



# SENATE BILL No. 992

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

A bill to amend sections 1, 13b, and 16 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,"

section 1 as amended by Act No. 381 of the Public Acts of 1994, section 13b as amended by Act No. 280 of the Public Acts of 1994, and section 16 as amended by Act No. 323 of the Public Acts of 1993, being sections 125.1651, 125.1663b, and 125.1666 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 1, 13b, and 16 of Act No. 197 of the  
2 Public Acts of 1975, section 1 as amended by Act No. 381 of the  
3 Public Acts of 1994, section 13b as amended by Act No. 280 of the  
4 Public Acts of 1994, and section 16 as amended by Act No. 323 of  
5 the Public Acts of 1993, being sections 125.1651, 125.1663b, and  
6 125.1666 of the Michigan Compiled Laws, are amended to read as  
7 follows:

8       Sec. 1. As used in this act:

9       (a) "Advance" means a transfer of funds made by a municipal-  
10 ity to an authority or to another person on behalf of the author-  
11 ity in anticipation of repayment by the authority. Evidence of  
12 the intent to repay an advance may include, but is not limited  
13 to, an executed agreement to repay, provisions contained in a tax  
14 increment financing plan approved prior to the advance, or a res-  
15 olution of the authority or the municipality.

16       (b) "ASSESSED VALUE" MEANS 1 OF THE FOLLOWING:

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

21       (ii) FOR VALUATIONS MADE AFTER DECEMBER 31, 1994, THE TAX-  
22 ABLE VALUE AS DETERMINED UNDER SECTION 27A OF ACT NO. 206 OF THE  
23 PUBLIC ACTS OF 1893, BEING SECTION 211.27A OF THE MICHIGAN  
24 COMPILED LAWS.

25       (c) ~~(b)~~ "Authority" means a downtown development authority  
26 created pursuant to this act.

1 (D) ~~(c)~~ "Board" means the governing body of an authority.

2 (E) ~~(d)~~ "Business district" means an area in the downtown  
3 of a municipality zoned and used principally for business.

4 (F) ~~(e)~~ "Captured assessed value" means the amount in any  
5 1 year by which the current assessed value of the project area,  
6 including the assessed value of property for which specific local  
7 taxes are paid in lieu of property taxes as determined in subdi-  
8 vision ~~(v)~~ (X), exceeds the initial assessed value. The state  
9 tax commission shall prescribe the method for calculating cap-  
10 tured assessed value.

11 (G) ~~(f)~~ "Chief executive officer" means the mayor or city  
12 manager of a city, the president or village manager of a village,  
13 or the supervisor of a township or, if designated by the township  
14 board for purposes of this act, the township superintendent or  
15 township manager of a township.

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

18 (I) ~~(h)~~ "Development plan" means that information and  
19 those requirements for a development set forth in section 17.

20 (J) ~~(i)~~ "Development program" means the implementation of  
21 the development plan.

22 (K) ~~(j)~~ "Downtown district" means an area in a business  
23 district that is specifically designated by ordinance of the gov-  
24 erning body of the municipality pursuant to this act.

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

1 (M) ~~(L)~~ "Eligible obligation" means an obligation issued  
2 or incurred by an authority or by a municipality on behalf of an  
3 authority before August 19, 1993 AND ITS SUBSEQUENT REFUNDING BY  
4 A QUALIFIED REFUNDING OBLIGATION.

5 (N) ~~(M)~~ "Fiscal year" means the fiscal year of the  
6 authority.

7 (O) ~~(N)~~ "Governing body of a municipality" means the  
8 elected body of a municipality having legislative powers.

9 (P) ~~(O)~~ "Initial assessed value" means the assessed value,  
10 as equalized, of all the taxable property within the boundaries  
11 of the development area at the time the ordinance establishing  
12 the tax increment financing plan is approved, as shown by the  
13 most recent assessment roll of the municipality for which equali-  
14 zation has been completed at the time the resolution is adopted.  
15 Property exempt from taxation at the time of the determination of  
16 the initial assessed value shall be included as zero. For the  
17 purpose of determining initial assessed value, property for which  
18 a specific local tax is paid in lieu of a property tax shall not  
19 be considered to be property that is exempt from taxation. The  
20 initial assessed value of property for which a specific local tax  
21 was paid in lieu of a property tax shall be determined as pro-  
22 vided in subdivision ~~(v)~~ (X).

