

# SENATE BILL No. 483

May 14, 2003, Introduced by Senator JACOBS and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

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:

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

3       Sec. 2. As used in this act:

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

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

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

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

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

19       (f) "Captured assessed value" means the amount in any 1 year  
20 by which the current assessed value of the development area,  
21 including the assessed value of property for which specific local  
22 taxes are paid in lieu of property taxes as determined in section  
23 3(e), exceeds the initial assessed value. The state tax  
24 commission shall prescribe the method for calculating captured  
25 assessed value.

26       (g) "Chief executive officer" means the mayor or city manager  
27 of a city.

1 (h) "Development area" means that area described in section 5  
2 to which a development plan is applicable.

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

5 (j) "Development program" means the implementation of the  
6 development plan.

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

8 (l) "Governing body" or "governing body of a municipality"  
9 means the elected body of a municipality having legislative  
10 powers.

11 (m) "Initial assessed value" means the assessed value, as  
12 equalized, of all the taxable property within the boundaries of  
13 the development area at the time the ordinance establishing the  
14 tax increment financing plan is approved, as shown by the most  
15 recent assessment roll of the municipality for which equalization  
16 has been completed at the time the resolution is adopted.  
17 Property exempt from taxation at the time of the determination of  
18 the initial assessed value shall be included as zero. For the  
19 purpose of determining initial assessed value, property for which  
20 a specific local tax is paid in lieu of a property tax shall not  
21 be considered to be property that is exempt from taxation. The  
22 initial assessed value of property for which a specific local tax  
23 was paid in lieu of a property tax shall be determined as  
24 provided in section 3(e).

25 (n) "Land use plan" means a plan prepared under section 1 of  
26 the city and village zoning act, 1921 PA 207, MCL 125.581.

27 (o) "Municipality" means a city.

1       Sec. 3. As used in this act:

2       (a) "Operations" means office maintenance, including salaries  
3 and expenses of employees, office supplies, consultation fees,  
4 design costs, and other expenses incurred in the daily management  
5 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 mall,  
9 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,  
12 waterway, bridge, lake, pond, canal, utility line or pipe, or  
13 building, including access routes designed and dedicated to use  
14 by the public generally, or used by a public agency. Public  
15 facility includes an improvement to a facility used by the public  
16 or a public facility as those terms are defined in section 1 of  
17 1966 PA 1, MCL 125.1351, if the improvement complies with the  
18 barrier free design requirements of the state construction code  
19 promulgated under the Stille-DeRossett-Hale single state  
20 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

21       (d) "Specific local tax" means a tax levied under 1974 PA  
22 198, MCL 207.551 to 207.572, the commercial redevelopment act,  
23 1978 PA 255, MCL 207.651 to 207.668, the technology park  
24 development act, 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA  
25 189, MCL 211.181 to 211.182. The initial assessed value or  
26 current assessed value of property subject to a specific local  
27 tax shall be the quotient of the specific local tax paid divided

1 by the ad valorem millage rate. The state tax commission shall  
2 prescribe the method for calculating the initial assessed value  
3 and current assessed value of property for which a specific local  
4 tax was paid in lieu of a property tax.

5 (e) "State fiscal year" means the annual period commencing  
6 October 1 of each year.

7 (f) "Tax increment revenues" means the amount of ad valorem  
8 property taxes and specific local taxes attributable to the  
9 application of the levy of all taxing jurisdictions upon the  
10 captured assessed value of real and personal property in the  
11 development area. Tax increment revenues do not include any of  
12 the following:

13 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
14 211.901 to 211.906.

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

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

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

27 (v) Ad valorem property taxes exempted from capture under

1 section 19(5) or specific local taxes attributable to the ad  
2 valorem property taxes.

3 (vi) Ad valorem property taxes specifically levied for the  
4 payment of principal and interest of obligations approved by the  
5 electors or obligations pledging the unlimited taxing power of  
6 the local governmental unit or specific taxes attributable to  
7 those ad valorem property taxes.

8 Sec. 4. (1) Except as otherwise provided in this  
9 subsection, a municipality may establish multiple authorities. A  
10 parcel of property shall not be included in more than 1 authority  
11 created under this act.

