



# SENATE BILL No. 991

May 1, 1996, Introduced by Senators BENNETT, STILLE, DUNASKISS, EMMONS and SHUGARS and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend sections 1, 12a, and 15 of Act No. 450 of the Public Acts of 1980, entitled as amended "The tax increment finance authority act," section 1 as amended by Act No. 329 of the Public Acts of 1994, section 12a as amended by Act No. 281 of the Public Acts of 1994, and section 15 as amended by Act No. 322 of the Public Acts of 1993, being sections 125.1801, 125.1812a, and 125.1815 of the Michigan Compiled Laws.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Sections 1, 12a, and 15 of Act No. 450 of the  
2 Public Acts of 1980, section 1 as amended by Act No. 329 of the  
3 Public Acts of 1994, section 12a as amended by Act No. 281 of the  
4 Public Acts of 1994, and section 15 as amended by Act No. 322 of  
5 the Public Acts of 1993, being sections 125.1801, 125.1812a, and

1 125.1815 of the Michigan Compiled Laws, are amended to read as  
2 follows:

3 Sec. 1. As used in this act:

4 (a) "Advance" means a transfer of funds made by a municipal-  
5 ity to an authority or to another person on behalf of the  
6 authority. Evidence of the intent to repay an advance is  
7 required and may include, but is not limited to, an executed  
8 agreement to repay, provisions contained in a tax increment  
9 financing plan approved prior to the advance or prior to  
10 August 14, 1993, or a resolution of the authority or the  
11 municipality.

12 (B) "ASSESSED VALUE" MEANS 1 OF THE FOLLOWING:

13 (i) FOR VALUATIONS MADE BEFORE JANUARY 1, 1995, THE STATE  
14 EQUALIZED VALUATION AS DETERMINED UNDER THE GENERAL PROPERTY TAX  
15 ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTIONS 211.1  
16 TO 211.157 OF THE MICHIGAN COMPILED LAWS.

17 (ii) FOR VALUATIONS MADE AFTER DECEMBER 31, 1994, TAXABLE  
18 VALUE AS DETERMINED UNDER SECTION 27A OF ACT NO. 206 OF THE  
19 PUBLIC ACTS OF 1893, BEING SECTION 211.27A OF THE MICHIGAN  
20 COMPILED LAWS.

21 (C) ~~(b)~~ "Authority" means a tax increment finance author-  
22 ity created pursuant to this act.

23 (D) ~~(c)~~ "Authority district" means that area within which  
24 an authority exercises its powers and within which 1 or more  
25 development areas may exist.

26 (E) ~~(d)~~ "Board" means the governing body of an authority.

1 (F) ~~(e)~~ "Captured assessed value" means the amount in any  
2 1 year by which the current assessed value of the development  
3 area, including the assessed value of property for which specific  
4 local taxes are paid in lieu of property taxes as determined in  
5 subdivision ~~(u)~~ (W), exceeds the initial assessed value. The  
6 state tax commission shall prescribe the method for calculating  
7 captured assessed value.

8 (G) ~~(f)~~ "Chief executive officer" means the mayor or city  
9 manager of a city, the president of a village, or the supervisor  
10 of a township.

11 (H) ~~(g)~~ "Development area" means that area to which a  
12 development plan is applicable.

13 (I) ~~(h)~~ "Development area citizens council" or "council"  
14 means that advisory body established pursuant to section 20.

15 (J) ~~(i)~~ "Development plan" means that information and  
16 those requirements for a development set forth in section 16.

17 (K) ~~(j)~~ "Development program" means the implementation of  
18 the development plan.

19 (L) ~~(k)~~ "Eligible advance" means an advance made before  
20 August 19, 1993.

21 (M) ~~(l)~~ "Eligible obligation" means an obligation issued  
22 or incurred by an authority or by a municipality on behalf of an  
23 authority before August 19, 1993 AND ITS SUBSEQUENT REFUNDING BY  
24 A QUALIFIED REFUNDING OBLIGATION.

25 (N) ~~(m)~~ "Fiscal year" means the fiscal year of the  
26 authority.

