

# HOUSE BILL No. 6513

November 7, 2002, Introduced by Rep. Jacobs and referred to the Committee on Commerce.

A bill to provide for the establishment of a corridor improvement authority; to prescribe the powers and duties of the authority; 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 and development areas in the districts; to promote the economic growth of the districts; to create a board; to prescribe the powers and duties of the board; 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 prescribe powers and duties of certain state officials; to provide for rule promulgation; and to provide for enforcement of the act.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

Sec. 1. This act shall be known and may be cited as the "corridor improvement authority act".

Sec. 2. As used in this act:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but is not limited to, an executed agreement to repay, provisions contained in a tax increment financing plan approved prior to the advance, or a resolution of the authority or the municipality.

(b) "Assessed value" means the taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(c) "Authority" means a corridor improvement authority created under this act.

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

(e) "Business district" means an area of a municipality zoned and used principally for business.

(f) "Captured assessed value" means the amount in any 1 year by which the current assessed value of the development area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in section 3(e), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.

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 described in section  
7 5 to which a development plan is applicable.

8 (i) "Development plan" means that information and those  
9 requirements for a development area set forth in section 22.

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

12 (k) "Fiscal year" means the fiscal year of the authority.

13 (l) "Governing body" or "governing body of a municipality"  
14 means the elected body of a municipality having legislative  
15 powers.

16 (m) "Initial assessed value" means the assessed value, as  
17 equalized, of all the taxable property within the boundaries of  
18 the development area at the time the ordinance establishing the  
19 tax increment financing plan is approved, as shown by the most  
20 recent assessment roll of the municipality for which equalization  
21 has been completed at the time the resolution is adopted.

22 Property exempt from taxation at the time of the determination of  
23 the initial assessed value shall be included as zero. For the  
24 purpose of determining initial assessed value, property for which  
25 a specific local tax is paid in lieu of a property tax shall not  
26 be considered to be property that is exempt from taxation. The  
27 initial assessed value of property for which a specific local tax

1 was paid in lieu of a property tax shall be determined as  
2 provided in section 3(e).

3 (n) "Land use plan" means a plan prepared under section 1 of  
4 the city and village zoning act, 1921 PA 207, MCL 125.581, or  
5 section 3 of the township zoning act, 1943 PA 184, MCL 125.273.

6 (o) "Municipality" means a qualified local governmental unit  
7 as defined in section 2 of the obsolete property rehabilitation  
8 act, 2000 PA 146, MCL 125.2782.

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

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

20 (ii) A management contract or a contract for professional  
21 services.

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

25 (iv) A letter of credit, paying agent, transfer agent, bond  
26 registrar, or trustee fee associated with a contract, agreement,  
27 bond, or note.

1       Sec. 3. As used in this act:

2       (a) "Operations" means office maintenance, including sala-  
3       ries and expenses of employees, office supplies, consultation  
4       fees, design costs, and other expenses incurred in the daily man-  
5       agement of the authority and planning of its activities.

6       (b) "Parcel" means an identifiable unit of land that is  
7       treated as separate for valuation or zoning purposes.

8       (c) "Public facility" means a street, plaza, pedestrian  
9       mall, and any improvements to a street, plaza, or pedestrian mall  
10      including street furniture and beautification, park, parking  
11      facility, recreational facility, right of way, structure, water-  
12      way, bridge, lake, pond, canal, utility line or pipe, or build-  
13      ing, including access routes designed and dedicated to use by the  
14      public generally, or used by a public agency. Public facility  
15      includes an improvement to a facility used by the public or a  
16      public facility as those terms are defined in section 1 of 1966  
17      PA 1, MCL 125.1351, if the improvement complies with the barrier  
18      free design requirements of the state construction code promul-  
19      gated under the Stille-DeRossett-Hale single state construction  
20      code act, 1972 PA 230, MCL 125.1501 to 125.1531.

21      (d) "Qualified refunding obligation" means an obligation  
22      issued or incurred by an authority or by a municipality on behalf  
23      of an authority to refund an obligation if the net present value  
24      of the principal and interest to be paid on the refunding obliga-  
25      tion, including the cost of issuance, will be less than the net  
26      present value of the principal and interest to be paid on the

1 obligation being refunded, as calculated using a method approved  
2 by the department of treasury.

3 (e) "Specific local tax" means a tax levied under 1974 PA  
4 198, MCL 207.551 to 207.572, the commercial redevelopment act,  
5 1978 PA 255, MCL 207.651 to 207.668, the technology park develop-  
6 ment act, 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189,  
7 MCL 211.181 to 211.182. The initial assessed value or current  
8 assessed value of property subject to a specific local tax shall  
9 be the quotient of the specific local tax paid divided by the ad  
10 valorem millage rate. The state tax commission shall prescribe  
11 the method for calculating the initial assessed value and current  
12 assessed value of property for which a specific local tax was  
13 paid in lieu of a property tax.

14 (f) "State fiscal year" means the annual period commencing  
15 October 1 of each year.

16 (g) "Tax increment revenues" means the amount of ad valorem  
17 property taxes and specific local taxes attributable to the  
18 application of the levy of all taxing jurisdictions upon the cap-  
19 tured assessed value of real and personal property in the devel-  
20 opment area. Tax increment revenues do not include any of the  
21 following:

22 (i) Taxes under the state education tax act, 1993 PA 331,  
23 MCL 211.901 to 211.906.

24 (ii) Taxes levied by local or intermediate school  
25 districts.