12 (2) An authority is a public body corporate which may sue and  
13 be sued in any court of this state. An authority possesses all  
14 the powers necessary to carry out its purpose. The enumeration  
15 of a power in this act shall not be construed as a limitation  
16 upon the general powers of an authority.

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

20 (a) Be adjacent to a road classified as an arterial or  
21 collector according to the federal highway administration manual  
22 "Highway Functional Classification - Concepts, Criteria and  
23 Procedures".

24 (b) Contain at least 10 contiguous parcels or at least 5  
25 acres.

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

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

5 (e) Business use has been allowed under the zoning ordinance  
6 or conducted in the development area for the immediately  
7 preceding 40 years.

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

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

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

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

18 (3) Not less than 60 days after the public hearing, if the  
19 governing body of the municipality intends to proceed with the  
20 establishment of the authority it shall adopt, by majority vote  
21 of its members, an ordinance establishing the authority and  
22 designating the boundaries of the development area within which  
23 the authority shall exercise its powers. The adoption of the  
24 ordinance is subject to any applicable statutory or charter  
25 provisions in respect to the approval or disapproval by the chief  
26 executive or other officer of the municipality and the adoption  
27 of an ordinance over his or her veto. This ordinance shall be



1 filed with the secretary of state promptly after its adoption and  
2 shall be published at least once in a newspaper of general  
3 circulation in the municipality.

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

8 Sec. 7. If a development area is part of an area annexed to  
9 or consolidated with another municipality, the authority managing  
10 that development area shall become an authority of the annexing  
11 or consolidated municipality. Obligations of that authority  
12 incurred under a development or tax increment plan, agreements  
13 related to a development or tax increment plan, and bonds issued  
14 under this act shall remain in effect following the annexation or  
15 consolidation.

16 Sec. 8. (1) Except as provided in subsections (7), (8), and  
17 (9), an authority shall be under the supervision and control of a  
18 board consisting of the chief executive officer of the  
19 municipality or his or her assignee and not less than 5 or more  
20 than 9 members as determined by the governing body of the  
21 municipality. Members shall be appointed by the chief executive  
22 officer of the municipality, subject to approval by the governing  
23 body of the municipality. Not less than a majority of the  
24 members shall be persons having an ownership or business interest  
25 in property located in the development area. At least 1 of the  
26 members shall be a resident of the development area or of an area  
27 within 1/2 mile of any part of the development area. Of the

1 members first appointed, an equal number of the members, as near  
2 as is practicable, shall be appointed for 1 year, 2 years, 3  
3 years, and 4 years. A member shall hold office until the  
4 member's successor is appointed. After the initial appointment,  
5 each member shall serve for a term of 4 years. An appointment to  
6 fill a vacancy shall be made by the chief executive officer of  
7 the municipality for the unexpired term only. Members of the  
8 board shall serve without compensation, but shall be reimbursed  
9 for actual and necessary expenses. The chairperson of the board  
10 shall be elected by the board.

11 (2) Before assuming the duties of office, a member shall  
12 qualify by taking and subscribing to the constitutional oath of  
13 office.

14 (3) The proceedings and rules of the board are subject to the  
15 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board  
16 shall adopt rules governing its procedure and the holding of  
17 regular meetings, subject to the approval of the governing body.  
18 Special meetings may be held if called in the manner provided in  
19 the rules of the board.

20 (4) After having been given notice and an opportunity to be  
21 heard, a member of the board may be removed for cause by the  
22 governing body.

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

26 (6) A writing prepared, owned, used, in the possession of, or  
27 retained by the board in the performance of an official function

1 is subject to the freedom of information act, 1976 PA 442, MCL  
2 15.231 to 15.246.

3 (7) By ordinance, the governing body of a municipality that  
4 has a population of less than 5,000 may have the municipality's  
5 planning commission created under section 2 of 1931 PA 285, MCL  
6 125.32, serve as the board provided for in subsection (1).