1 (O) ~~(n)~~ "Governing body" means the elected body of a  
2 municipality having legislative powers.

3 (P) ~~(o)~~ "Initial assessed value" means the assessed value,  
4 as equalized, of all the taxable property within the boundaries  
5 of the development area at the time the resolution establishing  
6 the tax increment financing plan is approved as shown by the most  
7 recent assessment roll of the municipality for which equalization  
8 has been completed at the time the resolution is adopted.  
9 Property exempt from taxation at the time of the determination of  
10 the initial assessed value shall be included as zero. For the  
11 purpose of determining initial assessed value, property for which  
12 a specific local tax is paid in lieu of a property tax shall not  
13 be considered property that is exempt from taxation. The initial  
14 assessed value of property for which a specific tax was paid in  
15 lieu of a property tax shall be determined as provided in subdi-  
16 vision ~~(u)~~ (W).

17 (Q) ~~(p)~~ "Municipality" means a city.

18 (R) ~~(q)~~ "Obligation" means a written promise to pay,  
19 whether evidenced by a contract, agreement, lease, sublease,  
20 bond, or note, or a requirement to pay imposed by law. An obli-  
21 gation does not include a payment required solely because of  
22 default upon an obligation, employee salaries, or consideration  
23 paid for the use of municipal offices. AN OBLIGATION DOES NOT  
24 INCLUDE THOSE BONDS THAT HAVE BEEN ECONOMICALLY DEFEASED BY  
25 REFUNDING BONDS ISSUED UNDER THIS ACT. Obligation includes, but  
26 is not limited to, the following:

1 (i) A requirement to pay proceeds derived from ad valorem  
2 property taxes or taxes levied in lieu of ad valorem property  
3 taxes.

4 (ii) A management contract or a contract for professional  
5 services.

6 (iii) A payment required on a contract, agreement, bond, or  
7 note if the requirement to make or assume the payment arose  
8 before August 19, 1993.

9 (iv) A requirement to pay or reimburse a person for the cost  
10 of insurance for, or to maintain, property subject to a lease,  
11 land contract, purchase agreement, or other agreement.

12 (v) A letter of credit, paying agent, transfer agent, bond  
13 registrar, or trustee fee associated with a contract, agreement,  
14 bond, or note.

15 (S) ~~(r)~~ "On behalf of an authority", in relation to an  
16 eligible advance made or an eligible obligation issued or  
17 incurred by a municipality, means in anticipation that an author-  
18 ity would transfer tax increment revenues or reimburse the munic-  
19 ipality from tax increment revenues in an amount sufficient to  
20 fully make payment required by the eligible advance made or the  
21 eligible obligation issued or incurred by the municipality, if  
22 the anticipation of the transfer or receipt of tax increment rev-  
23 enues from the authority is pursuant to or evidenced by 1 or more  
24 of the following:

25 (i) A reimbursement agreement between the municipality and  
26 an authority it established.

1 (ii) A requirement imposed by law that the authority  
2 transfer tax increment revenues to the municipality.

3 (iii) A resolution of the authority agreeing to make pay-  
4 ments to the incorporating unit.

5 (iv) Provisions in a tax increment financing plan describing  
6 the project for which the obligation was incurred.

7 (T) ~~(s)~~ "Other protected obligation" means:

8 (i) ~~An~~ A QUALIFIED REFUNDING obligation issued to refund  
9 ~~a bond or note that is~~ an ~~eligible~~ obligation DESCRIBED IN  
10 SUBPARAGRAPH (ii) OR (iii), AN OBLIGATION THAT IS NOT A QUALIFIED  
11 REFUNDING OBLIGATION THAT IS ISSUED TO REFUND AN ELIGIBLE OBLIGA-  
12 TION, OR A QUALIFIED REFUNDING OBLIGATION ISSUED TO REFUND A BOND  
13 OR NOTE DESCRIBED IN THIS SUBPARAGRAPH.

14 (ii) An obligation issued or incurred by an authority or by  
15 a municipality on behalf of an authority after August 19, 1993,  
16 but before December 31, 1994, to finance a project described in a  
17 tax increment finance plan approved by the municipality in  
18 accordance with this act before ~~August 19~~ DECEMBER 31, 1993,  
19 for which a contract for final design is entered into by the  
20 municipality or authority before March 1, 1994.

