

HOUSE BILL No. 6188

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 12 of Act No. 281 of the Public Acts of 1986, entitled
"The local development financing act,"
as amended by Act No. 101 of the Public Acts of 1991, being section 125.2162 of the Michigan Compiled Laws; and to add section 11a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 12 of Act No. 281 of the Public Acts of
2 1986, as amended by Act No. 101 of the Public Acts of 1991, being
3 section 125.2162 of the Michigan Compiled Laws, is amended and
4 section 11a is added to read as follows:

5 SEC. 11A. (1) FOR NEGOTIABLE REVENUE BONDS DESCRIBED IN
6 SECTION 11 AND TAX INCREMENT BONDS DESCRIBED IN SECTION 14,
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. 12. (1) As used in this section and sections 13 and
9 17:

10 (a) "Captured assessed value" means the amount in any 1 year
11 by which the current assessed value, as equalized, of the eligi-
12 ble property identified in the tax increment financing plan,
13 including the current assessed value of property for which spe-
14 cific local taxes are paid in lieu of property taxes as deter-
15 mined pursuant to subdivision (c), exceeds the initial assessed
16 value. The state tax commission shall prescribe the method for
17 calculating captured assessed value.

18 (b) "Initial assessed value" means the assessed value, as
19 equalized, of the eligible property identified in the tax incre-
20 ment financing plan at the time the resolution establishing the
21 tax increment financing plan is approved as shown by the most
22 recent assessment roll for which equalization has been completed
23 at the time the resolution is adopted. Property exempt from tax-
24 ation at the time of the determination of the initial assessed
25 value shall be included as zero. Property for which a specific
26 local tax is paid in lieu of property tax shall not be considered
27 exempt from taxation. The initial assessed value of property for

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

3 (c) "Specific local taxes" means a tax levied under Act
4 No. 198 of the Public Acts of 1974, being sections 207.551 to
5 207.571 of the Michigan Compiled Laws, the commercial redevelop-
6 ment act, Act No. 255 of the Public Acts of 1978, being sections
7 207.651 to 207.668 of the Michigan Compiled Laws, the enterprise
8 zone act, Act No. 224 of the Public Acts of 1985, being sections
9 125.2101 to 125.2122 of the Michigan Compiled Laws, Act No. 189
10 of the Public Acts of 1953, being sections 211.181 to 211.182 of
11 the Michigan Compiled Laws, and the technology park development
12 act, Act No. 385 of the Public Acts of 1984, being sections
13 207.701 to 207.718 of the Michigan Compiled Laws. The initial
14 assessed value or current assessed value of property subject to a
15 specific local tax is the quotient of the specific local tax paid
16 divided by the ad valorem millage rate.

17 (2) If the board determines that it is necessary for the
18 achievement of the purposes of this act, the board shall prepare
19 and submit a tax increment financing plan to the governing body.
20 The plan shall be in compliance with section 13 and shall include
21 a development plan as provided in section 15. The plan shall
22 also contain the following:

23 (a) A statement of the reasons that the plan will result in
24 the development of captured assessed value ~~which~~ THAT could not
25 otherwise be expected. The reasons may include, but are not
26 limited to, activities of the municipality, authority, or others
27 undertaken before formulation or adoption of the plan in

1 reasonable anticipation that the objectives of the plan would be
2 achieved by 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 board or the municipal-
7 ity creating the authority may exclude from captured assessed
8 value a percentage of captured assessed value as specified in the
9 plan or growth in property value resulting solely from
10 inflation. If excluded, the plan shall set forth the method for
11 excluding growth in property value resulting solely from
12 inflation.

13 (c) The estimated tax increment revenues for each year of
14 the plan.

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

16 (e) The maximum amount of note or bonded indebtedness to be
17 incurred, if any.

18 (f) The amount of operating and planning expenditures of the
19 authority and municipality, the amount of advances extended by or
20 indebtedness incurred by the municipality, and the amount of
21 advances by others to be repaid from tax increment revenues.

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

24 (h) The duration of the development plan and the tax incre-
25 ment plan.

1 (i) An estimate of the impact of tax increment financing on
2 the revenues of all taxing jurisdictions in which the eligible
3 property is located.