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

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 the  
4 ad valorem property taxes.

5 (iv) 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 the ad valorem prop-  
9 erty taxes.

10 (v) Ad valorem property taxes exempted from capture under  
11 section 6(3) or specific local taxes attributable to the ad  
12 valorem property taxes.

13 Sec. 4. (1) Except as otherwise provided in this subsec-  
14 tion, a municipality may establish multiple authorities. A  
15 parcel of property shall not be included in more than 1 authority  
16 created under this act.

17 (2) An authority is a public body corporate which may sue  
18 and be sued in any court of this state. An authority possesses  
19 all the powers necessary to carry out its purpose. The enumera-  
20 tion of a power in this act shall not be construed as a limita-  
21 tion upon the general powers of an authority.

22 Sec. 5. (1) A development area shall only be established in  
23 a municipality and shall comply with all of the following  
24 criteria:

25 (a) Contain at least 10 contiguous parcels.

26 (b) The municipality's current land use plan allows  
27 commercial use for all parcels in the proposed development area.

1 (c) Commercial use has been allowed under the local land use  
2 plan for a continuous period of 30 years.

3 (d) More than 1/2 of the ground floor square footage in the  
4 development area is classified as commercial real property under  
5 section 34c of the general property tax act, 1893 PA 206, MCL  
6 211.34c.

7 (2) As used in this section, "commercial use" means a use  
8 for monetary gain or other remuneration.

9 Sec. 6. (1) If the governing body of a municipality deter-  
10 mines that it is necessary for the best interests of the public  
11 to halt property value deterioration and increase property tax  
12 valuation where possible in a business district, to eliminate the  
13 causes of that deterioration, and to promote economic growth, the  
14 governing body may, by resolution, declare its intention to  
15 create and provide for the operation of an authority.

16 (2) In the resolution of intent, the governing body shall  
17 set a date for a public hearing on the adoption of a proposed  
18 ordinance creating the authority and designating the boundaries  
19 of the development area. Notice of the public hearing shall be  
20 published twice in a newspaper of general circulation in the  
21 municipality, not less than 20 or more than 40 days before the  
22 date of the hearing. Not less than 20 days before the hearing,  
23 the governing body proposing to create the authority shall also  
24 mail notice of the hearing to the property taxpayers of record in  
25 the proposed development area and to the governing body of each  
26 taxing jurisdiction levying taxes that would be subject to  
27 capture if the authority is established and a tax increment



1 financing plan is approved. Failure of a property taxpayer to  
2 receive the notice does not invalidate these proceedings. Notice  
3 of the hearing shall be posted in at least 20 conspicuous and  
4 public places in the proposed development area not less than 20  
5 days before the hearing. The notice shall state the date, time,  
6 and place of the hearing and shall describe the boundaries of the  
7 proposed development area. A citizen, taxpayer, or property  
8 owner of the municipality or an official from a taxing jurisdic-  
9 tion with millage that would be subject to capture has the right  
10 to be heard in regard to the establishment of the authority and  
11 the boundaries of the proposed development area. The governing  
12 body of the municipality shall not incorporate land into the  
13 development area not included in the description contained in the  
14 notice of public hearing, but it may eliminate described lands  
15 from the development area in the final determination of the  
16 boundaries.

17 (3) Not more than 60 days after the public hearing, the gov-  
18 erning body of a taxing jurisdiction levying ad valorem property  
19 taxes that would otherwise be subject to capture may exempt its  
20 taxes from capture by adopting a resolution to that effect and  
21 filing a copy with the clerk of the municipality proposing to  
22 create the authority. The resolution takes effect when filed  
23 with that clerk and remains effective until a copy of a resolu-  
24 tion rescinding that resolution is filed with that clerk.

25 (4) Not less than 60 days after the public hearing, if the  
26 governing body of the municipality intends to proceed with the  
27 establishment of the authority it shall adopt, by majority vote

1 of its members, an ordinance establishing the authority and  
2 designating the boundaries of the development area within which  
3 the authority shall exercise its powers. The adoption of the  
4 ordinance is subject to any applicable statutory or charter pro-  
5 visions in respect to the approval or disapproval by the chief  
6 executive or other officer of the municipality and the adoption  
7 of an ordinance over his or her veto. This ordinance shall be  
8 filed with the secretary of state promptly after its adoption and  
9 shall be published at least once in a newspaper of general circu-  
10 lation in the municipality.

11 (5) The governing body of the municipality may alter or  
12 amend the boundaries of the development area to include or  
13 exclude lands from the development area in the same manner as  
14 adopting the ordinance creating the authority.

15 Sec. 7. If a development area is part of an area annexed to  
16 or consolidated with another municipality, the authority managing  
17 that development area shall become an authority of the annexing  
18 or consolidated municipality. Obligations of that authority  
19 incurred under a development or tax increment plan, agreements  
20 related to a development or tax increment plan, and bonds issued  
21 under this act shall remain in effect following the annexation or  
22 consolidation.

