

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.

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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.

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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 AN  
AUTHORITY'S WRITTEN AGREEMENT ENTERED INTO BEFORE AUGUST 19, 1993 TO  
PAY AN OBLIGATION ISSUED AFTER AUGUST 18, 1993 AND BEFORE DECEMBER  
31, 1996 BY ANOTHER ENTITY ON BEHALF OF THE AUTHORITY.

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

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

24 (p) "Initial assessed value" means the assessed value, as  
25 equalized, of all the taxable property within the boundaries of  
26 the development area at the time the ordinance establishing the  
27 tax increment financing plan is approved, as shown by the most

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

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1 ~~No. 206 of the Public Acts of 1893, being section 211.7ff of the~~  
2 ~~Michigan Compiled Laws~~ THE GENERAL PROPERTY TAX ACT, 1893 PA  
3 206, MCL 211.7FF, but in no case shall the initial assessed value  
4 be less than zero.

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

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

15 (i) A requirement to pay proceeds derived from ad valorem  
16 property taxes or taxes levied in lieu of ad valorem property  
17 taxes.

18 (ii) A management contract or a contract for professional  
19 services.

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

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

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1 (v) A letter of credit, paying agent, transfer agent, bond  
2 registrar, or trustee fee associated with a contract, agreement,  
3 bond, or note.

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

14 (i) A reimbursement agreement between the municipality and  
15 an authority it established.

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

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

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

22 (t) "Operations" means office maintenance, including sala-  
23 ries and expenses of employees, office supplies, consultation  
24 fees, design costs, and other expenses incurred in the daily man-  
25 agement of the authority and planning of its activities.

26 (u) "Other protected obligation" means:

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

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

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

21       (iv) An obligation incurred by the authority evidenced by or  
22 to finance a contract to purchase real property within a develop-  
23 ment area or a contract to develop that property within the  
24 development area, or both, if all of the following requirements  
25 are met:

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

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1 (B) Before June 30, 1995, the authority enters a contract  
2 for the development of the real property located within the  
3 development area.

4 (C) In 1993, the authority or municipality on behalf of the  
5 authority received approval for a grant from both of the  
6 following:

7 (I) The department of natural resources for site reclamation  
8 of the real property.

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

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

17 (vi) A LOAN FROM A MUNICIPALITY TO AN AUTHORITY IF THE LOAN WAS  
18 APPROVED BY THE LEGISLATIVE BODY OF THE MUNICIPALITY ON APRIL 18,  
19 1994.

20 (vii) FUNDS EXPENDED TO MATCH A GRANT RECEIVED BY A  
21 MUNICIPALITY ON BEHALF OF AN AUTHORITY FOR SIDEWALK IMPROVEMENTS  
22 FROM THE MICHIGAN DEPARTMENT OF TRANSPORTATION IF THE LEGISLATIVE  
23 BODY OF THE MUNICIPALITY APPROVED THE GRANT APPLICATION ON APRIL 5,  
24 1993 AND THE GRANT WAS RECEIVED BY THE MUNICIPALITY IN JUNE 1993.

25 (viii) FOR TAXES CAPTURED IN 1994, AN OBLIGATION DESCRIBED IN  
26 THIS SUBPARAGRAPH ISSUED OR INCURRED TO FINANCE A PROJECT. AN  
27 OBLIGATION IS CONSIDERED ISSUED OR INCURRED TO FINANCE A PROJECT  
DESCRIBED IN THIS SUBPARAGRAPH ONLY IF ALL OF THE FOLLOWING ARE MET:  
(A) THE OBLIGATION REQUIRES RAISING CAPITAL FOR THE PROJECT OR  
PAYING FOR THE PROJECT, WHETHER OR NOT A BORROWING IS INVOLVED.  
(B) THE OBLIGATION WAS PART OF A DEVELOPMENT PLAN AND THE TAX  
INCREMENT FINANCING PLAN WAS APPROVED BY A MUNICIPALITY ON MAY 6,  
1991.



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

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

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1 (v) "Public facility" means a street, plaza, pedestrian  
2 mall, and any improvements to a street, plaza, or pedestrian mall  
3 including street furniture and beautification, park, parking  
4 facility, recreational facility, right of way, structure, water-  
5 way, bridge, lake, pond, canal, utility line or pipe, building,  
6 and access routes to any of the foregoing, designed and dedicated  
7 to use by the public generally, or used by a public agency.

8 Public facility includes an improvement to a facility used by the  
9 public or a public facility as those terms are defined in section  
10 1 of ~~Act No. 1 of the Public Acts of 1966, being section~~  
11 ~~125.1351 of the Michigan Compiled Laws~~ 1966 PA 1, MCL 125.1351,  
12 which improvement is made to comply with the barrier free design  
13 requirements of the state construction code promulgated under the  
14 state construction code act of 1972, ~~Act No. 230 of the Public~~  
15 ~~Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan~~  
16 ~~Compiled Laws~~ 1972 PA 230, MCL 125.1501 TO 125.1531.

17 (w) "Qualified refunding obligation" means an obligation  
18 issued or incurred by an authority or by a municipality on behalf  
19 of an authority to refund an obligation if the refunding obliga-  
20 tion meets both of the following:

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

26 (ii) The net present value of the sum of the tax increment  
27 revenues described in subdivision (z)(ii) and the distributions

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1 under section 13b to repay the refunding obligation will not be  
2 greater than the net present value of the sum of the tax incre-  
3 ment revenues described in subdivision (z)(ii) and the distribu-  
4 tions under section 13b to repay the obligation being refunded,  
5 as calculated using a method approved by the department of  
6 treasury.

