

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 6043 (Substitute H-2 as passed by the House)  
Sponsor: Representative Tom Meyer  
House Committee: Commerce  
Senate Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 5-24-02

### **CONTENT**

The bill would amend the downtown development authority Act to ratify and validate an ordinance, enacted by a municipality with a population over 1,000 and less than 2,000, establishing an authority, creating a district, or approving a development plan or tax increment financing plan or an amendment to an authority, district, or plan, and all actions taken or to be taken under that ordinance, including the issuance of bonds. The ordinance would be ratified and validated even if notice for the public hearing on the establishment of the authority, creation of the district, or approval of the development plan or tax increment financing plan, or on the amendment, was not published, posted, or mailed at least 20 days before the hearing, as long as notice was either published or posted at least 10 days before the hearing or the authority was established in 1990 by a municipality that filed the ordinance with the Secretary of State by July 1991.

The bill would apply only to an ordinance or an amendment adopted before January 1, 1999, and would include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that had been issued or that were to be issued by the authority or the incorporating municipality. An authority for which an ordinance establishing the authority, or an amendment to that ordinance, had been published before February 1, 1991, would be considered to have promptly filed the ordinance or amendment with the Secretary of State if it were filed with the Secretary of State before December 31, 2002.

The validity of the proceedings or findings establishing an authority described in the bill, or of the procedure, adequacy of notice, or findings with respect to the approval of a development plan or tax increment financing plan for an authority described in the bill would be conclusive with respect to the capture of tax increment revenues for a bond issued after June 1, 2002, and before June 1, 2006.

Under the bill, "notice was either published or posted" would mean that either publication or posting of the notice occurred at least once.

Proposed MCL 125.1653d

### **BACKGROUND**

The Act allows a municipality (a city, village, or township) to adopt an ordinance establishing a downtown development authority. The authority may prepare a tax increment financing plan for the capture of taxes on increases in property value within a designated district. The plan must be submitted with a development plan to the governing body for its approval by ordinance. With the governing body's approval, an authority also may issue bonds to finance

the acquisition or construction of property in connection with the development plan, and the municipality may issue bonds to finance the development program of a tax increment financing plan.

The Act contains procedures for the adoption of an ordinance creating an authority and designating a district, or approving a development plan or a tax increment financing plan. Notice of a public hearing on the ordinance must be published twice in a newspaper of general circulation in the municipality, at least 20 days but not more than 40 days before the hearing. The governing body also must mail notice of the hearing to property taxpayers in the proposed or existing district, and must post notice of the hearing in the district. The modification of a district or amendment of a plan is subject to the same procedural requirements.

In addition, an ordinance creating an authority and designating a district must be filed with the Secretary of State promptly after its adoption, and published at least twice in a newspaper of general circulation in the municipality.

Legislative Analyst: Patrick Affholter

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin