

**SUBSTITUTE FOR  
HOUSE BILL NO. 5542**

A bill to amend 1975 PA 197, entitled

"An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials,"

(MCL 125.1651 to 125.1681) by adding section 13c.

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

1       **SEC. 13C. (1) IF THE AMOUNT OF TAX INCREMENT REVENUES LOST AS**

1 A RESULT OF THE PERSONAL PROPERTY TAX EXEMPTIONS PROVIDED BY  
2 SECTION 1211(4) OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL  
3 380.1211, SECTION 3 OF THE STATE EDUCATION TAX ACT, 1993 PA 331,  
4 MCL 211.903, SECTION 14(4) OF 1974 PA 198, MCL 207.564, AND SECTION  
5 9K OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.9K, WILL  
6 REDUCE THE ALLOWABLE SCHOOL TAX CAPTURE RECEIVED IN A FISCAL YEAR  
7 BY AN AUTHORITY UNDER SECTION 15 USED TO REPAY AN ELIGIBLE ADVANCE,  
8 AN ELIGIBLE OBLIGATION, OR ANOTHER PROTECTED OBLIGATION,  
9 NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE AUTHORITY,  
10 WITH APPROVAL OF THE DEPARTMENT UNDER SUBSECTION (3), MAY REQUEST  
11 THE LOCAL TAX COLLECTING TREASURER TO RETAIN AND PAY TO THE  
12 AUTHORITY TAXES LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA  
13 331, MCL 211.901 TO 211.906.

14 (2) NOT LATER THAN MAY 1, 2008 AND APRIL 1, 2009 AND YEARLY  
15 THEREAFTER, AN AUTHORITY ELIGIBLE UNDER SUBSECTION (1) TO HAVE  
16 TAXES LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL  
17 211.901 TO 211.906, RETAINED AND PAID TO THE AUTHORITY UNDER THIS  
18 SECTION, SHALL APPLY FOR APPROVAL WITH THE DEPARTMENT OF TREASURY.  
19 THE APPLICATION FOR APPROVAL SHALL INCLUDE THE FOLLOWING  
20 INFORMATION:

21 (A) THE PROPERTY TAX MILLAGE RATES EXPECTED TO BE LEVIED BY  
22 LOCAL SCHOOL DISTRICTS WITHIN THE JURISDICTIONAL AREA OF THE  
23 AUTHORITY FOR SCHOOL OPERATING PURPOSES FOR THAT FISCAL YEAR.

24 (B) THE TAX INCREMENT REVENUES ESTIMATED TO BE RECEIVED BY THE  
25 AUTHORITY FOR THAT FISCAL YEAR BASED UPON ACTUAL PROPERTY TAX  
26 LEVIES OF ALL TAXING JURISDICTIONS WITHIN THE JURISDICTIONAL AREA  
27 OF THE AUTHORITY.

1 (C) THE TAX INCREMENT REVENUES THE AUTHORITY ESTIMATES IT  
2 WOULD HAVE RECEIVED FOR THAT FISCAL YEAR IF THE PERSONAL PROPERTY  
3 TAX EXEMPTIONS DESCRIBED IN SUBSECTION (1) WERE NOT IN EFFECT.

4 (D) A LIST OF ELIGIBLE OBLIGATIONS, ELIGIBLE ADVANCES, OTHER  
5 PROTECTED OBLIGATIONS, AND THE PAYMENTS DUE ON EACH OF THOSE  
6 OBLIGATIONS AND ADVANCES IN THAT FISCAL YEAR, AND THE TOTAL AMOUNT  
7 OF ALL THE PAYMENTS DUE ON THOSE OBLIGATIONS AND ADVANCES IN THAT  
8 FISCAL YEAR.