7 (8) If the boundaries of the development area are the same as  
8 those of a business improvement district established under 1961  
9 PA 120, MCL 125.981 to 125.990m, the governing body of the  
10 municipality may provide that the members of the board of the  
11 authority shall be the members of the board of the business  
12 improvement district and 1 person shall be a resident of the  
13 development area or of an area within 1/2 mile of any part of the  
14 development area.

15 Sec. 9. (1) The board may employ and fix the compensation  
16 of a director, subject to the approval of the governing body of  
17 the municipality. The director shall serve at the pleasure of  
18 the board. A member of the board is not eligible to hold the  
19 position of director. Before beginning his or her duties, the  
20 director shall take and subscribe to the constitutional oath, and  
21 furnish bond, by posting a bond in the sum determined in the  
22 ordinance establishing the authority payable to the authority for  
23 use and benefit of the authority, approved by the board, and  
24 filed with the municipal clerk. The premium on the bond shall be  
25 considered an operating expense of the authority, payable from  
26 funds available to the authority for expenses of operation. The  
27 director shall be the chief executive officer of the authority.

1 Subject to the approval of the board, the director shall  
2 supervise and be responsible for the preparation of plans and the  
3 performance of the functions of the authority in the manner  
4 authorized by this act. The director shall attend the meetings  
5 of the board and shall provide to the board and to the governing  
6 body of the municipality a regular report covering the activities  
7 and financial condition of the authority. If the director is  
8 absent or disabled, the board may designate a qualified person as  
9 acting director to perform the duties of the office. Before  
10 beginning his or her duties, the acting director shall take and  
11 subscribe to the oath, and furnish bond, as required of the  
12 director. The director shall furnish the board with information  
13 or reports governing the operation of the authority as the board  
14 requires.

15 (2) The board may employ and fix the compensation of a  
16 treasurer, who shall keep the financial records of the authority  
17 and who, together with the director, shall approve all vouchers  
18 for the expenditure of funds of the authority. The treasurer  
19 shall perform all duties delegated to him or her by the board and  
20 shall furnish bond in an amount prescribed by the board.

21 (3) The board may employ and fix the compensation of a  
22 secretary, who shall maintain custody of the official seal and of  
23 records, books, documents, or other papers not required to be  
24 maintained by the treasurer. The secretary shall attend meetings  
25 of the board and keep a record of its proceedings and shall  
26 perform other duties delegated by the board.

27 (4) The board may retain legal counsel to advise the board in

1 the proper performance of its duties. The legal counsel shall  
2 represent the authority in actions brought by or against the  
3 authority.

4 (5) The board may employ other personnel considered necessary  
5 by the board.

6 Sec. 10. The employees of an authority shall be eligible to  
7 participate in municipal retirement and insurance programs of the  
8 municipality as if they were civil service employees except that  
9 the employees of an authority are not civil service employees.

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

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

13 (b) Study and analyze the impact of metropolitan growth upon  
14 the development area.

15 (c) Plan and propose the construction, renovation, repair,  
16 remodeling, rehabilitation, restoration, preservation, or  
17 reconstruction of a public facility, an existing building, or a  
18 multiple-family dwelling unit which may be necessary or  
19 appropriate to the execution of a plan which, in the opinion of  
20 the board, aids in the economic growth of the development area.

21 (d) Plan, propose, and implement an improvement to a public  
22 facility within the development area to comply with the barrier  
23 free design requirements of the state construction code  
24 promulgated under the Stille-DeRossett-Hale single state  
25 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

26 (e) Develop long-range plans, in cooperation with the agency  
27 that is chiefly responsible for planning in the municipality,

1 designed to halt the deterioration of property values in the  
2 development area and to promote the economic growth of the  
3 development area, and take steps as may be necessary to persuade  
4 property owners to implement the plans to the fullest extent  
5 possible.

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

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

11 (h) Acquire by purchase or otherwise, on terms and conditions  
12 and in a manner the authority considers proper or own, convey, or  
13 otherwise dispose of, or lease as lessor or lessee, land and  
14 other property, real or personal, or rights or interests in the  
15 property, that the authority determines is reasonably necessary  
16 to achieve the purposes of this act, and to grant or acquire  
17 licenses, easements, and options.

