

SENATE BILL No. 79

February 12, 1991, Introduced by Senators EMMONS,
POSTHUMUS, N. SMITH, ARTHURHULTZ, CRUCE, HONIGMAN,
DI NELLO and DUNASKISS and referred to the
Committee on Finance.

A bill to amend section 12 of Act No. 281 of the Public Acts
of 1986, entitled
"The local development financing act,"
being section 125.2162 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 12 of Act No. 281 of the Public Acts of
2 1986, being section 125.2162 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 12. (1) As used in this section and sections 13, 14,
5 and 17:

6 (a) "Captured assessed value" means the amount in any 1 year
7 by which the current assessed value, as equalized, of the eligi-
8 ble property identified in the tax increment financing plan,
9 including the current assessed value of property for which
10 specific local taxes are paid in lieu of property taxes as

1 determined in subdivision (c), exceeds the initial assessed
2 value. The state tax commission shall prescribe the method for
3 calculating captured assessed value.

4 (b) "Initial assessed value" means the assessed value, as
5 equalized, of the eligible property identified in the tax incre-
6 ment financing plan at the time the resolution establishing the
7 tax increment financing plan is approved as shown by the most
8 recent assessment roll for which equalization has been completed
9 at the time the resolution is adopted. Property exempt from tax-
10 ation at the time of the determination of the initial assessed
11 value shall be included as zero. Property for which a specific
12 local tax is paid in lieu of property tax shall not be considered
13 exempt from taxation. The initial assessed value of property for
14 which a specific local tax was paid in lieu of property tax shall
15 be determined as provided in subdivision (c). BEGINNING IN THE
16 1991 TAX YEAR AND FOR EACH TAX YEAR AFTER 1991, THE INITIAL
17 ASSESSED VALUE USED TO CALCULATE THE CAPTURED ASSESSED VALUE
18 SHALL BE RECALCULATED USING THE SAME PERCENTAGE OF TRUE CASH
19 VALUE AT WHICH PROPERTY IS ASSESSED THAT IS USED IN DETERMINING
20 THE CURRENT ASSESSED VALUE.

21 (c) "Specific local taxes" means a tax levied under Act
22 No. 198 of the Public Acts of 1974, being sections 207.551 to
23 207.571 of the Michigan Compiled Laws, the commercial redevelop-
24 ment act, Act No. 255 of the Public Acts of 1978, being sections
25 207.651 to 207.668 of the Michigan Compiled Laws, the enterprise
26 zone act, Act No. 224 of the Public Acts of 1985, being sections
27 125.2101 to 125.2122 of the Michigan Compiled Laws, Act No. 189

1 of the Public Acts of 1953, being sections 211.181 to 211.182 of
2 the Michigan Compiled Laws, and the technology park development
3 act, Act No. 385 of the Public Acts of 1984, being sections
4 207.701 to 207.718 of the Michigan Compiled Laws. The initial
5 assessed value or current assessed value of property subject to a
6 specific local tax shall be the quotient of the specific local
7 tax paid divided by the ad valorem millage rate.

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

14 (a) A statement of the reasons that the plan will result in
15 the development of captured assessed value ~~which~~ THAT could not
16 otherwise be expected. The reasons may include, but are not
17 limited to, activities of the municipality, authority, or others
18 undertaken before formulation or adoption of the plan in reason-
19 able anticipation that the objectives of the plan would be
20 achieved by some means.

21 (b) An estimate of the captured assessed value for each year
22 of the plan. The plan may provide for the use of part or all of
23 the captured assessed value, but the portion intended to be used
24 shall be clearly stated in the plan. The board or the municipal-
25 ity creating the authority may exclude from captured assessed
26 value a percentage of captured assessed value as specified in the
27 plan or growth in property value resulting solely from

1 inflation. If excluded, the plan shall set forth the method for
2 excluding growth in property value resulting solely from
3 inflation.

4 (c) The estimated tax increment revenues for each year of
5 the plan.

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

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

9 (f) The amount of operating and planning expenditures of the
10 authority and municipality, the amount of advances extended by or
11 indebtedness incurred by the municipality, and the amount of
12 advances by others to be repaid from tax increment revenues.

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

15 (h) The duration of the development plan and the tax incre-
16 ment plan.

17 (i) An estimate of the impact of tax increment financing on
18 the revenues of all taxing jurisdictions in which the eligible
19 property is located.

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

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

24 (3) A tax increment financing plan shall only provide for
25 the use of tax increment revenues for public facilities for eli-
26 gible property whose captured assessed value produces the tax
27 increment revenues or, to the extent the eligible property is

1 located within a certified industrial park, for other eligible
2 property located in the certified industrial park. Public facil-
3 ities for eligible property include the development or improve-
4 ment of access to and around, or within the eligible property, of
5 road facilities reasonably required by traffic flow to be gener-
6 ated by the eligible property, and the development or improvement
7 of public facilities that are necessary to service the eligible
8 property, whether or not located on that eligible property.

9 (4) If the construction of eligible property has, or may
10 reasonably be expected to have, the effect of transferring
11 employment of 50 or more full-time jobs from 1 or more local gov-
12 ernmental units of this state to the municipality in which the
13 eligible property is located, that eligible property shall be
14 considered excluded from the authority district or districts
15 unless the legislative body of each local governmental unit from
16 which 50 or more full-time jobs are to be transferred consents,
17 by resolution, to the inclusion of that eligible property in the
18 authority district for purposes of the tax increment financing
19 plan.

20 (5) Approval of the tax increment financing plan shall be in
21 accordance with the notice, hearing, disclosure, and approval
22 provisions of sections 16 and 17. If the development plan is
23 part of the tax increment financing plan, only 1 hearing and
24 approval procedure is required for the 2 plans together.

25 (6) Before the public hearing on the tax increment financing
26 plan, the governing body shall provide a reasonable opportunity
27 to the taxing jurisdictions in which the eligible property is

1 located to express their views and recommendations regarding the
2 tax increment financing plan. The authority shall fully inform
3 the taxing jurisdictions about the fiscal and economic implica-
4 tions of the proposed tax increment financing plan. The taxing
5 jurisdictions may present their recommendations at the public
6 hearing on the tax increment financing plan. The authority may
7 enter into agreements with the taxing jurisdictions and the gov-
8 erning body of the municipality in which the authority district
9 is located to share a portion of the captured assessed value of
10 the district. Upon adoption of the plan, the collection and
11 transmission of the amount of tax increment, as specified in this
12 act, shall be binding on all taxing units levying ad valorem
13 property taxes or specific local taxes against property located
14 in the authority district.

15 Section 2. This amendatory act shall not take effect unless
16 Senate Bill No. 72

17 of the 86th Legislature is enacted into law.