

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 699

A bill to amend 1975 PA 197, entitled

"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,"

by amending sections 1 and 13b (MCL 125.1651 and 125.1663b), as amended by 1996 PA 454.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 1. As used in this act:
- 2 (a) "Advance" means a transfer of funds made by a
- 3 municipality to an authority or to another person on behalf of
- 4 the authority in anticipation of repayment by the authority.

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

2

1 Evidence of the intent to repay an advance may include, but is
2 not limited to, an executed agreement to repay, provisions con-
3 tained in a tax increment financing plan approved prior to the
4 advance, or a resolution of the authority or the municipality.

5 (b) "Assessed value" means 1 of the following:

6 (i) For valuations made before January 1, 1995, the state
7 equalized valuation as determined under the general property tax
8 act, ~~Act No. 206 of the Public Acts of 1893, being~~
9 ~~sections 211.1 to 211.157 of the Michigan Compiled Laws~~ 1893 PA
10 206, MCL 211.1 TO 211.157.

11 (ii) For valuations made after December 31, 1994, the tax-
12 able value as determined under section 27a of ~~Act No. 206 of the~~
13 ~~Public Acts of 1893, being section 211.27a of the Michigan~~
14 ~~Compiled Laws~~ THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
15 211.27A.

16 (c) "Authority" means a downtown development authority cre-
17 ated pursuant to this act.

18 (d) "Board" means the governing body of an authority.

19 (e) "Business district" means an area in the downtown of a
20 municipality zoned and used principally for business.

21 (f) "Captured assessed value" means the amount in any 1 year
22 by which the current assessed value of the project area, includ-
23 ing the assessed value of property for which specific local taxes
24 are paid in lieu of property taxes as determined in subdivision
25 (x), exceeds the initial assessed value. The state tax commis-
26 sion shall prescribe the method for calculating captured assessed
27 value.

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

3

1 (g) "Chief executive officer" means the mayor or city
2 manager of a city, the president or village manager of a village,
3 or the supervisor of a township or, if designated by the township
4 board for purposes of this act, the township superintendent or
5 township manager of a township.

6 (h) "Development area" means that area to which a develop-
7 ment plan is applicable.

8 (i) "Development plan" means that information and those
9 requirements for a development set forth in section 17.

10 (j) "Development program" means the implementation of the
11 development plan.

12 (k) "Downtown district" means an area in a business district
13 that is specifically designated by ordinance of the governing
14 body of the municipality pursuant to this act.

15 (l) "Eligible advance" means an advance made before
16 August 19, 1993.

17 (m) "Eligible obligation" means an obligation issued or
18 incurred by an authority or by a municipality on behalf of an
19 authority before August 19, 1993 and its subsequent refunding by
20 a qualified refunding obligation. ELIGIBLE OBLIGATION INCLUDES
21 AN AUTHORITY'S WRITTEN AGREEMENT ENTERED INTO BEFORE AUGUST 19,
22 1993 TO PAY AN OBLIGATION ISSUED AFTER AUGUST 18, 1993 AND BEFORE
23 DECEMBER 31, 1996 BY ANOTHER ENTITY ON BEHALF OF THE AUTHORITY.

24 (n) "Fiscal year" means the fiscal year of the authority.

25 (o) "Governing body of a municipality" means the elected
26 body of a municipality having legislative powers.

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

4

1 (p) "Initial assessed value" means the assessed value, as
2 equalized, of all the taxable property within the boundaries of
3 the development area at the time the ordinance establishing the
4 tax increment financing plan is approved, as shown by the most
5 recent assessment roll of the municipality for which equalization
6 has been completed at the time the resolution is adopted.
7 Property exempt from taxation at the time of the determination of
8 the initial assessed value shall be included as zero. For the
9 purpose of determining initial assessed value, property for which
10 a specific local tax is paid in lieu of a property tax shall not
11 be considered to be property that is exempt from taxation. The
12 initial assessed value of property for which a specific local tax
13 was paid in lieu of a property tax shall be determined as pro-
14 vided in subdivision (x). In the case of a municipality having a
15 population of less than 35,000 which established an authority
16 prior to 1985, created a district or districts, and approved a
17 development plan or tax increment financing plan or amendments to
18 a plan, and which plan or tax increment financing plan or amend-
19 ments to a plan, and which plan expired by its terms December 31,
20 1991, the initial assessed value for the purpose of any plan or
21 plan amendment adopted as an extension of the expired plan shall
22 be determined as if the plan had not expired December 31, 1991.
23 For a development area designated before 1997 in which a renais-
24 sance zone has subsequently been designated pursuant to the
25 Michigan renaissance zone act, ~~Act No. 376 of the Public Acts of~~
26 ~~1996, being sections 125.2681 to 125.2696 of the Michigan~~
27 ~~Compiled Laws~~ 1996 PA 376, MCL 125.2681 TO 125.2696, the initial