18 (i) Improve land and construct, reconstruct, rehabilitate,  
19 restore and preserve, equip, improve, maintain, repair, and  
20 operate any building, including multiple-family dwellings, and  
21 any necessary or desirable appurtenances to those buildings,  
22 within the development area for the use, in whole or in part, of  
23 any public or private person or corporation, or a combination  
24 thereof.

25 (j) Fix, charge, and collect fees, rents, and charges for the  
26 use of any facility, building, or property under its control or  
27 any part of the facility, building, or property, and pledge the

1 fees, rents, and charges for the payment of revenue bonds issued  
2 by the authority.

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

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

7 (m) Acquire and construct public facilities.

8 (n) Conduct market research and public relations campaigns,  
9 develop, coordinate, and conduct retail and institutional  
10 promotions, and sponsor special events and related activities.

11 Sec. 12. The authority is an instrumentality of a political  
12 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

13 Sec. 13. A municipality may acquire private property under  
14 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to  
15 the authority, and may transfer the property to the authority for  
16 use in an approved development, on terms and conditions it  
17 considers appropriate, and the taking, transfer, and use shall be  
18 considered necessary for public purposes and for the benefit of  
19 the public.

20 Sec. 14. (1) The activities of the authority shall be  
21 financed from 1 or more of the following sources:

22 (a) Donations to the authority for the performance of its  
23 functions.

24 (b) Proceeds of a tax imposed under section 15.

25 (c) Money borrowed and to be repaid as authorized by sections  
26 16 and 17.

27 (d) Revenues from any property, building, or facility owned,

1 leased, licensed, or operated by the authority or under its  
2 control, subject to the limitations imposed upon the authority by  
3 trusts or other agreements.

4 (e) Proceeds of a tax increment financing plan established  
5 under sections 18 to 20.

6 (f) Proceeds from a special assessment district created as  
7 provided by law.

8 (g) Money obtained from other sources approved by the  
9 governing body of the municipality or otherwise authorized by law  
10 for use by the authority or the municipality to finance a  
11 development program.

12 (2) Money received by the authority and not covered under  
13 subsection (1) shall immediately be deposited to the credit of  
14 the authority, subject to disbursement under this act. Except as  
15 provided in this act, the municipality shall not obligate itself,  
16 and shall not be obligated, to pay any sums from public funds,  
17 other than money received by the municipality under this section,  
18 for or on account of the activities of the authority.

19 Sec. 15. (1) An authority with the approval of the  
20 governing body may levy a special assessment as provided by law.

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

26 Sec. 16. The authority may borrow money and issue its  
27 negotiable revenue bonds under the revenue bond act of 1933, 1933



1 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the  
2 authority are not a debt of the municipality unless the  
3 municipality by majority vote of the members of its governing  
4 body pledges its full faith and credit to support the authority's  
5 revenue bonds. Revenue bonds issued by the authority are never a  
6 debt of the state.

7 Sec. 17. (1) The authority may with approval of the local  
8 governing body borrow money and issue its revenue bonds or notes  
9 to finance all or part of the costs of acquiring or constructing  
10 property in connection with either of the following:

11 (a) The implementation of a development plan in the  
12 development area.

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

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

17 (a) The cost of purchasing, acquiring, constructing,  
18 improving, enlarging, extending, or repairing property in  
19 connection with the implementation of a development plan in the  
20 development area.

21 (b) Any engineering, architectural, legal, accounting, or  
22 financial expenses.

23 (c) The costs necessary or incidental to the borrowing of  
24 money.

25 (d) Interest on the bonds or notes during the period of  
26 construction.

27 (e) A reserve for payment of principal and interest on the

1 bonds or notes.

2 (f) A reserve for operation and maintenance until sufficient  
3 revenues have developed.

4 (3) The authority may secure the bonds and notes by mortgage,  
5 assignment, or pledge of the property and any money, revenues, or  
6 income received in connection with the property.

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

17 (5) Bonds or notes issued under this section are exempt from  
18 all taxation in this state except inheritance and transfer taxes,  
19 and the interest on the bonds or notes is exempt from all  
20 taxation in this state, notwithstanding that the interest may be  
21 subject to federal income tax.

