

SUBSTITUTE FOR
SENATE BILL NO. 861

A bill to amend 1986 PA 281, entitled
"The local development financing act,"
by amending section 14 (MCL 125.2164), as amended by 1996
PA 270.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 14. (1) By resolution of its board and subject to the
2 limitations set forth in this section, the authority may autho-
3 rize, issue, and sell its tax increment bonds to finance a devel-
4 opment program. ~~or to refund or refund in advance obligations~~
5 ~~issued under this act.~~ The bonds ~~shall mature in 30 years or~~
6 ~~less and~~ are subject to the ~~municipal finance act, Act No. 202~~
7 ~~of the Public Acts of 1943, being sections 131.1 to 139.3 of the~~
8 ~~Michigan Compiled Laws~~ REVISED MUNICIPAL FINANCE ACT, 2001
9 PA 34, MCL 141.2101 TO 141.2821. The authority may pledge for
10 debt service requirements the tax increment revenues to be

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1 received from an eligible property. The bonds issued under this
2 section shall be considered a single series for the purposes of
3 ~~section 4 of chapter V of the municipal finance act, Act No. 202~~
4 ~~of the Public Acts of 1943, being section 135.4 of the Michigan~~
5 ~~Compiled Laws~~ THE REVISED MUNICIPAL FINANCE ACT, 2001 PA 34, MCL
6 141.2101 TO 141.2821.

7 (2) The municipality by majority vote of the members of its
8 governing body may make a limited tax pledge to support the
9 authority's tax increment bonds or, if authorized by the voters
10 of the municipality, pledge its full faith and credit for the
11 payment of the principal of and interest on the authority's tax
12 increment bonds. The municipality may pledge as additional
13 security for the bonds any money received by the authority or the
14 municipality pursuant to section 10.

15 (3) Bonds and notes issued by the authority and the interest
16 on and income from those bonds and notes are exempt from taxation
17 by the state or a political subdivision of this state.

18 (4) Notwithstanding any other provision of this act, if the
19 state treasurer determines that an authority or municipality can
20 issue a qualified refunding obligation and the authority or
21 municipality does not make a good faith effort to issue the qual-
22 ified refunding obligation as determined by the state treasurer,
23 the state treasurer may reduce the amount claimed by the author-
24 ity or municipality under section 11a by an amount equal to the
25 net present value saving that would have been realized had the
26 authority or municipality refunded the obligation or the state
27 treasurer may require a reduction in the capture of tax increment

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1 revenues from taxes levied by a local or intermediate school
2 district or this state by an amount equal to the net present
3 value savings that would have been realized had the authority or
4 municipality refunded the obligation. This subsection does not
5 authorize the state treasurer to require the authority or munici-
6 pality to pledge security greater than the security pledged for
7 the obligation being refunded.