

SENATE BILL No. 80

February 12, 1991, Introduced by Senators DUNASKISS, POSTHUMUS, HONIGMAN, DE GROW, CISKY, CARL, WARTNER, EMMONS, ARTHURHULTZ, MC MANUS, CRUCE, N. SMITH and DI NELLO and referred to the Committee on Finance.

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.

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 to
4 read as follows:

5 Sec. 13. (1) As used in this section and sections 14 and
6 18:

7 (a) "Captured assessed value" means the amount in any 1 year
8 by which the current assessed value of the development area,
9 including the assessed value of property for which specific local

1 taxes are paid in lieu of property taxes as determined in
2 subdivision (c), exceeds the initial assessed value. The state
3 tax commission shall prescribe the method for calculating cap-
4 tured assessed value.

5 (b) "Initial assessed value" means the assessed value, as
6 equalized, of all the taxable property within the boundaries of
7 the development area at the time the resolution establishing the
8 tax increment financing plan is approved as shown by the most
9 recent assessment roll of the municipality for which equalization
10 has been completed at the time the resolution is adopted.

11 Property exempt from taxation at the time of the determination of
12 the initial assessed value shall be included as zero. For the
13 purpose of determining initial assessed value, property for which
14 a specific local tax is paid in lieu of a property tax shall not
15 be considered property that is exempt from taxation. The initial
16 assessed value of property for which a specific tax was paid in
17 lieu of a property tax shall be determined as provided in
18 subdivision (c). BEGINNING IN THE 1991 TAX YEAR AND FOR EACH TAX
19 YEAR AFTER 1991, THE INITIAL ASSESSED VALUE USED TO CALCULATE THE
20 CAPTURED ASSESSED VALUE SHALL BE RECALCULATED USING THE SAME PER-
21 CENTAGE OF TRUE CASH VALUE AT WHICH PROPERTY IS ASSESSED THAT IS
22 USED IN DETERMINING THE CURRENT ASSESSED VALUE.

23 (c) "Specific local tax" means a tax levied under Act
24 No. 198 of the Public Acts of 1974, being sections 207.551 to
25 207.571 of the Michigan Compiled Laws, the commercial redevelop-
26 ment act, Act No. 255 of the Public Acts of 1978, being sections
27 207.651 to 207.668 of the Michigan Compiled Laws, the technology

1 park development act, Act No. 385 of the Public Acts of 1984,
2 being sections 207.701 to 207.718 of the Michigan Compiled Laws,
3 and Act No. 189 of the Public Acts of 1953, being sections
4 211.181 to 211.182 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) ~~When~~ IF the authority determines that it is necessary
9 for the achievement of the purposes of this act, the authority
10 shall prepare and submit a tax increment financing plan to the
11 governing body. The plan shall be in compliance with section 14
12 and shall include a development plan as provided in section 16.
13 The plan shall also contain the following:

14 (a) A statement of the reasons that the plan will result in
15 the development of captured assessed value that could not other-
16 wise be expected. The reasons may include, but are not limited
17 to, activities of the municipality, authority, or others under-
18 taken before formulation or adoption of the plan in reasonable
19 anticipation that the objectives of the plan would be achieved by
20 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 authority or municipal-
25 ity may exclude from captured assessed value growth in property
26 value resulting solely from inflation. The plan shall set forth
27 the method for excluding growth in property value resulting

1 solely from inflation. The percentage of taxes levied for school
2 operating purposes that is captured and used by the plan shall
3 not be greater than the plan's percentage capture and use of
4 taxes levied by a municipality or county for operating purposes.
5 For purposes of the previous sentence, taxes levied by a county
6 for operating purposes include only millage allocated for county
7 or charter county purposes under the property tax limitation act,
8 Act No. 62 of the Public Acts of 1933, being sections 211.201 to
9 211.217a of the Michigan Compiled Laws. This limitation does not
10 apply to the portion of the captured assessed value shared pursu-
11 ant to an agreement entered into before 1989 with a county or
12 with a city in which an enterprise zone is approved under
13 section 13 of the enterprise zone act, Act No. 224 of the Public
14 Acts of 1985, being section 125.2113 of the Michigan Compiled
15 Laws. If a portion of the captured assessed value was shared
16 with a municipality in 1988, for tax years 1989 through 1991, a
17 plan may share with the municipality the greater of the amount
18 allowed by the limitation of this subsection or the following
19 applicable amount:

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

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

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

26 (c) The estimated tax increment revenues for each year of
27 the plan.

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

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

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

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

(h) The duration of the development plan and the tax increment plan.

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

(3) Approval of the tax increment financing plan shall be in accordance with the notice, hearing, disclosure, and approval provisions of sections 17 and 18. ~~When~~ IF the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(4) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the taxing jurisdictions in which the development is located to express their views and recommendations regarding the tax increment financing plan. The authority shall fully inform the taxing jurisdictions about the fiscal and economic implications of the proposed tax increment financing plan. The taxing jurisdictions may present their recommendations at the public

1 hearing on the tax increment financing plan. The authority may
2 enter into agreements with the taxing jurisdictions and the gov-
3 erning body of the municipality in which the development area is
4 located to share a portion of the captured assessed value of the
5 district.

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

8 of the 86th Legislature is enacted into law.