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

26 (7) The bonds and notes of the authority may be invested in  
27 by all public officers, state agencies and political

1 subdivisions, insurance companies, banks, savings and loan  
2 associations, investment companies, and fiduciaries and trustees,  
3 and may be deposited with and received by all public officers and  
4 the agencies and political subdivisions of this state for any  
5 purpose for which the deposit of bonds is authorized.

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

24       (2) Approval of the tax increment financing plan shall comply  
25 with the notice, hearing, and disclosure provisions of section  
26 22. If the development plan is part of the tax increment  
27 financing plan, only 1 hearing and approval procedure is required

1 for the 2 plans together.

2 (3) Before the public hearing on the tax increment financing  
3 plan, the governing body shall provide a reasonable opportunity  
4 to the taxing jurisdictions levying taxes subject to capture to  
5 meet with the governing body. The authority shall fully inform  
6 the taxing jurisdictions of the fiscal and economic implications  
7 of the proposed development area. The taxing jurisdictions may  
8 present their recommendations at the public hearing on the tax  
9 increment financing plan. The authority may enter into  
10 agreements with the taxing jurisdictions and the governing body  
11 of the municipality in which the development area is located to  
12 share a portion of the captured assessed value of the development  
13 area.

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

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

27 Sec. 19. (1) The municipal and county treasurers shall

1 transmit tax increment revenues to the authority.

2 (2) The authority shall expend the tax increment revenues  
3 received for the development program only under the terms of the  
4 tax increment financing plan. Unused funds shall revert  
5 proportionately to the respective taxing bodies. Tax increment  
6 revenues shall not be used to circumvent existing property tax  
7 limitations. The governing body of the municipality may abolish  
8 the tax increment financing plan if it finds that the purposes  
9 for which it was established are accomplished. However, the tax  
10 increment financing plan shall not be abolished until the  
11 principal of, and interest on, bonds issued under section 21 have  
12 been paid or funds sufficient to make the payment have been  
13 segregated.

14 (3) Annually the authority shall submit to the governing body  
15 of the municipality and the state tax commission a report on the  
16 status of the tax increment financing account. The report shall  
17 include the following:

- 18 (a) The amount and source of revenue in the account.  
19 (b) The amount in any bond reserve account.  
20 (c) The amount and purpose of expenditures from the account.  
21 (d) The amount of principal and interest on any outstanding  
22 bonded indebtedness.  
23 (e) The initial assessed value of the project area.  
24 (f) The captured assessed value retained by the authority.  
25 (g) The tax increment revenues received.  
26 (h) The number of jobs created as a result of the  
27 implementation of the tax increment financing plan.

1 (i) Any additional information the governing body considers  
2 necessary.

3 Sec. 20. (1) The municipality may by resolution of its  
4 governing body and subject to voter approval authorize, issue,  
5 and sell general obligation bonds subject to the limitations set  
6 forth in this subsection to finance the development program of  
7 the tax increment financing plan and shall pledge its full faith  
8 and credit for the payment of the bonds. The municipality may  
9 pledge as additional security for the bonds any money received by  
10 the authority or the municipality under section 14. The bonds  
11 are subject to the revised municipal finance act, 2001 PA 34,  
12 MCL 141.2101 to 141.2821. Before the municipality may authorize  
13 the borrowing, the authority shall submit an estimate of the  
14 anticipated tax increment revenues and other revenue available  
15 under section 14 to be available for payment of principal and  
16 interest on the bonds, to the governing body of the  
17 municipality. This estimate shall be approved by the governing  
18 body of the municipality by resolution adopted by majority vote  
19 of the members of the governing body in the resolution  
20 authorizing the bonds. If the governing body of the municipality  
21 adopts the resolution authorizing the bonds, the estimate of the  
22 anticipated tax increment revenues and other revenue available  
23 under section 14 to be available for payment of principal and  
24 interest on the bonds shall be conclusive for purposes of this  
25 section. The bonds issued under this subsection shall be  
26 considered a single series for the purposes of the revised  
27 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

