing body, before adoption of an
4 ordinance 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.

17 (2) Notice of the time and place of hearing on a development
18 plan shall contain all of the following:

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

21 (b) A statement that maps, plats, and a description of the
22 development plan, including the method of relocating families and
23 individuals who may be displaced from the area, if any, are
24 available for public inspection at a place designated in the
25 notice.

26 (c) A statement that all aspects of the development plan will
27 be open for discussion at the public hearing.

1 (d) Other information that the governing body considers
2 appropriate.

3 (3) At the time set for the hearing, the governing body shall
4 provide an opportunity for interested persons to speak and shall
5 receive and consider communications in writing. The hearing shall
6 provide the fullest opportunity for expression of opinion, for
7 argument on the merits, and for consideration of documentary
8 evidence pertinent to the development plan. The governing body
9 shall make and preserve a record of the public hearing, including
10 all data presented at the hearing.

11 Sec. 819. The governing body after a public hearing on the
12 development plan or the tax increment financing plan, or both, with
13 notice given under section 818, shall determine whether the
14 development plan or tax increment financing plan constitutes a
15 public purpose. If it determines that the development plan or tax
16 increment financing plan constitutes a public purpose, it shall by
17 ordinance approve or reject the plan, or approve it with
18 modification, based on the following considerations:

19 (a) The plan meets the requirements under section 817(2).

20 (b) The proposed method of financing the development is
21 feasible and the authority has the ability to arrange the
22 financing.

23 (c) The development is reasonable and necessary to carry out
24 the purposes of this part.

25 (d) The land included within the development area to be
26 acquired is reasonably necessary to carry out the purposes of the
27 plan and of this part in an efficient and economically satisfactory

1 manner.

2 (e) The development plan is in reasonable accord with the land
3 use plan of the municipality.

4 (f) Public services, such as fire and police protection and
5 utilities, are or will be adequate to service the project area.

6 (g) Changes in zoning, streets, street levels, intersections,
7 and utilities are reasonably necessary for the project and for the
8 municipality.

9 Sec. 820. (1) The director of the authority shall submit a
10 budget to the board for the operation of the authority for each
11 fiscal year before the beginning of the fiscal year. The budget
12 shall be prepared in the manner and contain the information
13 required of municipal departments. After review by the board, the
14 budget shall be submitted to the governing body. The governing body
15 must approve the budget before the board may adopt the budget.
16 Unless authorized by the governing body or this part, funds of the
17 municipality shall not be included in the budget of the authority.

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

23 Sec. 821. An authority that has completed the purposes for
24 which it was organized shall be dissolved by ordinance of the
25 governing body. The property and assets of the authority remaining
26 after the satisfaction of the obligations of the authority belong
27 to the municipality.

PART 9

REPORTING REQUIREMENTS

Sec. 901. As used in this part:

(a) "Authority" means all of the following:

(i) An authority as defined in part 2.

(ii) An authority as defined in part 3.

(iii) An authority as defined in part 4.

(iv) An authority as defined in part 6.

(v) An authority as defined in part 7.

(vi) An authority as defined in part 8.

(b) "Municipality" means all of the following:

(i) A municipality as defined in part 2.

(ii) A municipality as defined in part 3.

(iii) A municipality as defined in part 4.

(iv) A municipality as defined in part 6.

(v) A municipality as defined in part 7.

(vi) A municipality as defined in part 8.

Sec. 910. (1) Subject to subsection (5), each municipality that has created an authority or that creates an authority shall create a website or utilize the existing website of the municipality that is operated and regularly maintained with access to authority records and documents for the fiscal year beginning on the effective date of this act, including all of the following:

(a) Minutes of all board meetings.

(b) Annual budget, including encumbered and unencumbered fund balances.

(c) Annual audits.

1 (d) Currently adopted development plan, if not included in a
2 tax increment financing plan.

3 (e) Currently adopted tax increment finance plan, if currently
4 capturing tax increment revenues.

5 (f) Current authority staff contact information.