23 (Q) ~~(P)~~ "Municipality" means a city, village, or  
24 township.

25 (R) ~~(Q)~~ "Obligation" means a written promise to pay,  
26 whether evidenced by a contract, agreement, lease, sublease,  
27 bond, or note, or a requirement to pay imposed by law. An

1 obligation does not include a payment required solely because of  
2 default upon an obligation, employee salaries, or consideration  
3 paid for the use of municipal offices. AN OBLIGATION DOES NOT  
4 INCLUDE THOSE BONDS THAT HAVE BEEN ECONOMICALLY DEFEASED BY  
5 REFUNDING BONDS ISSUED UNDER THIS ACT. Obligation includes, but  
6 is not limited to, the following:

7       (i) A requirement to pay proceeds derived from ad valorem  
8 property taxes or taxes levied in lieu of ad valorem property  
9 taxes.

10       (ii) A management contract or a contract for professional  
11 services.

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

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

18       (v) A letter of credit, paying agent, transfer agent, bond  
19 registrar, or trustee fee associated with a contract, agreement,  
20 bond, or note.

21       (S) ~~(r)~~ "On behalf of an authority", in relation to an  
22 eligible advance made or an eligible obligation issued or  
23 incurred by a municipality, means in anticipation that an author-  
24 ity would transfer tax increment revenues or reimburse the munic-  
25 ipality from tax increment revenues in an amount sufficient to  
26 fully make payment required by the eligible obligation issued or  
27 incurred by the municipality, if the anticipation of the transfer

1 or receipt of tax increment revenues from the authority is  
 2 pursuant to or evidenced by 1 or more of the following:

3 (i) A reimbursement agreement between the municipality and  
 4 an authority it established.

5 (ii) A requirement imposed by law that the authority trans-  
 6 fer tax increment revenues to the municipality.

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

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

11 (T) ~~(s)~~ "Operations" means office maintenance, including  
 12 salaries and expenses of employees, office supplies, consultation  
 13 fees, design costs, and other expenses incurred in the daily man-  
 14 agement of the authority and planning of its activities.

15 (U) ~~(t)~~ "Other protected obligation" means:

16 (i) ~~An~~ A QUALIFIED REFUNDING obligation issued to refund  
 17 ~~a bond or note that is~~ an ~~eligible~~ obligation DESCRIBED IN  
 18 SUBPARAGRAPH (ii), (iii), OR (iv), AN OBLIGATION THAT IS NOT A  
 19 QUALIFIED REFUNDING OBLIGATION THAT IS ISSUED TO REFUND AN ELIGI-  
 20 BLE OBLIGATION, OR A QUALIFIED REFUNDING OBLIGATION ISSUED TO  
 21 REFUND A BOND OR NOTE DESCRIBED IN THIS SUBPARAGRAPH.

22 (ii) An obligation issued or incurred by an authority or by  
 23 a municipality on behalf of an authority after August 19, 1993,  
 24 but before December 31, 1994, to finance a project described in a  
 25 tax increment finance plan approved by the municipality in  
 26 accordance with this act before December 31, 1993, for which a

1 contract for final design is entered into by or on behalf of the  
2 municipality or authority before March 1, 1994.

3       (iii) An obligation incurred by an authority or municipality  
4 after August 19, 1993, to reimburse a party to a development  
5 agreement entered into by a municipality or authority before  
6 August 19, 1993, for a project described in a tax increment  
7 financing plan approved in accordance with this act before August  
8 19, 1993, and undertaken and installed by that party in accord-  
9 ance with the development agreement.