21 (iii) An obligation incurred by an authority or municipality  
22 after August 19, 1993, to reimburse a party to a development  
23 agreement entered into by a municipality or authority before  
24 August 19, 1993, for a project described in a tax increment  
25 financing plan approved in accordance with this act before  
26 August 19, 1993, and undertaken and installed by that party in  
27 accordance with the development agreement.

1           (i<sup>v</sup>) AN OBLIGATION ISSUED OR INCURRED BY AN AUTHORITY OR BY  
2 A MUNICIPALITY ON BEHALF OF AN AUTHORITY TO IMPLEMENT A PROJECT  
3 DESCRIBED IN A TAX INCREMENT FINANCE PLAN APPROVED BY THE MUNICI-  
4 PALITY IN ACCORDANCE WITH THIS ACT BEFORE AUGUST 19, 1993, THAT  
5 IS LOCATED ON LAND OWNED BY A PUBLIC UNIVERSITY ON THE DATE THE  
6 TAX INCREMENT FINANCING PLAN IS APPROVED, AND FOR WHICH A CON-  
7 TRACT FOR FINAL DESIGN IS ENTERED INTO BEFORE DECEMBER 31, 1993.

8           (U) ~~(t)~~ "Public facility" means 1 or more of the  
9 following:

10          (i) A street, plaza, or pedestrian mall, and any improve-  
11 ments to a street, plaza, boulevard, alley, or pedestrian mall,  
12 including street furniture and beautification, park, parking  
13 facility, recreation facility, playground, school, library,  
14 public institution or administration building, right of way,  
15 structure, waterway, bridge, lake, pond, canal, utility line or  
16 pipeline, and other similar facilities and necessary easements of  
17 these facilities designed and dedicated to use by the public gen-  
18 erally or used by a public agency.

19          (ii) The acquisition and disposal of real and personal prop-  
20 erty or interests in real and personal property, demolition of  
21 structures, site preparation, relocation costs, building rehabil-  
22 itation, and all associated administrative costs, including, but  
23 not limited to, architect's, engineer's, legal, and accounting  
24 fees as contained in the resolution establishing the district's  
25 development plan.

26          (iii) An improvement to a facility used by the public or a  
27 public facility as those terms are defined in section 1 of Act

1 No. 1 of the Public Acts of 1966, being section 125.1351 of the  
2 Michigan Compiled Laws, which improvement is made to comply with  
3 the barrier free design requirements of the state construction  
4 code promulgated under the state construction code act of 1972,  
5 Act No. 230 of the Public Acts of 1972, being sections 125.1501  
6 to 125.1531 of the Michigan Compiled Laws.

7 (V) "QUALIFIED REFUNDING OBLIGATION" MEANS AN OBLIGATION  
8 ISSUED OR INCURRED BY AN AUTHORITY OR BY A MUNICIPALITY ON BEHALF  
9 OF AN AUTHORITY TO REFUND AN OBLIGATION IF THE REFUNDING OBLIGA-  
10 TION MEETS BOTH OF THE FOLLOWING:

11 (i) THE NET PRESENT VALUE OF THE PRINCIPAL AND INTEREST TO  
12 BE PAID ON THE REFUNDING OBLIGATION, INCLUDING THE COST OF ISSU-  
13 ANCE, WILL BE LESS THAN THE NET PRESENT VALUE OF THE PRINCIPAL  
14 AND INTEREST TO BE PAID ON THE OBLIGATION BEING REFUNDED, AS CAL-  
15 CULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

16 (ii) THE NET PRESENT VALUE OF THE SUM OF THE TAX INCREMENT  
17 REVENUES DESCRIBED IN SUBDIVISION (AA)(i) AND THE DISTRIBUTIONS  
18 UNDER SECTION 12A TO REPAY THE REFUNDING OBLIGATION WILL BE LESS  
19 THAN THE NET PRESENT VALUE OF THE SUM OF THE TAX INCREMENT REVE-  
20 NUES DESCRIBED IN SUBDIVISION (AA)(i) AND THE DISTRIBUTIONS  
21 UNDER SECTION 12A TO REPAY THE OBLIGATION BEING REFUNDED, AS CAL-  
22 CULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