6 (g) A listing of current contracts with a description of those
7 contracts and other documents related to management of the
8 authority and services provided to the authority.

9 (h) An updated annual synopsis of activities of the authority.
10 An updated synopsis of the activities of the authority includes all
11 of the following, if any:

12 (i) For any tax increment revenues described in the annual
13 audit that are not expended within 5 years of their receipt, a
14 description that provides the following:

15 (A) The reasons for accumulating those funds and the uses for
16 which those funds will be expended.

17 (B) A time frame when the fund will be expended.

18 (C) If any funds have not been expended within 10 years of
19 their receipt, both of the following:

20 (I) The amount of those funds.

21 (II) A written explanation of why those funds have not been
22 expended.

23 (ii) List of authority accomplishments, including progress
24 made on development plan and tax increment finance plan goals and
25 objectives for the immediately preceding fiscal year.

26 (iii) List of authority projects and investments, including
27 active and completed projects for the immediately preceding fiscal

1 year.

2 (iv) List of authority events and promotional campaigns for
3 the immediately preceding fiscal year.

4 (2) The requirements in subsection (1) are required for
5 records and documents related to fiscal years as follows:

6 (a) For the fiscal year in which this act takes effect, the
7 records and documents for that fiscal year.

8 (b) For the fiscal year 1 year following the effective date of
9 this act, the records and documents for that fiscal year and the
10 immediately preceding fiscal year.

11 (c) For the fiscal year 2 years following the effective date
12 of this act, the records and documents for that fiscal year and the
13 2 immediately preceding fiscal years.

14 (d) For the fiscal year 3 years following the effective date
15 of this act, the records and documents for the fiscal year and the
16 3 immediately preceding fiscal years.

17 (e) For the fiscal year 4 years following the effective date
18 of this act and each subsequent fiscal year, the records and
19 documents for the fiscal year and the 4 immediately preceding
20 fiscal years.

21 (3) The requirements of this section shall not take effect
22 until 180 days after the end of an authority's current fiscal year
23 as of the effective date of this act.

24 (4) Each year, the board of an authority shall hold not fewer
25 than 2 informational meetings. Notice of an informational meeting
26 shall be posted on the municipality's or authority's website not
27 less than 14 days before the date of the informational meeting. Not

1 less than 14 days before the informational meeting, the board of an
2 authority shall mail notice of the informational meeting to the
3 governing body of each taxing jurisdiction levying taxes that are
4 subject to capture by an authority under this act. As an
5 alternative to mailing notice of the informational meeting, the
6 board of the authority may notify the clerk of the governing body
7 of each taxing jurisdiction levying taxes that are subject to
8 capture by an authority under this act by electronic mail. The
9 informational meetings may be held in conjunction with other public
10 meetings of the authority or municipality.

11 (5) If the municipality creating an authority does not have an
12 existing website and chooses not to create a website under
13 subsection (1), the municipality shall maintain the records
14 described in subsection (1) at a physical location within the
15 municipality that is open to the public.

16 Sec. 911. (1) Annually, on a form and in the manner prescribed
17 by the department of treasury, an authority that is capturing tax
18 increment revenues shall submit to the governing body of the
19 municipality, the governing body of a taxing unit levying taxes
20 subject to capture by an authority, and the department of treasury
21 a report on the status of the tax increment financing account.
22 However, an authority may submit by electronic means a report
23 described in this subsection to the governing body of the
24 municipality and the governing body of a taxing unit levying taxes
25 subject to capture by the authority. The report shall include all
26 of the following:

27 (a) The name of the authority.

1 (b) The date the authority was formed, the date the tax
2 increment financing plan is set to expire or terminate, and whether
3 the tax increment financing plan expired during the immediately
4 preceding fiscal year.

5 (c) The date the authority began capturing tax increment
6 revenues.

7 (d) The current base year taxable value of the tax increment
8 financing district.

9 (e) The unencumbered fund balance for the immediately
10 preceding fiscal year.

11 (f) The encumbered fund balance for the immediately preceding
12 fiscal year.