10       (iv) An obligation incurred by the authority evidenced by or  
11 to finance a contract to purchase real property within a develop-  
12 ment area or a contract to develop that property within the  
13 development area, or both, if all of the following requirements  
14 are met:

15       (A) The authority purchased the real property in 1993.

16       (B) Before June 30, 1995, the authority enters a contract  
17 for the development of the real property located within the  
18 development area.

19       (C) In 1993, the authority or municipality on behalf of the  
20 authority received approval for a grant from both of the  
21 following:

22       (I) The department of natural resources for site reclamation  
23 of the real property.

24       (II) The department of ~~commerce~~ CONSUMER AND INDUSTRY  
25 SERVICES for development of the real property.

26       (V) ~~(u)~~ "Public facility" means a street, plaza,  
27 pedestrian mall, and any improvements to a street, plaza, or

1 pedestrian mall including street furniture and beautification,  
2 park, parking facility, recreational facility, right of way,  
3 structure, waterway, bridge, lake, pond, canal, utility line or  
4 pipe, building, and access routes to any of the foregoing,  
5 designed and dedicated to use by the public generally, or used by  
6 a public agency. Public facility includes an improvement to a  
7 facility used by the public or a public facility as those terms  
8 are defined in section 1 of Act No. 1 of the Public Acts of 1966,  
9 being section 125.1351 of the Michigan Compiled Laws, which  
10 improvement is made to comply with the barrier free design  
11 requirements of the state construction code promulgated under the  
12 state construction code act of 1972, Act No. 230 of the Public  
13 Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan  
14 Compiled Laws.

15 (W) "QUALIFIED REFUNDING OBLIGATION" MEANS AN OBLIGATION  
16 ISSUED OR INCURRED BY AN AUTHORITY OR BY A MUNICIPALITY ON BEHALF  
17 OF AN AUTHORITY TO REFUND AN OBLIGATION IF THE REFUNDING OBLIGA-  
18 TION MEETS BOTH OF THE FOLLOWING:

19 (i) THE NET PRESENT VALUE OF THE PRINCIPAL AND INTEREST TO  
20 BE PAID ON THE REFUNDING OBLIGATION, INCLUDING THE COST OF ISSU-  
21 ANCE, WILL BE LESS THAN THE NET PRESENT VALUE OF THE PRINCIPAL  
22 AND INTEREST TO BE PAID ON THE OBLIGATION BEING REFUNDED, AS CAL-  
23 CULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

24 (ii) THE NET PRESENT VALUE OF THE SUM OF THE TAX INCREMENT  
25 REVENUES DESCRIBED IN SUBDIVISION (Z)(ii) AND THE DISTRIBUTIONS  
26 UNDER SECTION 13B TO REPAY THE REFUNDING OBLIGATION WILL BE LESS  
27 THAN THE NET PRESENT VALUE OF THE SUM OF THE TAX INCREMENT



1 REVENUES DESCRIBED IN SUBDIVISION (Z)(ii) AND THE DISTRIBUTIONS  
2 UNDER SECTION 13B TO REPAY THE OBLIGATION BEING REFUNDED, AS CAL-  
3 CULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

4 (X) ~~(v)~~ "Specific local tax" means a tax levied under Act  
5 No. 198 of the Public Acts of 1974, being sections 207.551 to  
6 207.572 of the Michigan Compiled Laws, the commercial redevelop-  
7 ment act, Act No. 255 of the Public Acts of 1978, being sections  
8 207.651 to 207.668 of the Michigan Compiled Laws, the technology  
9 park development act, Act No. 385 of the Public Acts of 1984,  
10 being sections 207.701 to 207.718 of the Michigan Compiled Laws,  
11 and Act No. 189 of the Public Acts of 1953, being sections  
12 211.181 to 211.182 of the Michigan Compiled Laws. The initial  
13 assessed value or current assessed value of property subject to a  
14 specific local tax shall be the quotient of the specific local  
15 tax paid divided by the ad valorem millage rate. However, after  
16 1993, the state tax commission shall prescribe the method for  
17 calculating the initial assessed value and current assessed value  
18 of property for which a specific local tax was paid in lieu of a  
19 property tax.