23 (W) ~~(u)~~ "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~~ 207.572 of the Michigan Compiled Laws, the commercial  
26 redevelopment act, Act No. 255 of the Public Acts of 1978, being  
27 sections 207.651 to 207.668 of the Michigan Compiled Laws, the

1 technology park development act, Act No. 385 of the Public Acts  
2 of 1984, being sections 207.701 to 207.718 of the Michigan  
3 Compiled Laws, and Act No. 189 of the Public Acts of 1953, being  
4 sections 211.181 to 211.182 of the Michigan Compiled Laws. The  
5 initial assessed value or current assessed value of property  
6 subject to a specific local tax shall be the quotient of the spe-  
7 cific local tax paid divided by the ad valorem millage rate.  
8 However, after 1993, the state tax commission shall prescribe the  
9 method for calculating the initial assessed value and current  
10 assessed value of property for which a specific local tax was  
11 paid in lieu of a property tax.

12 (X) ~~(v)~~ "State fiscal year" means the annual period com-  
13 mencing October 1 of each year.

14 (Y) ~~(w)~~ "Tax increment district" or "district" means that  
15 area to which the tax increment finance plan pertains.

16 (Z) ~~(x)~~ "Tax increment financing plan" means that informa-  
17 tion and those requirements set forth in sections 13 to 15.

18 (AA) ~~(y)~~ "Tax increment revenues" means the amount of ad  
19 valorem property taxes and specific local taxes attributable to  
20 the application of the levy of all taxing jurisdictions upon the  
21 capture assessed value of real and personal property in the  
22 development area, subject to the following requirements:

23 (i) Tax increment revenues include ad valorem property taxes  
24 and specific local taxes attributable to the application of the  
25 levy of all taxing jurisdictions other than the state pursuant to  
26 the state education tax act, Act No. 331 of the Public Acts of  
27 1993, being sections 211.901 to 211.906 of the Michigan Compiled

1 Laws, and local or intermediate school districts upon the  
2 captured assessed value of real and personal property in the  
3 development area for any purpose authorized by this act.

4       (ii) Tax increment revenues include ad valorem property  
5 taxes and specific local taxes attributable to the application of  
6 the levy of the state pursuant to ~~the state education tax act,~~  
7 Act No. 331 of the Public Acts of 1993, and local or intermediate  
8 school districts upon the captured assessed value of real and  
9 personal property in the development area in an amount equal to  
10 the amount necessary, without regard to subparagraph (i), to  
11 repay eligible advances, eligible obligations, and other pro-  
12 tected obligations.

13       (iii) Tax increment revenues do not include any of the  
14 following:

15       (A) Ad valorem property taxes attributable either to a por-  
16 tion of the captured assessed value shared with taxing jurisdic-  
17 tions within the jurisdictional area of the authority or to a  
18 portion of value of property that may be excluded from captured  
19 assessed value or specific local taxes attributable to such ad  
20 valorem property taxes.

21       (B) Ad valorem property taxes excluded by the tax increment  
22 financing plan of the authority from the determination of the  
23 amount of tax increment revenues to be transmitted to the author-  
24 ity or specific local taxes attributable to such ad valorem prop-  
25 erty taxes.

26       (iv) The amount of tax increment revenues authorized to be  
27 included under subparagraph (ii), and required to be transmitted

1 to the authority under section 14(1), from ad valorem property  
2 taxes and specific local taxes attributable to the application of  
3 the levy of ~~the state education tax act,~~ Act No. 331 of the  
4 Public Acts of 1993, a local school district or an intermediate  
5 school district upon the captured assessed value of real and per-  
6 sonal property in a development area shall be determined sepa-  
7 rately for the levy by the state, each school district, and each  
8 intermediate school district as the product of  
9 sub-subparagraphs (A) and (B):

10 (A) The percentage which the total ad valorem taxes and spe-  
11 cific local taxes available for distribution by law to the state,  
12 local school district, or intermediate school district, respec-  
13 tively, bear to the aggregate amount of ad valorem millage taxes  
14 and specific taxes available for distribution by law to the  
15 state, each local school district, and each intermediate school  
16 district.

