



SENATE BILL No. 675

September 20, 1995, Introduced by Senators SCHUETTE, STEIL, SCHWARZ, HOFFMAN, HONIGMAN, STILLE, GEAKE, SHUGARS and DUNASKISS and referred to the Committee on Local, Urban and State Affairs.

A bill to amend section 13b 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; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials,"

as amended by Act No. 280 of the Public Acts of 1994, being section 125.1663b of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 13b of Act No. 197 of the Public Acts of
2 1975, as amended by Act No. 280 of the Public Acts of 1994, being

1 section 125.1663b of the Michigan Compiled Laws, is amended to
2 read as follows:

3 Sec. 13b. (1) If the amount of tax increment revenues lost
4 as a result of the reduction of taxes levied by local school dis-
5 tricts for school operating purposes required by the millage lim-
6 itations under section 1211 of the school code of 1976, Act
7 No. 451 of the Public Acts of 1976, being section 380.1211 of the
8 Michigan Compiled Laws, reduced by the amount of tax increment
9 revenues received from the capture of taxes levied under or
10 attributable to the state education tax act, ACT NO. 331 OF THE
11 PUBLIC ACTS OF 1993, BEING SECTIONS 211.901 TO 211.906 OF THE
12 MICHIGAN COMPILED LAWS, will cause the tax increment revenues
13 received in a fiscal year by an authority under section 15 to be
14 insufficient to repay an eligible advance or to pay an eligible
15 obligation, the legislature shall appropriate and distribute to
16 the authority the amount described in subsection (5).

17 (2) Not less than 30 days before the first day of a fiscal
18 year, an authority eligible to receive a distribution under this
19 section for that fiscal year shall file a claim for distribution
20 with the department of treasury. The claim for distribution
21 shall include the following information:

22 (a) The property tax millage rates levied in 1993 by local
23 school districts within the jurisdictional area of the authority
24 for school operating purposes.

25 (b) The property tax millage rates expected to be levied by
26 local school districts within the jurisdictional area of the
27 authority for school operating purposes for that fiscal year.

1 (c) The tax increment revenues estimated to be received by
2 the authority for that fiscal year based upon actual property tax
3 levies of all taxing jurisdictions within the jurisdictional area
4 of the authority.

5 (d) The tax increment revenues the authority estimates it
6 would have received for that fiscal year if property taxes were
7 levied by local school districts within the jurisdictional area
8 of the authority for school operating purposes at the millage
9 rates described in subdivision (a) and if no property taxes were
10 levied by this state under ~~the state education tax act~~ ACT
11 NO. 331 OF THE PUBLIC ACTS OF 1993.

12 (e) A list of eligible obligations and eligible advances and
13 the payments due on each of those eligible obligations or eligi-
14 ble advances in that fiscal year, and the total amount of all the
15 payments due on those eligible obligations and eligible advances
16 in that fiscal year.

17 (f) The amount of money, other than tax increment revenues,
18 estimated to be received in that fiscal year by the authority
19 that is primarily pledged to, and to be used for, the payment of
20 an eligible obligation or the repayment of an eligible advance.
21 That amount shall not include excess tax increment revenues of
22 the authority that are permitted by law to be retained by the
23 authority for purposes that further the development program.
24 However, that amount shall include money to be obtained from
25 sources authorized by law, which law is enacted on or after
26 December 1, 1993, for use by the municipality or authority to
27 finance a development project.

1 (g) The amount of a distribution received pursuant to this
2 act for a fiscal year in excess of or less than the distribution
3 that would have been required if calculated upon actual tax
4 increment revenues received for that fiscal year.

5 (3) For the fiscal year that commences after September 30,
6 1993 and before October 1, 1994, an authority may make a claim
7 for distribution with all information required by subsection (2)
8 at any time after the effective date of this section.

9 (4) After review and verification of claims submitted pursu-
10 ant to this section, amounts appropriated by the state in compli-
11 ance with this act shall be distributed as 2 equal payments on
12 March 1 and September 1 after receipt of a claim. An authority
13 shall allocate a distribution it receives for an eligible obliga-
14 tion issued on behalf of a municipality to the municipality.

15 (5) Subject to subsections (6) and (7), the aggregate amount
16 to be appropriated and distributed pursuant to this section to an
17 authority shall be the sum of the amounts determined pursuant to
18 subdivisions (a) and (b) minus the amount determined pursuant to
19 subdivision (c), as follows:

20 (a) The amount by which the tax increment revenues the
21 authority would have received for the fiscal year, if property
22 taxes were levied by local school districts ON ALL PROPERTY,
23 INCLUDING PROPERTY THAT IS EXEMPT FROM TAXATION PURSUANT TO THE
24 MICHIGAN RENAISSANCE ZONE ACT, for school operating purposes at
25 the millage rates described in subsection (2)(a) and if no prop-
26 erty taxes were levied under ~~the state education tax act~~ ACT

1 NO. 331 OF THE PUBLIC ACTS OF 1993, exceed the tax increment
2 revenues the authority actually received for the fiscal year.

3 (b) A shortfall required to be reported pursuant to
4 subsection (2)(g) that had not previously increased a
5 distribution.

6 (c) An excess amount required to be reported pursuant to
7 subsection (2)(g) that had not previously decreased a
8 distribution.

9 (6) The amount distributed under subsection (5) shall not
10 exceed the difference between the amount described in
11 subsection (2)(e) and the sum of the amounts described in
12 subsection (2)(c) and (f).

13 (7) If, based upon the tax increment financing plan in
14 effect on August 19, 1993, the payment due on eligible obliga-
15 tions or eligible advances anticipates the use of excess prior
16 year tax increment revenues permitted by law to be retained by
17 the authority, and if the sum of the amounts described in
18 subsection (2)(c) and (f) plus the amount to be distributed under
19 subsections (5) and (6) is less than the amount described in
20 subsection (2)(e), the amount to be distributed under
21 subsections (5) and (6) shall be increased by the amount of the
22 shortfall. However, the amount authorized to be distributed pur-
23 suant to this section shall not exceed ~~pursuant to this section~~
24 ~~shall not exceed~~ that portion of the cumulative difference, for
25 each preceding fiscal year, between the amount that could have
26 been distributed pursuant to subsection (5) and the amount

1 actually distributed pursuant to subsections (5) and (6) and this
2 subsection.

3 (8) A distribution under this section replacing tax incre-
4 ment revenues pledged by an authority or a municipality is
5 subject to the lien of the pledge, whether or not there has been
6 physical delivery of the distribution.

7 (9) Obligations for which distributions are made pursuant to
8 this section are not a debt or liability of this state; do not
9 create or constitute an indebtedness, liability, or obligation of
10 this state; and are not and do not constitute a pledge of the
11 faith and credit of this state.

12 (10) Not later than July 1 of each year, the authority shall
13 certify to the local tax collecting treasurer the amount of the
14 distribution required under subsection (5), calculated without
15 regard to the receipt of tax increment revenues attributable to
16 local or intermediate school district taxes or attributable to
17 taxes levied under ~~the state education tax act~~ ACT NO. 331 OF
18 THE PUBLIC ACTS OF 1993.

19 (11) Calculations of distribution under this section and
20 claims reports required to be made under subsection (2) shall be
21 made on the basis of each development area of the authority.