20 (Y) ~~(w)~~ "State fiscal year" means the annual period com-  
21 mencing October 1 of each year.

22 (Z) ~~(x)~~ "Tax increment revenues" means the amount of ad  
23 valorem property taxes and specific local taxes attributable to  
24 the application of the levy of all taxing jurisdictions upon the  
25 capture assessed value of real and personal property in the  
26 development area, subject to the following requirements:

1       (i) Tax increment revenues include ad valorem property taxes  
2 and specific local taxes attributable to the application of the  
3 levy of all taxing jurisdictions other than the state pursuant to  
4 the state education tax act, Act No. 331 of the Public Acts of  
5 1993, being sections 211.901 to 211.906 of the Michigan Compiled  
6 Laws, and local or intermediate school districts upon the cap-  
7 tured assessed value of real and personal property in the devel-  
8 opment area for any purpose authorized by this act.

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

18       (iii) Tax increment revenues do not include any of the  
19 following:

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

26       (B) Ad valorem property taxes excluded by the tax increment  
27 financing plan of the authority from the determination of the

1 amount of tax increment revenues to be transmitted to the  
2 authority or specific local taxes attributable to such ad valorem  
3 property taxes.

4 (C) Ad valorem property taxes exempted from capture under  
5 section 3(3) or specific local taxes attributable to such ad  
6 valorem property taxes.

7 (iv) The amount of tax increment revenues authorized to be  
8 included under subparagraph (ii), and required to be transmitted  
9 to the authority under section 14(1), from ad valorem property  
10 taxes and specific local taxes attributable to the application of  
11 the levy of ~~the state education tax act,~~ Act No. 331 of the  
12 Public Acts of 1993, a local school district or an intermediate  
13 school district upon the captured assessed value of real and per-  
14 sonal property in a development area shall be determined sepa-  
15 rately for the levy by the state, each school district, and each  
16 intermediate school district as the product of  
17 sub-subparagraphs (A) and (B):

18 (A) The percentage which the total ad valorem taxes and spe-  
19 cific local taxes available for distribution by law to the state,  
20 local school district, or intermediate school district, respec-  
21 tively, bears to the aggregate amount of ad valorem millage taxes  
22 and specific taxes available for distribution by law to the  
23 state, each local school district, and each intermediate school  
24 district.

25 (B) The maximum amount of ad valorem property taxes and spe-  
26 cific local taxes considered tax increment revenues under  
27 subparagraph (ii).

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

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

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

24       (b) The property tax millage rates expected to be levied by  
25 local school districts within the jurisdictional area of the  
26 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.

11 (e) A list AND DOCUMENTATION of eligible obligations and  
12 eligible advances and the payments due on each of those eligible  
13 obligations or eligible advances in that fiscal year, and the  
14 total amount of all the payments due on those eligible obliga-  
15 tions and eligible advances in that fiscal year.

16 (f) The amount of money, other than tax increment revenues,  
17 estimated to be received in that fiscal year by the authority  
18 that is primarily pledged to, and to be used for, the payment of  
19 an eligible obligation or the repayment of an eligible advance.  
20 That amount shall not include excess tax increment revenues of  
21 the authority that are permitted by law to be retained by the  
22 authority for purposes that further the development program.  
23 However, that amount shall include money to be obtained from  
24 sources authorized by law, which law is enacted on or after  
25 December 1, 1993, for use by the municipality or authority to  
26 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  
8 subsection (2) at any time after the effective date of this  
9 section.

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

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

21 (a) The amount by which the tax increment revenues the  
22 authority would have received for the fiscal year, if property  
23 taxes were levied by local school districts for school operating  
24 purposes at the millage rates described in subsection (2)(a) and  
25 if no property taxes were levied under the state education tax  
26 act, exceed the tax increment revenues the authority actually  
27 received for the fiscal year.