23 Sec. 8. (1) Except as provided in subsections (7), (8), and  
24 (9), an authority shall be under the supervision and control of a  
25 board consisting of the chief executive officer of the municipal-  
26 ity and not less than 5 or more than 9 members as determined by  
27 the governing body of the municipality. Members shall be

1 appointed by the chief executive officer of the municipality,  
2 subject to approval by the governing body of the municipality.  
3 Not less than a majority of the members shall be persons having  
4 an ownership or entrepreneurial interest in property located in  
5 the development area. At least 1 of the members shall be a resi-  
6 dent of the development area or of an area within 2 miles of the  
7 development area. Of the members first appointed, an equal  
8 number of the members, as near as is practicable, shall be  
9 appointed for 1 year, 2 years, 3 years, and 4 years. A member  
10 shall hold office until the member's successor is appointed.  
11 After the initial appointment, each member shall serve for a term  
12 of 4 years. An appointment to fill a vacancy shall be made by  
13 the chief executive officer of the municipality for the unexpired  
14 term only. Members of the board shall serve without compensa-  
15 tion, but shall be reimbursed for actual and necessary expenses.  
16 The chairperson of the board shall be elected by the board.

17 (2) Before assuming the duties of office, a member shall  
18 qualify by taking and subscribing to the constitutional oath of  
19 office.

20 (3) The proceedings and rules of the board are subject to  
21 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The  
22 board shall adopt rules governing its procedure and the holding  
23 of regular meetings, subject to the approval of the governing  
24 body. Special meetings may be held if called in the manner pro-  
25 vided in the rules of the board.

26 (4) After having been given notice and an opportunity to be  
27 heard, a member of the board may be removed for cause by the

1 governing body. Removal of a member is subject to review by the  
2 circuit court.

3 (5) All expense items of the authority shall be publicized  
4 monthly and the financial records shall always be open to the  
5 public.

6 (6) A writing prepared, owned, used, in the possession of,  
7 or retained by the board in the performance of an official func-  
8 tion is subject to the freedom of information act, 1976 PA 442,  
9 MCL 15.231 to 15.246.

10 (7) By resolution of its governing body, a municipality  
11 having more than 1 authority may establish a single board to  
12 govern all authorities in the municipality. The governing body  
13 may designate the board of an existing authority as the board for  
14 all authorities or may establish by resolution a new board in the  
15 same manner as provided in subsection (1). A member of a board  
16 governing more than 1 authority may be a resident of or have an  
17 ownership or entrepreneuring interest in property in any of the  
18 development areas controlled by the board in order to meet the  
19 requirements of this section.

20 (8) By ordinance, the governing body of a municipality that  
21 has a population of less than 5,000 may have the municipality's  
22 planning commission created under section 2 of 1931 PA 285, MCL  
23 125.32, serve as the board provided for in subsection (1).

24 (9) If the boundaries of the development area are the same  
25 as those of a business improvement district established under  
26 1961 PA 120, MCL 125.981 to 125.990m, the governing body of the  
27 municipality may provide that the members of the board of the

1 authority shall be the members of the board of the business  
2 improvement district and 1 person in the development area or who  
3 resides within 2 miles of any part of the development area.

4       Sec. 9. (1) The board may employ and fix the compensation  
5 of a director, subject to the approval of the governing body of  
6 the municipality. The director shall serve at the pleasure of  
7 the board. A member of the board is not eligible to hold the  
8 position of director. Before beginning his or her duties, the  
9 director shall take and subscribe to the constitutional oath, and  
10 furnish bond, by posting a bond in the sum determined in the  
11 ordinance establishing the authority payable to the authority for  
12 use and benefit of the authority, approved by the board, and  
13 filed with the municipal clerk. The premium on the bond shall be  
14 considered an operating expense of the authority, payable from  
15 funds available to the authority for expenses of operation. The  
16 director shall be the chief executive officer of the authority.  
17 Subject to the approval of the board, the director shall super-  
18 vise and be responsible for the preparation of plans and the per-  
19 formance of the functions of the authority in the manner autho-  
20 rized by this act. The director shall attend the meetings of the  
21 board and shall provide to the board and to the governing body of  
22 the municipality a regular report covering the activities and  
23 financial condition of the authority. If the director is absent  
24 or disabled, the board may designate a qualified person as acting  
25 director to perform the duties of the office. Before beginning  
26 his or her duties, the acting director shall take and subscribe  
27 to the oath, and furnish bond, as required of the director. The

1 director shall furnish the board with information or reports  
2 governing the operation of the authority as the board requires.

3 (2) The board may employ and fix the compensation of a trea-  
4 surer, who shall keep the financial records of the authority and  
5 who, together with the director, shall approve all vouchers for  
6 the expenditure of funds of the authority. The treasurer shall  
7 perform all duties delegated to him or her by the board and shall  
8 furnish bond in an amount prescribed by the board.

9 (3) The board may employ and fix the compensation of a sec-  
10 retary, who shall maintain custody of the official seal and of  
11 records, books, documents, or other papers not required to be  
12 maintained by the treasurer. The secretary shall attend meetings  
13 of the board and keep a record of its proceedings and shall per-  
14 form other duties delegated by the board.

15 (4) The board may retain legal counsel to advise the board  
16 in the proper performance of its duties. The legal counsel shall  
17 represent the authority in actions brought by or against the  
18 authority.

19 (5) The board may employ other personnel considered neces-  
20 sary by the board.

21 Sec. 10. The employees of an authority shall be eligible to  
22 participate in municipal retirement and insurance programs of the  
23 municipality as if they were civil service employees except that  
24 the employees of an authority are not civil service employees.

25 Sec. 11. The board may do any of the following:

26 (a) Prepare an analysis of economic changes taking place in  
27 the development area.

1           (b) Study and analyze the impact of metropolitan growth upon  
2 the development area.