17 (B) The maximum amount of ad valorem property taxes and spe-  
18 cific local taxes considered tax increment revenues under sub-  
19 paragraph (ii).

20 Sec. 12a. (1) If the amount of tax increment revenues lost  
21 as a result of the reduction of taxes levied by local school dis-  
22 tricts for school operating purposes required by the millage lim-  
23 itations under section 1211 of the school code of 1976, Act  
24 No. 451 of the Public Acts of 1976, being section 380.1211 of the  
25 Michigan Compiled Laws, reduced by the amount of tax increment  
26 revenues received from the capture of taxes levied under or  
27 attributable to the state education tax act, will cause the tax

1 increment revenues received in a fiscal year by an authority  
2 under section 14 to be insufficient to repay an eligible advance  
3 or to pay an eligible obligation, the legislature shall appropri-  
4 ate and distribute to the authority the amount described in  
5 subsection (5).

6 (2) Not less than 30 days before the first day of a fiscal  
7 year, an authority eligible to RETAIN TAX INCREMENT REVENUES FROM  
8 TAXES LEVIED BY A LOCAL OR INTERMEDIATE SCHOOL DISTRICT OR THIS  
9 STATE, OR TO receive a distribution under this section for that  
10 fiscal year shall file a claim ~~for distribution~~ with the  
11 department of treasury. The claim ~~for distribution~~ shall  
12 include the following information:

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

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

19 (c) The tax increment revenues estimated to be received by  
20 the authority for that fiscal year based upon actual property tax  
21 levies of all taxing jurisdictions within the jurisdictional area  
22 of the authority.

23 (d) The tax increment revenues the authority estimates it  
24 would have received for that fiscal year if property taxes were  
25 levied by local school districts within the jurisdictional area  
26 of the authority for school operating purposes at the millage

1 rates described in subdivision (a) and if no property taxes were  
2 levied by this state under the state education tax act.

3 (e) A list AND DOCUMENTATION of eligible obligations and  
4 eligible advances and the payments due on each of those eligible  
5 obligations or eligible advances in that fiscal year, and the  
6 total amount of all the payments due on those eligible obliga-  
7 tions and eligible advances in that fiscal year.

8 (f) The amount of money, other than tax increment revenues,  
9 estimated to be received in that fiscal year by the authority  
10 that is primarily pledged to, and to be used for, the payment of  
11 an eligible obligation or the repayment of an eligible advance.  
12 That amount shall not include excess tax increment revenues of  
13 the authority that are permitted by law to be retained by the  
14 authority for purposes that further the development program.  
15 However, that amount shall include money to be obtained from  
16 sources authorized by law, which law is enacted on or after  
17 December 1, 1993, for use by the municipality or authority to  
18 finance a development project.

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

23 (3) For the fiscal year that commences after September 30,  
24 1993 and before October 1, 1994, an authority may make a claim  
25 ~~for distribution~~ with all information required by  
26 subsection (2) at any time after the effective date of this  
27 section.

1 (4) After review and verification of claims submitted  
2 pursuant to this section, amounts appropriated by the state in  
3 compliance with this act shall be distributed as 2 equal payments  
4 on March 1 and September 1 after receipt of a claim. An author-  
5 ity shall allocate a distribution it receives for an eligible  
6 obligation issued on behalf of a municipality to the  
7 municipality.

8 (5) Subject to subsections (6) and (7), the aggregate amount  
9 to be appropriated and distributed pursuant to this section to an  
10 authority shall be the sum of the amounts determined pursuant to  
11 subdivisions (a) and (b) minus the amount determined pursuant to  
12 subdivision (c), as follows:

13 (a) The amount by which the tax increment revenues the  
14 authority would have received for the fiscal year, if property  
15 taxes were levied by local school districts for school operating  
16 purposes at the millage rates described in subsection (2)(a) and  
17 if no property taxes were levied under the state education tax  
18 act, exceed the tax increment revenues the authority actually  
19 received for the fiscal year.