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

5

1 assessed value of the development area otherwise determined under
2 this subdivision shall be reduced by the amount by which the cur-
3 rent assessed value of the development area was reduced in 1997
4 due to the exemption of property under section 7ff of ~~Act~~
5 ~~No. 206 of the Public Acts of 1893, being section 211.7ff of the~~
6 ~~Michigan Compiled Laws~~ THE GENERAL PROPERTY TAX ACT, 1893 PA
7 206, MCL 211.7FF, but in no case shall the initial assessed value
8 be less than zero.

9 (q) "Municipality" means a city, village, or township.

10 (r) "Obligation" means a written promise to pay, whether
11 evidenced by a contract, agreement, lease, sublease, bond, or
12 note, or a requirement to pay imposed by law. An obligation does
13 not include a payment required solely because of default upon an
14 obligation, employee salaries, or consideration paid for the use
15 of municipal offices. An obligation does not include those bonds
16 that have been economically defeased by refunding bonds issued
17 under this act. Obligation includes, but is not limited to, the
18 following:

19 (i) A requirement to pay proceeds derived from ad valorem
20 property taxes or taxes levied in lieu of ad valorem property
21 taxes.

22 (ii) A management contract or a contract for professional
23 services.

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

SB0699, As Passed House, December 10, 1997

Sub. S.B. 699 (H-1) as amended December 10, 1997

6

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

4 (v) A letter of credit, paying agent, transfer agent, bond
5 registrar, or trustee fee associated with a contract, agreement,
6 bond, or note.

7 (s) "On behalf of an authority", in relation to an eligible
8 advance made BY A MUNICIPALITY, or an eligible obligation OR
9 OTHER PROTECTED OBLIGATION issued or incurred by a municipality,
10 means in anticipation that an authority would transfer tax incre-
11 ment revenues or reimburse the municipality from tax increment
12 revenues in an amount sufficient to fully make payment required
13 by the [ELIGIBLE ADVANCE MADE BY THE MUNICIPALITY, OR] eligible
obligation OR OTHER PROTECTED OBLIGATION issued
14 or incurred by the municipality, if the anticipation of the
15 transfer or receipt of tax increment revenues from the authority
16 is pursuant to or evidenced by 1 or more of the following:

17 (i) A reimbursement agreement between the municipality and
18 an authority it established.

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

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

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

25 (t) "Operations" means office maintenance, including sala-
26 ries and expenses of employees, office supplies, consultation

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

7

1 fees, design costs, and other expenses incurred in the daily
2 management of the authority and planning of its activities.

3 (u) "Other protected obligation" means:

4 (i) A qualified refunding obligation issued to refund an
5 obligation described in subparagraph (ii), (iii), or (iv), an
6 obligation that is not a qualified refunding obligation that is
7 issued to refund an eligible obligation, or a qualified refunding
8 obligation issued to refund an obligation described in this
9 subparagraph.

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

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

24 (iv) An obligation incurred by the authority evidenced by or
25 to finance a contract to purchase real property within a develop-
26 ment area or a contract to develop that property within the

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

8

1 development area, or both, if all of the following requirements
2 are met:

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

4 (B) Before June 30, 1995, the authority enters a contract
5 for the development of the real property located within the
6 development area.

7 (C) In 1993, the authority or municipality on behalf of the
8 authority received approval for a grant from both of the
9 following:

10 (I) The department of natural resources for site reclamation
11 of the real property.

12 (II) The department of consumer and industry services for
13 development of the real property.

14 (v) An ongoing management or professional services contract
15 with the governing body of a county which was entered into before
16 March 1, 1994 and which was preceded by a series of limited term
17 management or professional services contracts with the governing
18 body of the county, the last of which was entered into before
19 August 19, 1993.

20 (vi) A LOAN FROM A MUNICIPALITY TO AN AUTHORITY IF THE LOAN
21 WAS APPROVED BY THE LEGISLATIVE BODY OF THE MUNICIPALITY ON APRIL
22 18, 1994.