3           (c) Plan and propose the construction, renovation, repair,  
4 remodeling, rehabilitation, restoration, preservation, or recon-  
5 struction of a public facility, an existing building, or a  
6 multiple-family dwelling unit which may be necessary or appropri-  
7 ate to the execution of a plan which, in the opinion of the  
8 board, aids in the economic growth of the development area.

9           (d) Plan, propose, and implement an improvement to a public  
10 facility within the development area to comply with the barrier  
11 free design requirements of the state construction code promul-  
12 gated under the Stille-DeRossett-Hale single state construction  
13 code act, 1972 PA 230, MCL 125.1501 to 125.1531.

14           (e) Develop long-range plans, in cooperation with the agency  
15 that is chiefly responsible for planning in the municipality,  
16 designed to halt the deterioration of property values in the  
17 development area and to promote the economic growth of the devel-  
18 opment area, and take steps as may be necessary to persuade prop-  
19 erty owners to implement the plans to the fullest extent  
20 possible.

21           (f) Implement any plan of development in the development  
22 area necessary to achieve the purposes of this act in accordance  
23 with the powers of the authority granted by this act.

24           (g) Make and enter into contracts necessary or incidental to  
25 the exercise of its powers and the performance of its duties.

26           (h) Acquire by purchase or otherwise, on terms and  
27 conditions and in a manner the authority considers proper or own,

1 convey, or otherwise dispose of, or lease as lessor or lessee,  
2 land and other property, real or personal, or rights or interests  
3 in the property, that the authority determines is reasonably nec-  
4 essary to achieve the purposes of this act, and to grant or  
5 acquire licenses, easements, and options.

6 (i) Improve land and construct, reconstruct, rehabilitate,  
7 restore and preserve, equip, improve, maintain, repair, and oper-  
8 ate any building, including multiple-family dwellings, and any  
9 necessary or desirable appurtenances to those buildings, within  
10 the development area for the use, in whole or in part, of any  
11 public or private person or corporation, or a combination  
12 thereof.

13 (j) Fix, charge, and collect fees, rents, and charges for  
14 the use of any facility, building, or property under its control  
15 or any part of the facility, building, or property, and pledge  
16 the fees, rents, and charges for the payment of revenue bonds  
17 issued by the authority.

18 (k) Lease, in whole or in part, any facility, building, or  
19 property under its control.

20 (l) Accept grants and donations of property, labor, or other  
21 things of value from a public or private source.

22 (m) Acquire and construct public facilities.

23 Sec. 12. If a board created under this act serves as the  
24 planning commission under section 2 of 1931 PA 285, MCL 125.32,  
25 the board shall include planning commission business in its  
26 agenda.



1       Sec. 13. The authority is an instrumentality of a political  
2 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

3       Sec. 14. A municipality may take private property under  
4 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to  
5 the authority, and may transfer the property to the authority for  
6 use in an approved development, on terms and conditions it con-  
7 siders appropriate, and the taking, transfer, and use shall be  
8 considered necessary for public purposes and for the benefit of  
9 the public.

10       Sec. 15. (1) The activities of the authority shall be  
11 financed from 1 or more of the following sources:

12       (a) Donations to the authority for the performance of its  
13 functions.

14       (b) Proceeds of a tax imposed under section 16.

15       (c) Money borrowed and to be repaid as authorized by sec-  
16 tions 17 and 18.

17       (d) Revenues from any property, building, or facility owned,  
18 leased, licensed, or operated by the authority or under its con-  
19 trol, subject to the limitations imposed upon the authority by  
20 trusts or other agreements.

21       (e) Proceeds of a tax increment financing plan established  
22 under sections 19 to 21.

23       (f) Proceeds from a special assessment district created as  
24 provided by law.

25       (g) Money obtained from other sources approved by the gov-  
26 erning body of the municipality or otherwise authorized by law

1 for use by the authority or the municipality to finance a  
2 development program.

3 (2) Money received by the authority and not covered under  
4 subsection (1) shall immediately be deposited to the credit of  
5 the authority, subject to disbursement under this act. Except as  
6 provided in this act, the municipality shall not obligate itself,  
7 and shall not be obligated, to pay any sums from public funds,  
8 other than money received by the municipality under this section,  
9 for or on account of the activities of the authority.

10 Sec. 16. (1) Subject to subsection (2), an authority with  
11 the approval of the governing body may levy an ad valorem tax on  
12 the real and tangible personal property not exempt by law and as  
13 finally equalized in the development area. The tax shall not be  
14 more than 1 mill if the development area is in a municipality  
15 having a population of 750,000 or more, or not more than 2 mills  
16 if the development area is in a municipality having a population  
17 of less than 750,000. The tax shall be collected by the munici-  
18 pality creating the authority levying the tax. The municipality  
19 shall collect the tax at the same time and in the same manner as  
20 it collects its other ad valorem taxes. The tax shall be paid to  
21 the treasurer of the authority and credited to the general fund  
22 of the authority for purposes of the authority.

23 (2) The municipality may at the request of the authority  
24 borrow money and issue its notes under the revised municipal  
25 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipa-  
26 tion of collection of the ad valorem tax authorized in this  
27 section.

1       (3) The authority may levy the tax only if all of the  
2 following occur:

3       (a) The proposal for a tax is submitted to the voters of a  
4 municipality by resolution of the governing body.

5       (b) The ballot proposal for the tax states the amount and  
6 duration of the tax and the purposes for which the tax may be  
7 used.