20 (b) A shortfall required to be reported pursuant to  
21 subsection (2)(g) that had not previously increased a  
22 distribution.

23 (c) An excess amount required to be reported pursuant to  
24 subsection (2)(g) that had not previously decreased a  
25 distribution.

26 (6) The amount distributed under subsection (5) shall not  
27 exceed the difference between the amount described in

1 subsection (2)(e) and the sum of the amounts described in  
2 subsection (2)(c) and (f).

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

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

22 (9) Obligations for which distributions are made pursuant to  
23 this section are not a debt or liability of this state; do not  
24 create or constitute an indebtedness, liability, or obligation of  
25 this state; and are not and do not constitute a pledge of the  
26 faith and credit of this state.

1 (10) Not later than July 1 of each year, the authority shall  
2 certify to the local tax collecting treasurer the amount of the  
3 distribution required under subsection (5), calculated without  
4 regard to the receipt of tax increment revenues attributable to  
5 local or intermediate school district taxes or attributable to  
6 taxes levied under the state education tax act.

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

10 Sec. 15. (1) By resolution of its board, the authority may  
11 authorize, issue, and sell its tax increment bonds, subject to  
12 the limitations set forth in this section, to finance a develop-  
13 ment program OR TO REFUND OR REFUND IN ADVANCE BONDS ISSUED UNDER  
14 THIS SECTION. The bonds shall mature in not more than 30 years  
15 and are subject to the municipal finance act, Act No. 202 of the  
16 Public Acts of 1943, ~~as amended,~~ being sections 131.1 to 139.3  
17 of the Michigan Compiled Laws. The bonds issued under this sec-  
18 tion shall be considered a single series for the purposes of sec-  
19 tion 4 of chapter V of Act No. 202 of the Public Acts of 1943,  
20 ~~as amended,~~ being section 135.4 of the Michigan Compiled Laws.

21 (2) The municipality by majority vote of the members of its  
22 governing body may pledge its full faith and credit for the pay-  
23 ment of the principal of and interest on the authority's tax  
24 increment bonds. The municipality may pledge as additional  
25 security for the bonds any money received by the authority or the  
26 municipality pursuant to section 11.

1 (3) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF THE  
2 STATE TREASURER DETERMINES THAT AN AUTHORITY OR MUNICIPALITY CAN  
3 ACHIEVE A NET PRESENT VALUE SAVINGS BY REFUNDING A BOND OR NOTE  
4 ISSUED UNDER THIS ACT AND THE AUTHORITY OR MUNICIPALITY DOES NOT  
5 MAKE A GOOD FAITH EFFORT TO REFUND THE BOND OR NOTE AS DETERMINED  
6 BY THE STATE TREASURER, THE STATE TREASURER MAY REDUCE THE AMOUNT  
7 CLAIMED BY THE AUTHORITY OR MUNICIPALITY UNDER SECTION 12A BY AN  
8 AMOUNT EQUAL TO THE NET PRESENT VALUE SAVING THAT WOULD HAVE BEEN  
9 REALIZED HAD THE AUTHORITY OR MUNICIPALITY REFUNDED THE BOND OR  
10 NOTE OR THE STATE TREASURER MAY REQUIRE A REDUCTION IN THE CAP-  
11 TURE OF TAX INCREMENT REVENUES FROM TAXES LEVIED BY A LOCAL OR  
12 INTERMEDIATE SCHOOL DISTRICT OR THIS STATE BY AN AMOUNT EQUAL TO  
13 THE NET PRESENT VALUE SAVINGS THAT WOULD HAVE BEEN REALIZED HAD  
14 THE AUTHORITY OR MUNICIPALITY REFUNDED THE BOND OR NOTE. THIS  
15 SUBSECTION DOES NOT AUTHORIZE THE STATE TREASURER TO REQUIRE THE  
16 AUTHORITY OR MUNICIPALITY TO PLEDGE SECURITY GREATER THAN THE  
17 SECURITY PLEDGED FOR THE OBLIGATION BEING REFUNDED.