

SENATE BILL No. 78

February 12, 1991, Introduced by Senators EHLERS,
POSTHUMUS and DI NELLO and referred to the Committee
on Finance.

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.

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 to
2 read as follows:

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

4 (a) "Captured assessed value" means the amount in any 1 year
5 by which the current assessed value of the project area, includ-
6 ing the assessed value of property for which specific local taxes
7 are paid in lieu of property taxes as determined in subdivision
8 (c), exceeds the initial assessed value. The state tax commis-
9 sion shall prescribe the method for calculating captured assessed
10 value.

11 (b) "Initial assessed value" means the assessed value, as
12 equalized, of all the taxable property within the boundaries of
13 the development area at the time the ordinance establishing the
14 tax increment financing plan is approved, as shown by the most
15 recent assessment roll of the municipality for which equalization
16 has been completed at the time the resolution is adopted.

17 Property exempt from taxation at the time of the determination of
18 the initial assessed value shall be included as zero. For the
19 purpose of determining initial assessed value, property for which
20 a specific local tax is paid in lieu of a property tax ~~—~~ shall
21 not be considered to be property that is exempt from taxation.

22 The initial assessed value of property for which a specific tax
23 was paid in lieu of a property tax shall be determined as pro-
24 vided in subdivision (c). BEGINNING IN THE 1991 TAX YEAR AND FOR
25 EACH TAX YEAR AFTER 1991, THE INITIAL ASSESSED VALUE USED TO CAL-
26 CULATE THE CAPTURED ASSESSED VALUE SHALL BE RECALCULATED USING

1 THE SAME PERCENTAGE OF TRUE CASH VALUE AT WHICH PROPERTY IS
2 ASSESSED THAT IS USED IN DETERMINING THE CURRENT ASSESSED VALUE.

3 (c) "Specific local tax" 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 technology
8 park development act, Act No. 385 of the Public Acts of 1984,
9 being sections 207.701 to 207.718 of the Michigan Compiled Laws,
10 and Act No. 189 of the Public Acts of 1953, being sections
11 211.181 to 211.182 of the Michigan Compiled Laws. The initial
12 assessed value or current assessed value of property subject to a
13 specific local tax shall be the quotient of the specific local
14 tax paid divided by the ad valorem millage rate.

15 (2) ~~When~~ IF the authority determines that it is necessary
16 for the achievement of the purposes of this act, the authority
17 shall prepare and submit a tax increment financing plan to the
18 governing body of the municipality. The plan shall include a
19 development plan as provided in section 17, a detailed explana-
20 tion of the tax increment procedure, the maximum amount of bonded
21 indebtedness to be incurred, and the duration of the program, and
22 shall be in compliance with section 15. The plan shall contain a
23 statement of the estimated impact of tax increment financing on
24 the assessed values of all taxing jurisdictions in which the
25 development area is located. The plan may provide for the use of
26 part or all of the captured assessed value, but the portion
27 intended to be used by the authority shall be clearly stated in

1 the tax increment financing plan. The authority or municipality
2 may exclude from captured assessed value growth in property value
3 resulting solely from inflation. The plan shall set forth the
4 method for excluding growth in property value resulting solely
5 from inflation.

6 (3) The percentage of taxes levied for school operating pur-
7 poses that is captured and used by the tax increment financing
8 plan shall not be greater than the plan's percentage capture and
9 use of taxes levied by a municipality or county for operating
10 purposes. For purposes of the previous sentence, taxes levied by
11 a county for operating purposes include only millage allocated
12 for county or charter county purposes under the property tax lim-
13 itation act, Act No. 62 of the Public Acts of 1933, being sec-
14 tions 211.201 to 211.217a of the Michigan Compiled Laws. For
15 purposes of this subsection, tax increment revenue used to pay
16 bonds issued by a municipality under section 16(1) shall be con-
17 sidered to be used by the tax increment financing plan rather
18 than shared with the municipality. The limitation of this sub-
19 section 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 (a) For the 1989 tax year, 100% of the dollar amount shared
4 with the municipality in 1988.

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

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

9 (4) Approval of the tax increment financing plan shall be
10 pursuant to the notice, hearing, and disclosure provisions of
11 section 18. If the development plan is part of the tax increment
12 financing plan, only 1 hearing and approval procedure is required
13 for the 2 plans together.

14 (5) Before the public hearing on the tax increment financing
15 plan, the governing body shall provide a reasonable opportunity
16 to the members of the county board of commissioners of a county
17 in which any portion of the development area is located and to
18 the members of the school board of any school district in which
19 any portion of the development area is located to meet with the
20 governing body. The authority shall fully inform members of the
21 county boards of commissioners and of the school boards of the
22 fiscal and economic implications of the proposed development
23 area. The members of the county boards of commissioners and of
24 the school boards may present their recommendations at the public
25 hearing on the tax increment financing plan. The authority may
26 enter into agreements with the county board of commissioners, the
27 school boards, and the governing body of the municipality in

1 which the development area is located to share a portion of the
2 captured assessed value of the district.

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

7 Section 2. This amendatory act shall not take effect unless
8 Senate Bill No. 72

9 of the 86th Legislature is enacted into law.