8       (c) The proposal for a tax is adopted by a resolution of the  
9 board and certified by the board, not later than 60 days before  
10 the election, to the clerk of each county in which all or part of  
11 the territory of the authority is located for inclusion on the  
12 ballot.

13       (d) The proposal is certified for inclusion on the ballot at  
14 the next eligible election, as specified by the board's  
15 resolution.

16       (e) A majority of the voters in the municipality voting on  
17 the tax at a statewide general or primary election approve the  
18 tax.

19       Sec. 17. The authority may borrow money and issue its nego-  
20 tiable revenue bonds under the revenue bond act of 1933, 1933  
21 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the  
22 authority are not a debt of the municipality unless the munici-  
23 pality by majority vote of the members of its governing body  
24 pledges its full faith and credit to support the authority's rev-  
25 enue bonds. Revenue bonds issued by the authority are never a  
26 debt of the state.

1       Sec. 18. (1) The authority may with approval of the local  
2 governing body borrow money and issue its revenue bonds or notes  
3 to finance all or part of the costs of acquiring or constructing  
4 property in connection with either of the following:

5       (a) The implementation of a development plan in the develop-  
6 ment area.

7       (b) The refund, or refund in advance, of bonds or notes  
8 issued under this section.

9       (2) Any of the following may be financed by the issuance of  
10 revenue bonds or notes:

11       (a) The cost of purchasing, acquiring, constructing, improv-  
12 ing, enlarging, extending, or repairing property in connection  
13 with the implementation of a development plan in the development  
14 area.

15       (b) Any engineering, architectural, legal, accounting, or  
16 financial expenses.

17       (c) The costs necessary or incidental to the borrowing of  
18 money.

19       (d) Interest on the bonds or notes during the period of  
20 construction.

21       (e) A reserve for payment of principal and interest on the  
22 bonds or notes.

23       (f) A reserve for operation and maintenance until sufficient  
24 revenues have developed.

25       (3) The authority may secure the bonds and notes by mort-  
26 gage, assignment, or pledge of the property and any money,  
27 revenues, or income received in connection with the property.

1       (4) A pledge made by the authority is valid and binding from  
2 the time the pledge is made. The money or property pledged by  
3 the authority immediately is subject to the lien of the pledge  
4 without a physical delivery, filing, or further act. The lien of  
5 a pledge is valid and binding against parties having claims of  
6 any kind in tort, contract, or otherwise, against the authority,  
7 whether or not the parties have notice of the lien. Neither the  
8 resolution, the trust agreement, nor any other instrument by  
9 which a pledge is created must be filed or recorded to be  
10 enforceable.

11       (5) Bonds or notes issued under this section are exempt from  
12 all taxation in this state except inheritance and transfer taxes,  
13 and the interest on the bonds or notes is exempt from all taxa-  
14 tion in this state, notwithstanding that the interest may be  
15 subject to federal income tax.

16       (6) The municipality is not liable on bonds or notes of the  
17 authority issued under this section, and the bonds or notes are  
18 not a debt of the municipality. The bonds or notes shall contain  
19 on their face a statement to that effect.

20       (7) The bonds and notes of the authority may be invested in  
21 by all public officers, state agencies and political subdivi-  
22 sions, insurance companies, banks, savings and loan associations,  
23 investment companies, and fiduciaries and trustees, and may be  
24 deposited with and received by all public officers and the agen-  
25 cies and political subdivisions of this state for any purpose for  
26 which the deposit of bonds is authorized.

1       Sec. 19. (1) If the authority determines that it is  
2 necessary for the achievement of the purposes of this act, the  
3 authority shall prepare and submit a tax increment financing plan  
4 to the governing body of the municipality. The plan shall  
5 include a development plan as provided in section 21, a detailed  
6 explanation of the tax increment procedure, the maximum amount of  
7 bonded indebtedness to be incurred, and the duration of the pro-  
8 gram, and shall be in compliance with section 20. The plan shall  
9 contain a statement of the estimated impact of tax increment  
10 financing on the assessed values of all taxing jurisdictions in  
11 which the development area is located. The plan may provide for  
12 the use of part or all of the captured assessed value, but the  
13 portion intended to be used by the authority shall be clearly  
14 stated in the tax increment financing plan. The authority or  
15 municipality may exclude from captured assessed value growth in  
16 property value resulting solely from inflation. The plan shall  
17 set forth the method for excluding growth in property value  
18 resulting solely from inflation.

19       (2) Approval of the tax increment financing plan shall  
20 comply with the notice, hearing, and disclosure provisions of  
21 section 23. If the development plan is part of the tax increment  
22 financing plan, only 1 hearing and approval procedure is required  
23 for the 2 plans together.

24       (3) Before the public hearing on the tax increment financing  
25 plan, the governing body shall provide a reasonable opportunity  
26 to the taxing jurisdictions levying taxes subject to capture to  
27 meet with the governing body. The authority shall fully inform

1 the taxing jurisdictions of the fiscal and economic implications  
2 of the proposed development area. The taxing jurisdictions may  
3 present their recommendations at the public hearing on the tax  
4 increment financing plan. The authority may enter into agree-  
5 ments with the taxing jurisdictions and the governing body of the  
6 municipality in which the development area is located to share a  
7 portion of the captured assessed value of the development area.

8 (4) A tax increment financing plan may be modified if the  
9 modification is approved by the governing body upon notice and  
10 after public hearings and agreements as are required for approval  
11 of the original plan.