1       (2) By resolution of its governing body, the authority may  
2 authorize, issue, and sell tax increment bonds subject to the  
3 limitations set forth in this subsection to finance the  
4 development program of the tax increment financing plan. The tax  
5 increment bonds issued by the authority under this subsection  
6 shall pledge solely the tax increment revenues of a development  
7 area in which the project is located or a development area from  
8 which tax increment revenues may be used for this project, or  
9 both. In addition or in the alternative, the bonds issued by the  
10 authority under this subsection may be secured by any other  
11 revenues identified in section 14 as sources of financing for  
12 activities of the authority that the authority shall specifically  
13 pledge in the resolution. However, the full faith and credit of  
14 the municipality shall not be pledged to secure bonds issued  
15 under this subsection. The bond issue may include a sum  
16 sufficient to pay interest on the tax increment bonds until full  
17 development of tax increment revenues from the project and also a  
18 sum to provide a reasonable reserve for payment of principal and  
19 interest on the bonds. The resolution authorizing the bonds  
20 shall create a lien on the tax increment revenues and other  
21 revenues pledged by the resolution that shall be a statutory lien  
22 and shall be a first lien subject only to liens previously  
23 created. The resolution may provide the terms upon which  
24 additional bonds may be issued of equal standing and parity of  
25 lien as to the tax increment revenues and other revenues pledged  
26 under the resolution. Bonds issued under this subsection that  
27 pledge revenue received under section 15 for repayment of the

1 bonds are subject to the revised municipal finance act, 2001  
2 PA 34, MCL 141.2101 to 141.2821.

3 Sec. 21. (1) If a board decides to finance a project in a  
4 development area by the use of revenue bonds as authorized in  
5 section 16 or tax increment financing as authorized in sections  
6 18, 19, and 20, it shall prepare a development plan.

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

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

10 (b) The location and extent of existing streets and other  
11 public facilities within the development area, designating the  
12 location, character, and extent of the categories of public and  
13 private land uses then existing and proposed for the development  
14 area, including residential, recreational, commercial,  
15 industrial, educational, and other uses, and including a legal  
16 description of the development area.

17 (c) A description of existing improvements in the development  
18 area to be demolished, repaired, or altered, a description of any  
19 repairs and alterations, and an estimate of the time required for  
20 completion.

21 (d) The location, extent, character, and estimated cost of  
22 the improvements including rehabilitation contemplated for the  
23 development area and an estimate of the time required for  
24 completion.

25 (e) A statement of the construction or stages of construction  
26 planned, and the estimated time of completion of each stage.

27 (f) A description of any parts of the development area to be



1 left as open space and the use contemplated for the space.

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

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

7 (i) An estimate of the cost of the development, a statement  
8 of the proposed method of financing the development, and the  
9 ability of the authority to arrange the financing.

10 (j) Designation of the person or persons, natural or  
11 corporate, to whom all or a portion of the development is to be  
12 leased, sold, or conveyed in any manner and for whose benefit the  
13 project is being undertaken if that information is available to  
14 the authority.

15 (k) The procedures for bidding for the leasing, purchasing,  
16 or conveying in any manner of all or a portion of the development  
17 upon its completion, if there is no express or implied agreement  
18 between the authority and persons, natural or corporate, that all  
19 or a portion of the development will be leased, sold, or conveyed  
20 in any manner to those persons.

21 (l) Estimates of the number of persons residing in the  
22 development area and the number of families and individuals to be  
23 displaced. If occupied residences are designated for acquisition  
24 and clearance by the authority, a development plan shall include  
25 a survey of the families and individuals to be displaced,  
26 including their income and racial composition, a statistical  
27 description of the housing supply in the community, including the

1 number of private and public units in existence or under  
2 construction, the condition of those units in existence, the  
3 number of owner-occupied and renter-occupied units, the annual  
4 rate of turnover of the various types of housing and the range of  
5 rents and sale prices, an estimate of the total demand for  
6 housing in the community, and the estimated capacity of private  
7 and public housing available to displaced families and  
8 individuals.