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

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

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

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

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

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

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

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

19 Sec. 16. (1) The municipality may by resolution of its gov-  
20 erning body authorize, issue, and sell general obligation bonds  
21 subject to the limitations set forth in this subsection to  
22 finance the development program of the tax increment financing  
23 plan or to refund bonds issued under this section and shall  
24 pledge its full faith and credit for the payment of the bonds.  
25 The municipality may pledge as additional security for the bonds  
26 any money received by the authority or the municipality pursuant  
27 to section 11. The bonds shall mature in not more than 30 years



1 and shall be subject to the municipal finance act, Act No. 202 of  
2 the Public Acts of 1943, ~~as amended,~~ being sections 131.1 to  
3 139.3 of the Michigan Compiled Laws. Before the municipality may  
4 authorize the borrowing, the authority shall submit an estimate  
5 of the anticipated tax increment revenues and other revenue  
6 available under section 11 to be available for payment of princi-  
7 pal and interest on the bonds, to the governing body of the  
8 municipality. This estimate shall be approved by the governing  
9 body of the municipality by resolution adopted by majority vote  
10 of the members of the governing body in the resolution authoriz-  
11 ing the bonds. If the bonds are approved by the department of  
12 treasury in those instances in which an exception to prior  
13 approval is not available under section 11 of chapter III of Act  
14 No. 202 of the Public Acts of 1943, being section 133.11 of the  
15 Michigan Compiled Laws, or if the governing body of the munici-  
16 pality adopts the resolution authorizing the bonds and prior  
17 approval of the department of treasury is not required pursuant  
18 to section 11 of chapter III of Act No. 202 of the Public Acts of  
19 1943, the estimate of the anticipated tax increment revenues and  
20 other revenue available under section 11 to be available for pay-  
21 ment of principal and interest on the bonds shall be conclusive  
22 for purposes of this section. The bonds issued under this sub-  
23 section shall be considered a single series for the purposes of  
24 Act No. 202 of the Public Acts of 1943. ~~, as amended.~~

25 (2) By resolution of its governing body, the authority may  
26 authorize, issue, and sell tax increment bonds subject to the  
27 limitations set forth in this subsection to finance the

1 development program of the tax increment financing plan or to  
2 refund OR REFUND IN ADVANCE bonds issued under this section. The  
3 tax increment bonds issued by the authority under this subsection  
4 shall pledge solely the tax increment revenues of a development  
5 area in which the project is located or a development area from  
6 which tax increment revenues may be used for this project, or  
7 both. In addition or in the alternative, the bonds issued by the  
8 authority pursuant to this subsection may be secured by any other  
9 revenues identified in section 11 as sources of financing for  
10 activities of the authority that the authority shall specifically  
11 pledge in the resolution. However, the full faith and credit of  
12 the municipality shall not be pledged to secure bonds issued pur-  
13 suant to this subsection. The bonds shall mature in not more  
14 than 30 years and shall bear interest and be payable upon the  
15 terms and conditions determined by the authority in the resolu-  
16 tion approving the bonds and shall be sold at public or private  
17 sale by the authority. The bond issue may include a sum suffi-  
18 cient to pay interest on the tax increment bonds until full  
19 development of tax increment revenues from the project and also a  
20 sum to provide a reasonable reserve for payment of principal and  
21 interest on the bonds. The resolution authorizing the bonds  
22 shall create a lien on the tax increment revenues and other reve-  
23 nues pledged by the resolution that shall be a statutory lien and  
24 shall be a first lien subject only to liens previously created.  
25 The resolution may provide the terms upon which additional bonds  
26 may be issued of equal standing and parity of lien as to the tax  
27 increment revenues and other revenues pledged under the

1 resolution. Except for the requirement of Act No. 202 of the  
2 Public Acts of 1943 that the authority receive the approval or an  
3 exception from approval from the department of treasury prior to  
4 the issuance of bonds under this subsection, the terms of Act  
5 No. 202 of the Public Acts of 1943 shall not apply to bonds  
6 issued pursuant to this subsection that pledge revenue received  
7 pursuant to section 11 for repayment of the bonds.

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