12 Sec. 20. (1) The municipal and county treasurers shall  
13 transmit tax increment revenues to the authority.

14 (2) The authority shall expend the tax increment revenues  
15 received for the development program only under the terms of the  
16 tax increment financing plan. Unused funds shall revert propor-  
17 tionately to the respective taxing bodies. Tax increment reve-  
18 nues shall not be used to circumvent existing property tax  
19 limitations. The governing body of the municipality may abolish  
20 the tax increment financing plan if it finds that the purposes  
21 for which it was established are accomplished. However, the tax  
22 increment financing plan shall not be abolished until the princi-  
23 pal of, and interest on, bonds issued under section 21 have been  
24 paid or funds sufficient to make the payment have been  
25 segregated.

26 (3) Annually the authority shall submit to the governing  
27 body of the municipality and the state tax commission a report on

1 the status of the tax increment financing account. The report  
2 shall be published in a newspaper of general circulation in the  
3 municipality and shall include the following:

4 (a) The amount and source of revenue in the account.

5 (b) The amount in any bond reserve account.

6 (c) The amount and purpose of expenditures from the  
7 account.

8 (d) The amount of principal and interest on any outstanding  
9 bonded indebtedness.

10 (e) The initial assessed value of the project area.

11 (f) The captured assessed value retained by the authority.

12 (g) The tax increment revenues received.

13 (h) The number of jobs created as a result of the implemen-  
14 tation of the tax increment financing plan.

15 (i) Any additional information the governing body or the  
16 state tax commission considers necessary.

17 Sec. 21. (1) The municipality may by resolution of its gov-  
18 erning body and subject to voter approval authorize, issue, and  
19 sell general obligation bonds subject to the limitations set  
20 forth in this subsection to finance the development program of  
21 the tax increment financing plan and shall pledge its full faith  
22 and credit for the payment of the bonds. The municipality may  
23 pledge as additional security for the bonds any money received by  
24 the authority or the municipality under section 15. The bonds  
25 are subject to the revised municipal finance act, 2001 PA 34,  
26 MCL 141.2101 to 141.2821. Before the municipality may authorize  
27 the borrowing, the authority shall submit an estimate of the



1 anticipated tax increment revenues and other revenue available  
2 under section 15 to be available for payment of principal and  
3 interest on the bonds, to the governing body of the  
4 municipality. This estimate shall be approved by the governing  
5 body of the municipality by resolution adopted by majority vote  
6 of the members of the governing body in the resolution authoriz-  
7 ing the bonds. If the governing body of the municipality adopts  
8 the resolution authorizing the bonds, the estimate of the antici-  
9 pated tax increment revenues and other revenue available under  
10 section 15 to be available for payment of principal and interest  
11 on the bonds shall be conclusive for purposes of this section.  
12 The bonds issued under this subsection shall be considered a  
13 single series for the purposes of the revised municipal finance  
14 act, 2001 PA 34, MCL 141.2101 to 141.2801.

15 (2) By resolution of its governing body, the authority may  
16 authorize, issue, and sell tax increment bonds subject to the  
17 limitations set forth in this subsection to finance the develop-  
18 ment program of the tax increment financing plan. The tax incre-  
19 ment bonds issued by the authority under this subsection shall  
20 pledge solely the tax increment revenues of a development area in  
21 which the project is located or a development area from which tax  
22 increment revenues may be used for this project, or both. In  
23 addition or in the alternative, the bonds issued by the authority  
24 under this subsection may be secured by any other revenues iden-  
25 tified in section 15 as sources of financing for activities of  
26 the authority that the authority shall specifically pledge in the  
27 resolution. However, the full faith and credit of the

1 municipality shall not be pledged to secure bonds issued under  
2 this subsection. The bond issue may include a sum sufficient to  
3 pay interest on the tax increment bonds until full development of  
4 tax increment revenues from the project and also a sum to provide  
5 a reasonable reserve for payment of principal and interest on the  
6 bonds. The resolution authorizing the bonds shall create a lien  
7 on the tax increment revenues and other revenues pledged by the  
8 resolution that shall be a statutory lien and shall be a first  
9 lien subject only to liens previously created. The resolution  
10 may provide the terms upon which additional bonds may be issued  
11 of equal standing and parity of lien as to the tax increment rev-  
12 enues and other revenues pledged under the resolution. Bonds  
13 issued under this subsection that pledge revenue received under  
14 section 15 for repayment of the bonds are subject to the revised  
15 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

16 Sec. 22. (1) If a board decides to finance a project in a  
17 development area by the use of revenue bonds as authorized in  
18 section 17 or tax increment financing as authorized in sections  
19 19, 20, and 21, it shall prepare a development plan.

20 (2) The development plan shall contain all of the  
21 following:

22 (a) The designation of boundaries of the development area in  
23 relation to highways, streets, streams, or otherwise.

24 (b) The location and extent of existing streets and other  
25 public facilities within the development area, designating the  
26 location, character, and extent of the categories of public and  
27 private land uses then existing and proposed for the development

1 area, including residential, recreational, commercial,  
2 industrial, educational, and other uses, and including a legal  
3 description of the development area.

4 (c) A description of existing improvements in the develop-  
5 ment area to be demolished, repaired, or altered, a description  
6 of any repairs and alterations, and an estimate of the time  
7 required for completion.

8 (d) The location, extent, character, and estimated cost of  
9 the improvements including rehabilitation contemplated for the  
10 development area and an estimate of the time required for  
11 completion.