23 (vii) FUNDS EXPENDED TO MATCH A GRANT RECEIVED BY A MUNICI-
24 PALITY ON BEHALF OF AN AUTHORITY FOR SIDEWALK IMPROVEMENTS FROM
25 THE MICHIGAN DEPARTMENT OF TRANSPORTATION IF THE LEGISLATIVE BODY
26 OF THE MUNICIPALITY APPROVED THE GRANT APPLICATION ON APRIL 5,

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

9

1 1993 AND THE GRANT WAS RECEIVED BY THE MUNICIPALITY IN JUNE
2 1993.

3 (viii) FOR TAXES CAPTURED IN 1994, AN OBLIGATION DESCRIBED
4 IN THIS SUBPARAGRAPH ISSUED OR INCURRED TO FINANCE A PROJECT. AN
5 OBLIGATION IS CONSIDERED ISSUED OR INCURRED TO FINANCE A PROJECT
6 DESCRIBED IN THIS SUBPARAGRAPH ONLY IF ALL OF THE FOLLOWING ARE
7 MET:

8 (A) THE OBLIGATION REQUIRES RAISING CAPITAL FOR THE PROJECT
9 OR PAYING FOR THE PROJECT, WHETHER OR NOT A BORROWING IS
10 INVOLVED.

11 (B) THE OBLIGATION WAS PART OF A DEVELOPMENT PLAN AND THE
12 TAX INCREMENT FINANCING PLAN WAS APPROVED BY A MUNICIPALITY ON
13 MAY 6, 1991.

14 (C) THE OBLIGATION IS IN THE FORM OF A WRITTEN MEMORANDUM OF
15 UNDERSTANDING BETWEEN A MUNICIPALITY AND A PUBLIC UTILITY DATED
16 OCTOBER 27, 1994.

17 (D) THE AUTHORITY OR MUNICIPALITY CAPTURED SCHOOL TAXES
18 DURING 1994.

19 (v) "Public facility" means a street, plaza, pedestrian
20 mall, and any improvements to a street, plaza, or pedestrian mall
21 including street furniture and beautification, park, parking
22 facility, recreational facility, right of way, structure, water-
23 way, bridge, lake, pond, canal, utility line or pipe, building,
24 and access routes to any of the foregoing, designed and dedicated
25 to use by the public generally, or used by a public agency.

26 Public facility includes an improvement to a facility used by the
27 public or a public facility as those terms are defined in section

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

10

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

8 (w) "Qualified refunding obligation" means an obligation
9 issued or incurred by an authority or by a municipality on behalf
10 of an authority to refund an obligation if the refunding obliga-
11 tion meets both of the following:

12 (i) The net present value of the principal and interest to
13 be paid on the refunding obligation, including the cost of issu-
14 ance, will be less than the net present value of the principal
15 and interest to be paid on the obligation being refunded, as cal-
16 culated using a method approved by the department of treasury.

17 (ii) The net present value of the sum of the tax increment
18 revenues described in subdivision (z)(ii) and the distributions
19 under section 13b to repay the refunding obligation will not be
20 greater than the net present value of the sum of the tax incre-
21 ment revenues described in subdivision (z)(ii) and the distribu-
22 tions under section 13b to repay the obligation being refunded,
23 as calculated using a method approved by the department of
24 treasury.

25 (x) "Specific local tax" means a tax levied under ~~Act~~
26 ~~No. 198 of the Public Acts of 1974, being sections 207.551 to~~
27 ~~207.572 of the Michigan Compiled Laws~~ 1974 PA 198, MCL 207.551

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

11

1 TO 207.572, the commercial redevelopment act, ~~Act No. 255 of the~~
2 ~~Public Acts of 1978, being sections 207.651 to 207.668 of the~~
3 ~~Michigan Compiled Laws~~ 1978 PA 255, MCL 207.651 TO 207.668, the
4 technology park development act, ~~Act No. 385 of the Public Acts~~
5 ~~of 1984, being sections 207.701 to 207.718 of the Michigan~~
6 ~~Compiled Laws~~ 1984 PA 385, MCL 207.701 TO 207.718, and ~~Act~~
7 ~~No. 189 of the Public Acts of 1953, being sections 211.181 to~~
8 ~~211.182 of the Michigan Compiled Laws~~ 1953 PA 189, MCL 211.181
9 TO 211.182. The initial assessed value or current assessed value
10 of property subject to a specific local tax shall be the quotient
11 of the specific local tax paid divided by the ad valorem millage
12 rate. However, after 1993, the state tax commission shall pre-
13 scribe the method for calculating the initial assessed value and
14 current assessed value of property for which a specific local tax
15 was paid in lieu of a property tax.

