

HOUSE BILL No. 6186

September 30, 1992, Introduced by Reps. Nye, Jondahl, Dalman and Oxender and referred to the Committee on Economic Development and Energy.

A bill to amend section 14 of Act No. 197 of the Public Acts of 1975, entitled as amended

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

as amended by Act No. 108 of the Public Acts of 1989, being section 125.1664 of the Michigan Compiled Laws; and to add section 13b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 14 of Act No. 197 of the Public Acts of
2 1975, as amended by Act No. 108 of the Public Acts of 1989, being

1 section 125.1664 of the Michigan Compiled Laws, is amended and
2 section 13b is added to read as follows:

3 SEC. 13B. (1) FOR NEGOTIABLE REVENUE BONDS DESCRIBED IN
4 SECTIONS 13 AND 13A AND GENERAL OBLIGATION AND TAX INCREMENT
5 BONDS DESCRIBED IN SECTION 16, ISSUED BEFORE THE EFFECTIVE DATE
6 OF THE AMENDATORY ACT THAT ADDED THIS SECTION, IF THE AMOUNT OF
7 THE CAPTURED ASSESSED VALUE TRANSMITTED TO THE AUTHORITY IS
8 INSUFFICIENT TO REPAY THE PRINCIPAL AND INTEREST ON THE BONDS,
9 THE STATE SHALL PAY THE AUTHORITY AN AMOUNT SUFFICIENT TO REPAY
10 THE PRINCIPAL AND INTEREST ON THE BONDS.

11 (2) THE STATE TREASURER SHALL PAY THE AUTHORITY THE AMOUNT
12 DESCRIBED IN SUBSECTION (1) IN A MANNER SO THAT THE CONTRACTUAL
13 OBLIGATIONS OF THE AUTHORITY ARE NOT IMPAIRED.

14 Sec. 14. (1) As used in this section and section 15:

15 (a) "Captured assessed value" means the amount in any 1 year
16 by which the current assessed value of the project area, includ-
17 ing the assessed value of property for which specific local taxes
18 are paid in lieu of property taxes as determined in subdivision
19 (c), exceeds the initial assessed value. The state tax commis-
20 sion shall prescribe the method for calculating captured assessed
21 value.

22 (b) "Initial assessed value" means the assessed value, as
23 equalized, of all the taxable property within the boundaries of
24 the development area at the time the ordinance establishing the
25 tax increment financing plan is approved, as shown by the most
26 recent assessment roll of the municipality for which equalization
27 has been completed at the time the resolution is adopted.

1 Property exempt from taxation at the time of the determination of
2 the initial assessed value shall be included as zero. For the
3 purpose of determining initial assessed value, property for which
4 a specific local tax is paid in lieu of a property tax ~~—~~ shall
5 not be considered to be property that is exempt from taxation.
6 The initial assessed value of property for which a specific tax
7 was paid in lieu of a property tax shall be determined as pro-
8 vided in subdivision (c).

9 (c) "Specific local tax" means a tax levied under Act
10 No. 198 of the Public Acts of 1974, being sections 207.551 to
11 207.571 of the Michigan Compiled Laws, the commercial redevelop-
12 ment act, Act No. 255 of the Public Acts of 1978, being sections
13 207.651 to 207.668 of the Michigan Compiled Laws, the technology
14 park development act, Act No. 385 of the Public Acts of 1984,
15 being sections 207.701 to 207.718 of the Michigan Compiled Laws,
16 and Act No. 189 of the Public Acts of 1953, being sections
17 211.181 to 211.182 of the Michigan Compiled Laws. The initial
18 assessed value or current assessed value of property subject to a
19 specific local tax shall be the quotient of the specific local
20 tax paid divided by the ad valorem millage rate.

21 (2) ~~When~~ IF the authority determines that it is necessary
22 for the achievement of the purposes of this act, the authority
23 shall prepare and submit a tax increment financing plan to the
24 governing body of the municipality. The plan shall include a
25 development plan as provided in section 17, a detailed explana-
26 tion of the tax increment procedure, the maximum amount of bonded
27 indebtedness to be incurred, and the duration of the program, and

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

12 ~~(3) The percentage of taxes levied for school operating~~
13 ~~purposes that is captured and used by the tax increment financing~~
14 ~~plan shall not be greater than the plan's percentage capture and~~
15 ~~use of taxes levied by a municipality or county for operating~~
16 ~~purposes. For purposes of the previous sentence, taxes levied by~~
17 ~~a county for operating purposes include only millage allocated~~
18 ~~for county or charter county purposes under the property tax lim-~~
19 ~~itation act, Act No. 62 of the Public Acts of 1933, being sec-~~
20 ~~tions 211.201 to 211.217a of the Michigan Compiled Laws. For~~
21 ~~purposes of this subsection, tax increment revenue used to pay~~
22 ~~bonds issued by a municipality under section 16(1) shall be con-~~
23 ~~sidered to be used by the tax increment financing plan rather~~
24 ~~than shared with the municipality. The limitation of this sub-~~
25 ~~section does not apply to the portion of the captured assessed~~
26 ~~value shared pursuant to an agreement entered into before 1989~~
27 ~~with a county or with a city in which an enterprise zone is~~

~~1 approved under section 13 of the enterprise zone act, Act No. 224~~
~~2 of the Public Acts of 1985, being section 125.2113 of the~~
~~3 Michigan Compiled Laws. If a portion of the captured assessed~~
~~4 value was shared with a municipality in 1988, for tax years 1989~~
~~5 through 1991, a plan may share with the municipality the greater~~
~~6 of the amount allowed by the limitation of this subsection or the~~
~~7 following applicable amount:~~

~~8 (a) For the 1989 tax year, 100% of the dollar amount shared~~
~~9 with the municipality in 1988.~~

~~10 (b) For the 1990 tax year, 2/3 of the dollar amount shared~~
~~11 with the municipality in 1988.~~

~~12 (c) For the 1991 tax year, 1/3 of the dollar amount shared~~
~~13 with the municipality in 1988.~~

~~14 (3) - (4)~~ Approval of the tax increment financing plan shall
15 be pursuant to the notice, hearing, and disclosure provisions of
16 section 18. If the development plan is part of the tax increment
17 financing plan, only 1 hearing and approval procedure is required
18 for the 2 plans together.

19 (4) ~~-(5)-~~ Before the public hearing on the tax increment
20 financing plan, the governing body shall provide a reasonable
21 opportunity to the members of the county board of commissioners
22 of a county in which any portion of the development area is
23 located and to the members of the school board of any school dis-
24 trict in which any portion of the development area is located to
25 meet with the governing body. The authority shall fully inform
26 members of the county boards of commissioners and of the school
27 boards of the fiscal and economic implications of the proposed

1 development area. The members of the county boards of
2 commissioners and of the school boards may present their recom-
3 mendations at the public hearing on the tax increment financing
4 plan. The authority may enter into agreements with the county
5 board of commissioners, the school boards, and the governing body
6 of the municipality in which the development area is located to
7 share a portion of the captured assessed value of the district.

8 (5) ~~-(6)-~~ A tax increment financing plan may be modified if
9 the modification is approved by the governing body upon notice
10 and after public hearings and agreements as are required for
11 approval of the original plan.