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

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

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1 (z) "Tax increment revenues" means the amount of ad valorem  
2 property taxes and specific local taxes attributable to the  
3 application of the levy of all taxing jurisdictions upon the cap-  
4 ture assessed value of real and personal property in the develop-  
5 ment area, subject to the following requirements:

6 (i) Tax increment revenues include ad valorem property taxes  
7 and specific local taxes attributable to the application of the  
8 levy of all taxing jurisdictions other than the state pursuant to  
9 the state education tax act, ~~Act No. 331 of the Public Acts of~~  
10 ~~1993, being sections 211.901 to 211.906 of the Michigan Compiled~~  
11 ~~Laws~~ 1993 PA 331, MCL 211.901 TO 211.906, and local or interme-  
12 diate school districts upon the captured assessed value of real  
13 and personal property in the development area for any purpose  
14 authorized by this act.

15 (ii) Tax increment revenues include ad valorem property  
16 taxes and specific local taxes attributable to the application of  
17 the levy of the state pursuant to ~~Act No. 331 of the Public Acts~~  
18 ~~of 1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO  
19 211.906, and local or intermediate school districts upon the cap-  
20 tured assessed value of real and personal property in the devel-  
21 opment area in an amount equal to the amount necessary, without  
22 regard to subparagraph (i), to repay eligible advances, eligible  
23 obligations, and other protected obligations.

24 (iii) Tax increment revenues do not include any of the  
25 following:

26 (A) Ad valorem property taxes attributable either to a  
27 portion of the captured assessed value shared with taxing

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1 jurisdictions within the jurisdictional area of the authority or  
2 to a portion of value of property that may be excluded from cap-  
3 tured assessed value or specific local taxes attributable to such  
4 ad valorem property taxes.

5 (B) Ad valorem property taxes excluded by the tax increment  
6 financing plan of the authority from the determination of the  
7 amount of tax increment revenues to be transmitted to the author-  
8 ity or specific local taxes attributable to such ad valorem prop-  
9 erty taxes.

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

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

24 (A) The percentage which the total ad valorem taxes and spe-  
25 cific local taxes available for distribution by law to the state,  
26 local school district, or intermediate school district,  
27 respectively, bears to the aggregate amount of ad valorem millage

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1 taxes and specific taxes available for distribution by law to the  
2 state, each local school district, and each intermediate school  
3 district.

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

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

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

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

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

7 (c) The tax increment revenues estimated to be received by  
8 the authority for that fiscal year based upon actual property tax  
9 levies of all taxing jurisdictions within the jurisdictional area  
10 of the authority.

11 (d) The tax increment revenues the authority estimates it  
12 would have received for that fiscal year if property taxes were  
13 levied by local school districts within the jurisdictional area  
14 of the authority for school operating purposes at the millage  
15 rates described in subdivision (a) and if no property taxes were  
16 levied by this state under ~~Act No. 331 of the Public Acts of~~  
17 ~~1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO  
18 211.906.

19 (e) A list and documentation of eligible obligations ~~—~~ AND  
20 eligible advances ~~,~~ ~~and other protected obligations~~ and the  
21 payments due on each of those eligible obligations ~~—~~ OR eligi-  
22 ble advances ~~,~~ ~~or other protected obligations~~ in that fiscal  
23 year, and the total amount of all the payments due on those eli-  
24 gible obligations ~~—~~ AND eligible advances ~~,~~ ~~and other pro-~~  
25 ~~tected obligations~~ in that fiscal year.

26 (f) The amount of money, other than tax increment revenues,  
27 estimated to be received in that fiscal year by the authority

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1 that is primarily pledged to, and to be used for, the payment of  
2 an eligible obligation or the repayment of an eligible advance.  
3 That amount shall not include excess tax increment revenues of  
4 the authority that are permitted by law to be retained by the  
5 authority for purposes that further the development program.  
6 However, that amount shall include money to be obtained from  
7 sources authorized by law, which law is enacted on or after  
8 December 1, 1993, for use by the municipality or authority to  
9 finance a development project.

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

14 (H) A LIST AND DOCUMENTATION OF OTHER PROTECTED OBLIGATIONS  
15 AND THE PAYMENTS DUE ON EACH OF THOSE OTHER PROTECTED OBLIGATIONS  
16 IN THAT FISCAL YEAR, AND THE TOTAL AMOUNT OF ALL THE PAYMENTS DUE  
17 ON THOSE OTHER PROTECTED OBLIGATIONS IN THAT FISCAL YEAR.

18 (3) For the fiscal year that commences after September 30,  
19 1993 and before October 1, 1994, an authority may make a claim  
20 with all information required by subsection (2) at any time after  
21 March 15, 1994.

22 (4) After review and verification of claims submitted pursu-  
23 ant to this section, amounts appropriated by the state in compli-  
24 ance with this act shall be distributed as 2 equal payments on  
25 March 1 and September 1 after receipt of a claim. An authority  
26 shall allocate a distribution it receives for an eligible



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1 obligation issued on behalf of a municipality to the  
2 municipality.

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

8 (a) The amount by which the tax increment revenues the  
9 authority would have received for the fiscal year, excluding  
10 taxes exempt under section 7ff of the general property tax act,  
11 ~~Act No. 206 of the Public Acts of 1893, being section 211.7ff of~~  
12 ~~the Michigan Compiled Laws 1893 PA 206, MCL 211.7FF, if property~~  
13 taxes were levied by local school districts for school operating  
14 purposes at the millage rates described in subsection (2)(a) and  
15 if no property taxes were levied under ~~Act No. 331 of the Public~~  
16 ~~Acts of 1993~~ THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL  
17 211.901 TO 211.906, exceed the tax increment revenues the author-  
18 ity actually received for the fiscal year.

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

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

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

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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.

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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 ~~Act No. 331 of the Public Acts of 1993~~ THE  
7 STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.

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