9 (E) THE AMOUNT OF MONEY, OTHER THAN TAX INCREMENT REVENUES,  
10 ESTIMATED TO BE RECEIVED IN THAT FISCAL YEAR BY THE AUTHORITY THAT  
11 IS PRIMARILY PLEDGED TO, AND TO BE USED FOR, THE PAYMENT OF AN  
12 ELIGIBLE OBLIGATION, THE REPAYMENT OF AN ELIGIBLE ADVANCE, OR THE  
13 PAYMENT OF ANOTHER PROTECTED OBLIGATION. THAT AMOUNT SHALL NOT  
14 INCLUDE EXCESS TAX INCREMENT REVENUES OF THE AUTHORITY THAT ARE  
15 PERMITTED BY LAW TO BE RETAINED BY THE AUTHORITY FOR PURPOSES THAT  
16 FURTHER THE DEVELOPMENT PROGRAM. HOWEVER, THAT AMOUNT SHALL INCLUDE  
17 MONEY TO BE OBTAINED FROM SOURCES AUTHORIZED BY LAW, WHICH LAW IS  
18 ENACTED ON OR AFTER DECEMBER 1, 1993, FOR USE BY THE MUNICIPALITY  
19 OR AUTHORITY TO FINANCE A DEVELOPMENT PLAN.

20 (F) THE AMOUNT OF A DISTRIBUTION RECEIVED PURSUANT TO THIS ACT  
21 FOR A FISCAL YEAR IN EXCESS OF OR LESS THAN THE DISTRIBUTION THAT  
22 WOULD HAVE BEEN REQUIRED IF CALCULATED UPON ACTUAL TAX INCREMENT  
23 REVENUES RECEIVED FOR THAT FISCAL YEAR.

24 (3) NOT LATER THAN AUGUST 15, 2008 AND AUGUST 1, 2009 AND  
25 YEARLY THEREAFTER, BASED ON THE CALCULATIONS UNDER SUBSECTION (5),  
26 THE DEPARTMENT OF TREASURY SHALL APPROVE, MODIFY, OR DENY THE  
27 APPLICATION FOR APPROVAL TO HAVE TAXES LEVIED UNDER THE STATE

1 EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906, RETAINED  
2 AND PAID TO THE AUTHORITY UNDER THIS SECTION. IF THE APPLICATION  
3 FOR APPROVAL IS APPROVED OR MODIFIED BY THE DEPARTMENT OF TREASURY,  
4 THE LOCAL TAX COLLECTING TREASURER SHALL RETAIN AND PAY TO THE  
5 AUTHORITY THE AMOUNT DESCRIBED IN SUBSECTION (5) AS APPROVED BY THE  
6 DEPARTMENT. IF THE DEPARTMENT OF TREASURY DENIES THE AUTHORITY'S  
7 APPLICATION FOR APPROVAL, THE LOCAL TAX COLLECTING TREASURER SHALL  
8 NOT RETAIN OR PAY TO THE AUTHORITY THE TAXES LEVIED UNDER THE STATE  
9 EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906.

10 (4) EACH YEAR THE LEGISLATURE SHALL APPROPRIATE AND DISTRIBUTE  
11 AN AMOUNT SUFFICIENT TO PAY EACH AUTHORITY THE FOLLOWING:

12 (A) IF THE AMOUNT TO BE RETAINED AND PAID UNDER SUBSECTION (3)  
13 IS LESS THAN THE AMOUNT CALCULATED UNDER SUBSECTION (5), THE  
14 DIFFERENCE BETWEEN THOSE AMOUNTS.

15 (B) IF THE APPLICATION FOR APPROVAL IS DENIED BY THE  
16 DEPARTMENT OF TREASURY, AN AMOUNT VERIFIED BY THE DEPARTMENT EQUAL  
17 TO THE AMOUNT CALCULATED UNDER SUBSECTION (5).