9 (m) A plan for establishing priority for the relocation of  
10 persons displaced by the development in any new housing in the  
11 development area.

12 (n) Provision for the costs of relocating persons displaced  
13 by the development and financial assistance and reimbursement of  
14 expenses, including litigation expenses and expenses incident to  
15 the transfer of title, in accordance with the standards and  
16 provisions of the uniform relocation assistance and real property  
17 acquisition policies act of 1970, Public Law 91-646, 84  
18 Stat. 1894.

19 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to  
20 213.332.

21 (p) The requirement that amendments to an approved  
22 development plan or tax increment plan must be submitted by the  
23 authority to the governing body for approval or rejection.

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

26 Sec. 22. (1) The governing body, before adoption of an  
27 ordinance approving a development plan or tax increment financing

1 plan, shall hold a public hearing on the development plan.  
2 Notice of the time and place of the hearing shall be given by  
3 publication twice in a newspaper of general circulation  
4 designated by the municipality, the first of which shall be not  
5 less than 20 days before the date set for the hearing. Notice of  
6 the hearing shall be posted in at least 20 conspicuous and public  
7 places in the development area not less than 20 days before the  
8 hearing. Notice shall also be mailed to all property taxpayers  
9 of record in the development area and to the governing body of  
10 each taxing jurisdiction levying taxes that would be subject to  
11 capture if the tax increment financing plan is approved not less  
12 than 20 days before the hearing.

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

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

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

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

23 (d) Other information that the governing body considers  
24 appropriate.

25 (3) At the time set for the hearing, the governing body shall  
26 provide an opportunity for interested persons to speak and shall  
27 receive and consider communications in writing. The hearing

1 shall provide the fullest opportunity for expression of opinion,  
2 for argument on the merits, and for consideration of documentary  
3 evidence pertinent to the development plan. The governing body  
4 shall make and preserve a record of the public hearing, including  
5 all data presented at the hearing.

6       Sec. 23. The governing body after a public hearing on the  
7 development plan or the tax increment financing plan, or both,  
8 with notice given under section 22, shall determine whether the  
9 development plan or tax increment financing plan constitutes a  
10 public purpose. If it determines that the development plan or  
11 tax increment financing plan constitutes a public purpose, it  
12 shall by ordinance approve or reject the plan, or approve it with  
13 modification, based on the following considerations:

14       (a) The findings and recommendations of a development area  
15 citizens council, if a development area citizens council was  
16 formed.

17       (b) The plan meets the requirements under section 20(2).

18       (c) The proposed method of financing the development is  
19 feasible and the authority has the ability to arrange the  
20 financing.

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

23       (e) The land included within the development area to be  
24 acquired is reasonably necessary to carry out the purposes of the  
25 plan and of this act in an efficient and economically  
26 satisfactory manner.

27       (f) The development plan is in reasonable accord with the

1 land use plan of the municipality.

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

4 (h) Changes in zoning, streets, street levels, intersections,  
5 and utilities are reasonably necessary for the project and for  
6 the municipality.

7 Sec. 24. A person to be relocated under this act shall be  
8 given not less than 90 days' written notice to vacate unless  
9 modified by court order issued for good cause and after a  
10 hearing.

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

21 (2) The governing body of the municipality may assess a  
22 reasonable pro rata share of the funds for the cost of handling  
23 and auditing the funds against the funds of the authority, other  
24 than those committed, which shall be paid annually by the board  
25 pursuant to an appropriate item in its budget.

26 Sec. 26. (1) A public facility, building, or structure that  
27 is determined by the municipality to have significant historical

1 interests shall be preserved in a manner considered necessary by  
2 the municipality in accordance with laws relative to the  
3 preservation of historical sites.

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

10 Sec. 27. An authority that has completed the purposes for  
11 which it was organized shall be dissolved by ordinance of the  
12 governing body. The property and assets of the authority  
13 remaining after the satisfaction of the obligations of the  
14 authority belong to the municipality.

15 Sec. 28. (1) The state tax commission may institute  
16 proceedings to compel enforcement of this act.

17 (2) The state tax commission may promulgate rules necessary  
18 for the administration of this act under the administrative  
19 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.