12 (e) A statement of the construction or stages of construc-  
13 tion planned, and the estimated time of completion of each  
14 stage.

15 (f) A description of any parts of the development area to be  
16 left as open space and the use contemplated for the space.

17 (g) A description of any portions of the development area  
18 that the authority desires to sell, donate, exchange, or lease to  
19 or from the municipality and the proposed terms.

20 (h) A description of desired zoning changes and changes in  
21 streets, street levels, intersections, or utilities.

22 (i) An estimate of the cost of the development, a statement  
23 of the proposed method of financing the development, and the  
24 ability of the authority to arrange the financing.

25 (j) Designation of the person or persons, natural or corpo-  
26 rate, to whom all or a portion of the development is to be  
27 leased, sold, or conveyed in any manner and for whose benefit the

1 project is being undertaken if that information is available to  
2 the authority.

3 (k) The procedures for bidding for the leasing, purchasing,  
4 or conveying in any manner of all or a portion of the development  
5 upon its completion, if there is no express or implied agreement  
6 between the authority and persons, natural or corporate, that all  
7 or a portion of the development will be leased, sold, or conveyed  
8 in any manner to those persons.

9 (l) Estimates of the number of persons residing in the  
10 development area and the number of families and individuals to be  
11 displaced. If occupied residences are designated for acquisition  
12 and clearance by the authority, a development plan shall include  
13 a survey of the families and individuals to be displaced, includ-  
14 ing their income and racial composition, a statistical descrip-  
15 tion of the housing supply in the community, including the number  
16 of private and public units in existence or under construction,  
17 the condition of those units in existence, the number of  
18 owner-occupied and renter-occupied units, the annual rate of  
19 turnover of the various types of housing and the range of rents  
20 and sale prices, an estimate of the total demand for housing in  
21 the community, and the estimated capacity of private and public  
22 housing available to displaced families and individuals.

23 (m) A plan for establishing priority for the relocation of  
24 persons displaced by the development in any new housing in the  
25 development area.

26 (n) Provision for the costs of relocating persons displaced  
27 by the development and financial assistance and reimbursement of

1 expenses, including litigation expenses and expenses incident to  
2 the transfer of title, in accordance with the standards and pro-  
3 visions of the uniform relocation assistance and real property  
4 acquisition policies act of 1970, Public Law 91-646, 84  
5 Stat. 1894, et seq.

6 (o) A plan for compliance with 1972 PA 221, MCL 213.321 to  
7 213.332.

8 (p) The requirement that amendments to an approved develop-  
9 ment plan or tax increment plan must be submitted by the author-  
10 ity to the governing body for approval or rejection.

11 (q) Other material that the authority, local public agency,  
12 or governing body considers pertinent.

13 Sec. 23. (1) The governing body, before adoption of an  
14 ordinance approving a development plan or tax increment financing  
15 plan, shall hold a public hearing on the development plan.  
16 Notice of the time and place of the hearing shall be given by  
17 publication twice in a newspaper of general circulation desig-  
18 nated by the municipality, the first of which shall be not less  
19 than 20 days before the date set for the hearing. Notice of the  
20 hearing shall be posted in at least 20 conspicuous and public  
21 places in the development area not less than 20 days before the  
22 hearing. Notice shall also be mailed to all property taxpayers  
23 of record in the development area not less than 20 days before  
24 the hearing.

25 (2) Notice of the time and place of hearing on a development  
26 plan shall contain all of the following:

1 (a) A description of the proposed development area in  
2 relation to highways, streets, streams, or otherwise.

3 (b) A statement that maps, plats, and a description of the  
4 development plan, including the method of relocating families and  
5 individuals who may be displaced from the area, are available for  
6 public inspection at a place designated in the notice.

7 (c) A statement that all aspects of the development plan  
8 will be open for discussion at the public hearing.

9 (d) Other information that the governing body considers  
10 appropriate.

11 (3) At the time set for the hearing, the governing body  
12 shall provide an opportunity for interested persons to speak and  
13 shall receive and consider communications in writing. The hear-  
14 ing shall provide the fullest opportunity for expression of opin-  
15 ion, for argument on the merits, and for consideration of docu-  
16 mentary evidence pertinent to the development plan. The govern-  
17 ing body shall make and preserve a record of the public hearing,  
18 including all data presented at the hearing.

19 Sec. 24. The governing body after a public hearing on the  
20 development plan or the tax increment financing plan, or both,  
21 with notice given under section 23, shall determine whether the  
22 development plan or tax increment financing plan constitutes a  
23 public purpose. If it determines that the development plan or  
24 tax increment financing plan constitutes a public purpose, it  
25 shall by ordinance approve or reject the plan, or approve it with  
26 modification, based on the following considerations:

1 (a) The findings and recommendations of a development area  
2 citizens council, if a development area citizens council was  
3 formed.

4 (b) The plan meets the requirements under section 21(2).

5 (c) The proposed method of financing the development is fea-  
6 sible and the authority has the ability to arrange the  
7 financing.

8 (d) The development is reasonable and necessary to carry out  
9 the purposes of this act.

10 (e) The land included within the development area to be  
11 acquired is reasonably necessary to carry out the purposes of the  
12 plan and of this act in an efficient and economically satisfac-  
13 tory manner.

14 (f) The development plan is in reasonable accord with the  
15 land use plan of the municipality.

16 (g) Public services, such as fire and police protection and  
17 utilities, are or will be adequate to service the project area.