16 (y) "State fiscal year" means the annual period commencing
17 October 1 of each year.

18 (z) "Tax increment revenues" means the amount of ad valorem
19 property taxes and specific local taxes attributable to the
20 application of the levy of all taxing jurisdictions upon the cap-
21 ture assessed value of real and personal property in the develop-
22 ment 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~~

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

12

1 ~~Laws~~ 1993 PA 331, MCL 211.901 TO 211.906, and local or
2 intermediate school districts upon the captured assessed value of
3 real and personal property in the development area for any pur-
4 pose authorized by this act.

5 (ii) Tax increment revenues include ad valorem property
6 taxes and specific local taxes attributable to the application of
7 the levy of the state pursuant to ~~Act No. 331 of the Public Acts~~
8 ~~of 1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO
9 211.906, and local or intermediate school districts upon the cap-
10 tured assessed value of real and personal property in the devel-
11 opment area in an amount equal to the amount necessary, without
12 regard to subparagraph (i), to repay eligible advances, eligible
13 obligations, and other protected obligations.

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

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

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

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

4 (iv) The amount of tax increment revenues authorized to be
5 included under subparagraph (ii), and required to be transmitted
6 to the authority under section 14(1), from ad valorem property
7 taxes and specific local taxes attributable to the application of
8 the levy of ~~Act No. 331 of the Public Acts of 1993~~ THE STATE
9 EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906, a local
10 school district or an intermediate school district upon the cap-
11 tured assessed value of real and personal property in a develop-
12 ment area shall be determined separately for the levy by the
13 state, each school district, and each intermediate school dis-
14 trict as the product of sub-subparagraphs (A) and (B):

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

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

25 Sec. 13b. (1) If the amount of tax increment revenues lost
26 as a result of the reduction of taxes levied by local school
27 districts for school operating purposes required by the millage

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

14

1 limitations under section 1211 of the school code of 1976, ~~Act~~
2 ~~No. 451 of the Public Acts of 1976, being section 380.1211 of the~~
3 ~~Michigan Compiled Laws~~ 1976 PA 451, MCL 380.1211, reduced by the
4 amount of tax increment revenues received from the capture of
5 taxes levied under or attributable to the state education tax
6 act, ~~Act No. 331 of the Public Acts of 1993, being sections~~
7 ~~211.901 to 211.906 of the Michigan Compiled Laws~~ 1993 PA 331,
8 MCL 211.901 TO 211.906, will cause the tax increment revenues
9 received in a fiscal year by an authority under section 15 to be
10 insufficient to repay an eligible advance or to pay an eligible
11 obligation, the legislature shall appropriate and distribute to
12 the authority the amount described in subsection (5).

13 (2) Not less than 30 days before the first day of a fiscal
14 year, an authority eligible to retain tax increment revenues from
15 taxes levied by a local or intermediate school district or this
16 state or to receive a distribution under this section for that
17 fiscal year shall file a claim with the department of treasury.
18 The claim shall include the following information:

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

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

25 (c) The tax increment revenues estimated to be received by
26 the authority for that fiscal year based upon actual property tax

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

15

1 levies of all taxing jurisdictions within the jurisdictional area
2 of the authority.

3 (d) The tax increment revenues the authority estimates it
4 would have received for that fiscal year if property taxes were
5 levied by local school districts within the jurisdictional area
6 of the authority for school operating purposes at the millage
7 rates described in subdivision (a) and if no property taxes were
8 levied by this state under ~~Act No. 331 of the Public Acts of~~
9 ~~1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO
10 211.906.

11 (e) A list and documentation of eligible obligations ~~, AND~~
12 eligible advances ~~, and other protected obligations~~ and the
13 payments due on each of those eligible obligations ~~, OR~~ eligi-
14 ble advances ~~, or other protected obligations~~ in that fiscal
15 year, and the total amount of all the payments due on those eli-
16 gible obligations ~~, AND~~ eligible advances ~~, and other pro-~~
17 ~~tected obligations~~ in that fiscal year.