4 (j) A legal description of the eligible property to which
5 the tax increment financing plan applies.

6 (k) An estimate of the number of jobs to be created as a
7 result of implementation of the tax increment financing plan.

8 (3) A tax increment financing plan shall only provide for
9 the use of tax increment revenues for public facilities for eli-
10 gible property whose captured assessed value produces the tax
11 increment revenues or, to the extent the eligible property is
12 located within a certified industrial park, for other eligible
13 property located in the certified industrial park. Public facil-
14 ities for eligible property include the development or improve-
15 ment of access to and around, or within the eligible property, of
16 road facilities reasonably required by traffic flow to be gener-
17 ated by the eligible property, and the development or improvement
18 of public facilities that are necessary to service the eligible
19 property, whether or not located on that eligible property. If
20 the eligible property identified in the tax increment financing
21 plan is property to which section 2(h)(iv) applies, the tax
22 increment financing plan shall not provide for the use of tax
23 increment revenues for public facilities other than those
24 described in the development plan as of April 1, 1991. Whether
25 or not so provided in the tax increment financing plan, if the
26 eligible property identified in the tax increment financing plan
27 is property to which section 2(h)(iv) applies, then to the extent

1 that captured tax increment revenues are utilized for the costs
 2 of cleanup of identified soil and groundwater contamination, the
 3 captured tax increment revenues shall be first credited against
 4 the shares of responsibility for the total costs of cleanup of
 5 uncollectible parties who are responsible for the identified soil
 6 and groundwater contamination pursuant to law, and then shall be
 7 credited on a pro rata basis against the shares of responsibility
 8 for the total costs of cleanup of other parties who are responsi-
 9 ble for the identified soil and groundwater contamination pursu-
 10 ant to law.

11 ~~(4) The percentage of taxes levied for school operating~~
 12 ~~purposes that is captured and used by the tax increment financing~~
 13 ~~plan shall not be greater than the plan's percentage capture and~~
 14 ~~use of taxes levied by a municipality or county for operating~~
 15 ~~purposes. For purposes of the previous sentence, taxes levied by~~
 16 ~~a county for operating purposes include only millage allocated~~
 17 ~~for county or charter county purposes under the property tax lim-~~
 18 ~~itation act, Act No. 62 of the Public Acts of 1933, being sec-~~
 19 ~~tions 211.201 to 211.217a of the Michigan Compiled Laws.~~

20 (4) ~~(5)~~ If the construction of eligible property has, or
 21 may reasonably be expected to have, the effect of transferring
 22 employment of 50 or more full-time jobs from 1 or more local gov-
 23 ernmental units of this state to the municipality in which the
 24 eligible property is located, that eligible property shall be
 25 considered excluded from the authority district or districts
 26 unless the legislative body of each local governmental unit from
 27 which 50 or more full-time jobs are to be transferred consents,

1 by resolution, to the inclusion of that eligible property in the
2 authority district for purposes of the tax increment financing
3 plan.

4 (5) ~~-(6)-~~ Approval of the tax increment financing plan shall
5 be in accordance with the notice, hearing, disclosure, and
6 approval provisions of sections 16 and 17. If the development
7 plan is part of the tax increment financing plan, only 1 hearing
8 and approval procedure is required for the 2 plans together.

9 (6) ~~-(7)-~~ Before the public hearing on the tax increment
10 financing plan, the governing body shall provide a reasonable
11 opportunity to the taxing jurisdictions in which the eligible
12 property is located to express their views and recommendations
13 regarding the tax increment financing plan. The authority shall
14 fully inform the taxing jurisdictions about the fiscal and eco-
15 nomic implications of the proposed tax increment financing plan.
16 The taxing jurisdictions may present their recommendations at the
17 public hearing on the tax increment financing plan. The author-
18 ity may enter into agreements with the taxing jurisdictions and
19 the governing body of the municipality in which the authority
20 district is located to share a portion of the captured assessed
21 value of the district. Upon adoption of the plan, the collection
22 and transmission of the amount of tax increment, as specified in
23 this act, shall be binding on all taxing units levying ad valorem
24 property taxes or specific local taxes against property located
25 in the authority district.