18 (h) Changes in zoning, streets, street levels, intersec-  
19 tions, and utilities are reasonably necessary for the project and  
20 for the municipality.

21 Sec. 25. A person to be relocated under this act shall be  
22 given not less than 90 days' written notice to vacate unless mod-  
23 ified by court order issued for good cause and after a hearing.

24 Sec. 26. (1) If 100 or more individuals reside in a pro-  
25 posed development area, a development area citizens council shall  
26 be established at least 90 days before the public hearing on the  
27 development plan or tax increment financing plan. The

1 development area citizens council shall be established by the  
2 governing body and shall consist of not less than 9 members. The  
3 members of the development area citizens council shall be resi-  
4 dents of the development area and shall be appointed by the gov-  
5 erning body. A member of a development area citizens council  
6 shall be at least 18 years of age.

7 (2) A development area citizens council shall be representa-  
8 tive of the development area.

9 (3) A development area citizens council established under  
10 this act shall act as an advisory body to the authority and the  
11 governing body in the adoption of the development or tax incre-  
12 ment financing plans.

13 Sec. 27. Periodically a representative of the authority  
14 responsible for preparation of a development plan or tax incre-  
15 ment financing plan within the development area shall consult  
16 with and advise the development area citizens council regarding  
17 the aspects of a development plan, including the development of  
18 new housing for relocation purposes located either inside or out-  
19 side of the development area. The consultation shall begin  
20 before the authority or the governing body makes any final deci-  
21 sions regarding a development or tax increment financing plan.  
22 The consultation shall continue throughout the preparation and  
23 implementation of the development plan or tax increment financing  
24 plan.

25 Sec. 28. (1) Meetings of the development area citizens  
26 council shall be open to the public. Notice of the time and  
27 place of the meetings shall be given by publication in a



1 newspaper of general circulation not less than 5 days before the  
2 dates set for meetings of the development area citizens council.  
3 A person present at those meetings shall have reasonable opportu-  
4 nity to be heard.

5 (2) A record of the meetings of a development area citizens  
6 council, including information and data presented, shall be main-  
7 tained by the council.

8 (3) A development area citizens council may request of and  
9 receive from the authority information and technical assistance  
10 relevant to the preparation of the development plan for the  
11 development area.

12 (4) Failure of a development area citizens council to orga-  
13 nize or to consult with and be advised by the authority, or fail-  
14 ure to advise the governing body, as provided in this act, shall  
15 not preclude the adoption of a development plan by a municipality  
16 if the municipality complies with the other provisions of this  
17 act.

18 Sec. 29. In a development area where a citizens district  
19 council established under 1945 PA 344, MCL 125.71 to 125.84,  
20 already exists, the governing body may designate it as the devel-  
21 opment area citizens council authorized by this act.

22 Sec. 30. Within 20 days after the public hearing on a  
23 development plan or tax increment financing plan, the development  
24 area citizens council shall notify the governing body, in writ-  
25 ing, of its findings and recommendations concerning a proposed  
26 development plan.

1       Sec. 31. A development area citizens council is not  
2 required and, if formed, may be dissolved in any of the following  
3 situations:

4       (a) On petition of not less than 20% of the adult resident  
5 population of the development area by the last federal decennial  
6 or municipal census, a governing body, after public hearing with  
7 notice of the hearing given in accordance with section 23 and by  
8 a 2/3 vote, may adopt an ordinance for the development area to  
9 eliminate the necessity of a development area citizens council.

10       (b) If there are fewer than 18 residents, real property  
11 owners, or representatives of establishments located in the  
12 development area eligible to serve on the development area citi-  
13 zens council.

14       (c) Upon termination of the authority by ordinance of the  
15 governing body.

16       Sec. 32. (1) The director of the authority shall submit a  
17 budget to the board for the operation of the authority for each  
18 fiscal year before the beginning of the fiscal year. The budget  
19 shall be prepared in the manner and contain the information  
20 required of municipal departments. After review by the board,  
21 the budget shall be submitted to the governing body. The govern-  
22 ing body must approve the budget before the board may adopt the  
23 budget. Unless authorized by the governing body or this act,  
24 funds of the municipality shall not be included in the budget of  
25 the authority.

26       (2) The governing body of the municipality may assess a  
27 reasonable pro rata share of the funds for the cost of handling

1 and auditing the funds against the funds of the authority, other  
2 than those committed, which shall be paid annually by the board  
3 pursuant to an appropriate item in its budget.

4       Sec. 33. (1) A public facility, building, or structure that  
5 is determined by the municipality to have significant historical  
6 interests shall be preserved in a manner considered necessary by  
7 the municipality in accordance with laws relative to the preser-  
8 vation of historical sites.

9       (2) An authority shall refer all proposed changes to the  
10 exterior of sites listed on the state register of historic sites  
11 and the national register of historic places to the applicable  
12 historic district commission created under the local historic  
13 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the  
14 department of history, arts, and libraries for review.

15       Sec. 34. An authority that has completed the purposes for  
16 which it was organized shall be dissolved by ordinance of the  
17 governing body. The property and assets of the authority remain-  
18 ing after the satisfaction of the obligations of the authority  
19 belong to the municipality.

20       Sec. 35. (1) The state tax commission may institute pro-  
21 ceedings to compel enforcement of this act.

22       (2) The state tax commission may promulgate rules necessary  
23 for the administration of this act under the administrative pro-  
24 cedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.