

HOUSE BILL No. 6187

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 13 of Act No. 450 of the Public Acts of 1980, entitled as amended

"The tax increment finance authority act,"

as amended by Act No. 120 of the Public Acts of 1989, being section 125.1813 of the Michigan Compiled Laws; and to add section 12a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 13 of Act No. 450 of the Public Acts of
2 1980, as amended by Act No. 120 of the Public Acts of 1989, being
3 section 125.1813 of the Michigan Compiled Laws, is amended and
4 section 12a is added to read as follows:

5 SEC. 12A. (1) FOR NEGOTIABLE REVENUE BONDS DESCRIBED IN
6 SECTION 12 AND TAX INCREMENT BONDS DESCRIBED IN SECTION 15,
7 ISSUED BEFORE THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED
8 THIS SECTION, IF THE AMOUNT OF THE CAPTURED ASSESSED VALUE

1 TRANSMITTED TO THE AUTHORITY IS INSUFFICIENT TO REPAY THE
2 PRINCIPAL AND INTEREST ON THE BONDS, THE STATE SHALL PAY THE
3 AUTHORITY AN AMOUNT SUFFICIENT TO REPAY THE PRINCIPAL AND INTER-
4 EST ON THE BONDS.

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

8 Sec. 13. (1) As used in this section and sections 14 and
9 18:

10 (a) "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
14 subdivision (c), exceeds the initial assessed value. The state
15 tax commission shall prescribe the method for calculating cap-
16 tured assessed value.

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

23 Property exempt from taxation at the time of the determination of
24 the initial assessed value shall be included as zero. For the
25 purpose of determining initial assessed value, property for which
26 a specific local tax is paid in lieu of a property tax shall not
27 be considered property that is exempt from taxation. The initial

1 assessed value of property for which a specific tax was paid in
2 lieu of a property tax shall be determined as provided in
3 subdivision (c).

4 (c) "Specific local tax" means a tax levied under Act
5 No. 198 of the Public Acts of 1974, being sections 207.551 to
6 207.571 of the Michigan Compiled Laws, the commercial redevelop-
7 ment act, Act No. 255 of the Public Acts of 1978, being sections
8 207.651 to 207.668 of the Michigan Compiled Laws, the technology
9 park development act, Act No. 385 of the Public Acts of 1984,
10 being sections 207.701 to 207.718 of the Michigan Compiled Laws,
11 and Act No. 189 of the Public Acts of 1953, being sections
12 211.181 to 211.182 of the Michigan Compiled Laws. The initial
13 assessed value or current assessed value of property subject to a
14 specific local tax shall be the quotient of the specific local
15 tax paid divided by the ad valorem millage rate.

16 (2) ~~When~~ IF the authority determines that it is necessary
17 for the achievement of the purposes of this act, the authority
18 shall prepare and submit a tax increment financing plan to the
19 governing body. The plan shall be in compliance with section 14
20 and shall include a development plan as provided in section 16.
21 The plan shall also contain the following:

22 (a) A statement of the reasons that the plan will result in
23 the development of captured assessed value that could not other-
24 wise be expected. The reasons may include, but are not limited
25 to, activities of the municipality, authority, or others under-
26 taken before formulation or adoption of the plan in reasonable

1 anticipation that the objectives of the plan would be achieved by
2 some means.

3 (b) An estimate of the captured assessed value for each year
4 of the plan. The plan may provide for the use of part or all of
5 the captured assessed value, but the portion intended to be used
6 shall be clearly stated in the plan. The authority or municipal-
7 ity may exclude from captured assessed value growth in property
8 value resulting solely from inflation. The plan shall set forth
9 the method for excluding growth in property value resulting
10 solely from inflation. ~~The percentage of taxes levied for~~
11 ~~school operating purposes that is captured and used by the plan~~
12 ~~shall not be greater than the plan's percentage capture and use~~
13 ~~of taxes levied by a municipality or county for operating~~
14 ~~purposes. For purposes of the previous sentence, taxes levied by~~
15 ~~a county for operating purposes include only millage allocated~~
16 ~~for county or charter county purposes under the property tax lim-~~
17 ~~itation act, Act No. 62 of the Public Acts of 1933, being sec-~~
18 ~~tions 211.201 to 211.217a of the Michigan Compiled Laws. This~~
19 ~~limitation does not apply to the portion of the captured assessed~~
20 ~~value shared pursuant to an agreement entered into before 1989~~
21 ~~with a county or with a city in which an enterprise zone is~~
22 ~~approved under section 13 of the enterprise zone act, Act No. 224~~
23 ~~of the Public Acts of 1985, being section 125.2113 of the~~
24 ~~Michigan Compiled Laws. If a portion of the captured assessed~~
25 ~~value was shared with a municipality in 1988, for tax years 1989~~
26 ~~through 1991, a plan may share with the municipality the greater~~

1 ~~of the amount allowed by the limitation of this subsection or the~~
2 ~~following applicable amount:~~

3 ~~(i) For the 1989 tax year, 100% of the dollar amount shared~~
4 ~~with the municipality in 1988.~~

5 ~~(ii) For the 1990 tax year, 2/3 of the dollar amount shared~~
6 ~~with the municipality in 1988.~~

7 ~~(iii) For the 1991 tax year, 1/3 of the dollar amount shared~~
8 ~~with the municipality in 1988.~~

9 (c) The estimated tax increment revenues for each year of
10 the plan.

11 (d) A detailed explanation of the tax increment.

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

14 (f) The amount of operating and planning expenditures of the
15 authority and municipality, the amount of advances extended by or
16 indebtedness incurred by the municipality, and the amount of
17 advances by others to be repaid from tax increment revenues.

18 (g) The costs of the plan anticipated to be paid from reve-
19 nues as received.

20 (h) The duration of the development plan and the tax incre-
21 ment plan.

22 (i) An estimate of the impact of tax increment financing on
23 the revenues of all taxing jurisdictions in which the development
24 area is located.

25 (3) Approval of the tax increment financing plan shall be in
26 accordance with the notice, hearing, disclosure, and approval
27 provisions of sections 17 and 18. ~~When~~ IF the development plan

1 is part of the tax increment financing plan, only 1 hearing and
2 approval procedure is required for the 2 plans together.

3 (4) Before the public hearing on the tax increment financing
4 plan, the governing body shall provide a reasonable opportunity
5 to the taxing jurisdictions in which the development is located
6 to express their views and recommendations regarding the tax
7 increment financing plan. The authority shall fully inform the
8 taxing jurisdictions about the fiscal and economic implications
9 of the proposed tax increment financing plan. The taxing juris-
10 dictions may present their recommendations at the public hearing
11 on the tax increment financing plan. The authority may enter
12 into agreements with the taxing jurisdictions and the governing
13 body of the municipality in which the development area is located
14 to share a portion of the captured assessed value of the
15 district.