13 (g) The amount and source of revenue in the account, including
14 the amount of revenue from each taxing jurisdiction.

15 (h) The amount in any bond reserve account.

16 (i) The amount and purpose of expenditures from the account.

17 (j) The amount of principal and interest on any outstanding
18 bonded indebtedness.

19 (k) The initial assessed value of the development area or
20 authority district by property tax classification.

21 (l) The captured assessed value retained by the authority by
22 property tax classification.

23 (m) The tax increment revenues received for the immediately
24 preceding fiscal year.

25 (n) Whether the authority amended its development plan or its
26 tax increment financing plan within the immediately preceding
27 fiscal year and if the authority amended either plan, a link to the

1 current development plan or tax increment financing plan that was
2 amended.

3 (o) Any additional information the governing body of the
4 municipality or the department of treasury considers necessary.

5 (2) The report described in subsection (1) shall be filed with
6 the department of treasury at the same time as the annual financial
7 report is filed with the department of treasury under section 4 of
8 the uniform budgeting and accounting act, 1968 PA 2, MCL 141.424.

9 (3) The department of treasury shall collect the reports
10 described in subsection (1) and annually compile a combined report
11 that summarizes the information reported in subsection (1) and
12 annually submit a copy of that combined report to each member of
13 the legislature.

14 Sec. 912. Within 90 days of the effective date of this act,
15 each authority shall send a copy or an electronic mail link of its
16 currently adopted development plan or its currently adopted tax
17 increment finance plan, if separate from the development plan, to
18 the department of treasury.

19 Sec. 915. (1) The department of treasury may institute
20 proceedings to compel enforcement of this act and shall send
21 written notification to an authority that fails to comply with this
22 act, to each taxing jurisdiction that has tax increment revenues
23 captured by the authority, and to the governing body of the
24 municipality that established the authority of a violation of any
25 provision of this act. The written notification shall specifically
26 detail the authority's noncompliance with this act.

27 (2) If the department of treasury notifies an authority in

1 writing that the authority failed to comply with any provision of
2 this act, and after 60 days following receipt of that notice the
3 authority does not comply, that authority shall not capture any tax
4 increment revenues that are in excess of amounts necessary to pay
5 bonded indebtedness and other obligations for the period of
6 noncompliance. During the period of noncompliance, an authority
7 cannot amend or approve a tax increment financing plan. However, if
8 the period of noncompliance exceeds 2 consecutive years, that
9 authority shall not capture any tax increment revenues that are in
10 excess of amounts necessary to pay bonded indebtedness and other
11 obligations without a resolution of authorization of the
12 municipality that created the authority and each taxing
13 jurisdiction whose ad valorem taxes are subject to capture by the
14 authority. Any excess funds captured shall be returned to the
15 taxing jurisdiction from which they were captured as follows:

16 (a) For part 2, as provided in section 215(2).

17 (b) For part 3, as provided in section 314(2).

18 (c) For part 4, as provided in section 413(2).

19 (d) For part 5, as provided in section 523(7).

20 (e) For part 6, as provided in section 619(2).

21 (f) For part 7, as provided in section 716(2).

22 (g) For part 8, as provided in section 815(2).

23 Enacting section 1. The following acts are repealed:

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

26 (b) The private investment infrastructure funding act, 2010 PA
27 250, MCL 125.1871 to 125.1883.

1 (c) 1975 PA 197, MCL 125.1651 to 125.1681.

2 (d) The tax increment finance authority act, 1980 PA 450, MCL
3 125.1801 to 125.1830.

4 (e) The local development financing act, 1986 PA 281, MCL
5 125.2151 to 125.2174.

6 (f) The corridor improvement authority act, 2005 PA 280, MCL
7 125.2871 to 125.2899.

8 (g) The neighborhood improvement authority act, 2007 PA 61,
9 MCL 125.2911 to 125.2932.

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

12 (i) The nonprofit street railway act, 1867 PA 35, MCL 472.1 to
13 472.27.

14 Enacting section 2. This act takes effect 180 days after the
15 date it is enacted into law.