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

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

16

1 December 1, 1993, for use by the municipality or authority to
2 finance a development project.

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

7 (H) A LIST AND DOCUMENTATION OF OTHER PROTECTED OBLIGATIONS
8 AND THE PAYMENTS DUE ON EACH OF THOSE OTHER PROTECTED OBLIGATIONS
9 IN THAT FISCAL YEAR, AND THE TOTAL AMOUNT OF ALL THE PAYMENTS DUE
10 ON THOSE OTHER PROTECTED OBLIGATIONS IN THAT FISCAL YEAR.

11 (3) For the fiscal year that commences after September 30,
12 1993 and before October 1, 1994, an authority may make a claim
13 with all information required by subsection (2) at any time after
14 March 15, 1994.

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

21 (5) Subject to subsections (6) and (7), the aggregate amount
22 to be appropriated and distributed pursuant to this section to an
23 authority shall be the sum of the amounts determined pursuant to
24 subdivisions (a) and (b) minus the amount determined pursuant to
25 subdivision (c), as follows:

26 (a) The amount by which the tax increment revenues the
27 authority would have received for the fiscal year, excluding

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

17

1 taxes exempt under section 7ff of the general property tax act,
2 ~~Act No. 206 of the Public Acts of 1893, being section 211.7ff of~~
3 ~~the Michigan Compiled Laws 1893 PA 206, MCL 211.7FF, if property~~
4 taxes were levied by local school districts for school operating
5 purposes at the millage rates described in subsection (2)(a) and
6 if no property taxes were levied under ~~Act No. 331 of the Public~~
7 ~~Acts of 1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL
8 211.901 TO 211.906, exceed the tax increment revenues the author-
9 ity actually received for the fiscal year.

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

13 (c) An excess amount required to be reported pursuant to
14 subsection (2)(g) that had not previously decreased a
15 distribution.

16 (6) The amount distributed under subsection (5) shall not
17 exceed the difference between the amount described in
18 subsection (2)(e) and the sum of the amounts described in
19 subsection (2)(c) and (f).

20 (7) If, based upon the tax increment financing plan in
21 effect on August 19, 1993, the payment due on eligible obliga-
22 tions or eligible advances anticipates the use of excess prior
23 year tax increment revenues permitted by law to be retained by
24 the authority, and if the sum of the amounts described in
25 subsection (2)(c) and (f) plus the amount to be distributed under
26 subsections (5) and (6) is less than the amount described in
27 subsection (2)(e), the amount to be distributed under

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

18

1 subsections (5) and (6) shall be increased by the amount of the
2 shortfall. However, the amount authorized to be distributed pur-
3 suant to this section shall not exceed that portion of the cumu-
4 lative difference, for each preceding fiscal year, between the
5 amount that could have been distributed pursuant to
6 subsection (5) and the amount actually distributed pursuant to
7 subsections (5) and (6) and this subsection.

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

12 (9) Obligations for which distributions are made pursuant to
13 this section are not a debt or liability of this state; do not
14 create or constitute an indebtedness, liability, or obligation of
15 this state; and are not and do not constitute a pledge of the
16 faith and credit of this state.

17 (10) Not later than July 1 of each year, the authority shall
18 certify to the local tax collecting treasurer the amount of the
19 distribution required under subsection (5), calculated without
20 regard to the receipt of tax increment revenues attributable to
21 local or intermediate school district taxes or attributable to
22 taxes levied under ~~Act No. 331 of the Public Acts of 1993~~ THE
23 STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.

24 (11) Calculations of distributions under this section and
25 claims reports required to be made under subsection (2) shall be
26 made on the basis of each development area of the authority.

SB0699, As Passed House, December 10, 1997

Senate Bill No. 699

19

1 (12) THE STATE TAX COMMISSION MAY PROVIDE THAT THE
2 REIMBURSEMENT CALCULATIONS UNDER THIS SECTION AND THE CALCULATION
3 OF ALLOWABLE CAPTURE OF SCHOOL TAXES SHALL BE MADE FOR EACH CAL-
4 ENDAR YEAR'S TAX INCREMENT REVENUES USING A 12-MONTH DEBT PAYMENT
5 PERIOD USED BY THE AUTHORITY AND APPROVED BY THE STATE TAX
6 COMMISSION.

7 Enacting section 1. The provisions of section 1 and section
8 13b, as amended by this amendatory act, are retroactive and
9 effective for taxes levied after 1993.