18 (5) SUBJECT TO SUBSECTION (6), THE AGGREGATE AMOUNT UNDER THIS  
19 SECTION SHALL BE THE SUM OF THE AMOUNTS DETERMINED UNDER  
20 SUBDIVISIONS (A) AND (B) MINUS THE AMOUNT DETERMINED UNDER  
21 SUBDIVISION (C), AS FOLLOWS:

22 (A) THE AMOUNT BY WHICH THE TAX INCREMENT REVENUES THE  
23 AUTHORITY WOULD HAVE RECEIVED AND RETAINED FOR THE FISCAL YEAR,  
24 EXCLUDING TAXES EXEMPT UNDER SECTION 7FF OF THE GENERAL PROPERTY  
25 TAX ACT, 1893 PA 206, MCL 211.7FF, IF THE PERSONAL PROPERTY TAX  
26 EXEMPTIONS DESCRIBED IN SUBSECTION (1) WERE NOT IN EFFECT, EXCEED  
27 THE TAX INCREMENT REVENUES THE AUTHORITY ACTUALLY RECEIVED FOR THE

1 FISCAL YEAR.

2 (B) A SHORTFALL REQUIRED TO BE REPORTED UNDER SUBSECTION  
3 (2) (F) THAT HAD NOT PREVIOUSLY INCREASED A DISTRIBUTION.

4 (C) AN EXCESS AMOUNT REQUIRED TO BE REPORTED UNDER SUBSECTION  
5 (2) (F) THAT HAD NOT PREVIOUSLY DECREASED A DISTRIBUTION.

6 (6) A DISTRIBUTION OR TAXES RETAINED UNDER THIS SECTION  
7 REPLACING TAX INCREMENT REVENUES PLEDGED BY AN AUTHORITY OR A  
8 MUNICIPALITY ARE SUBJECT TO THE LIEN OF THE PLEDGE, WHETHER OR NOT  
9 THERE HAS BEEN PHYSICAL DELIVERY OF THE DISTRIBUTION.

10 (7) OBLIGATIONS FOR WHICH DISTRIBUTIONS ARE MADE UNDER THIS  
11 SECTION ARE NOT A DEBT OR LIABILITY OF THIS STATE; DO NOT CREATE OR  
12 CONSTITUTE AN INDEBTEDNESS, LIABILITY, OR OBLIGATION OF THIS STATE;  
13 AND ARE NOT AND DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT  
14 OF THIS STATE.

15 (8) NOT LATER THAN SEPTEMBER 1 OF EACH YEAR, THE AUTHORITY  
16 SHALL PROVIDE A COPY OF THE APPLICATION FOR APPROVAL APPROVED BY  
17 THE DEPARTMENT OF TREASURY TO THE LOCAL TAX COLLECTING TREASURER  
18 AND PROVIDE THE AMOUNT OF THE TAXES RETAINED AND PAID TO THE  
19 AUTHORITY UNDER SUBSECTION (5).

20 (9) CALCULATIONS OF AMOUNTS RETAINED AND PAID AND  
21 APPROPRIATIONS TO BE DISTRIBUTED UNDER THIS SECTION SHALL BE MADE  
22 ON THE BASIS OF EACH DEVELOPMENT AREA OF THE AUTHORITY.

23 (10) THE STATE TAX COMMISSION MAY PROVIDE THAT THE  
24 REIMBURSEMENT CALCULATIONS UNDER THIS SECTION AND THE CALCULATION  
25 OF ALLOWABLE CAPTURE OF SCHOOL TAXES SHALL BE MADE FOR EACH  
26 CALENDAR YEAR'S TAX INCREMENT REVENUES USING A 12-MONTH DEBT  
27 PAYMENT PERIOD USED BY THE AUTHORITY AND APPROVED BY THE STATE TAX

House Bill No. 5542 (H-1) as amended December 13, 2007

**1 COMMISSION.**

[(11) IT IS THE INTENT OF THE LEGISLATURE THAT, TO THE EXTENT THAT THE TOTAL AMOUNT OF TAXES LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.901 TO 211.906, THAT ARE ALLOWED TO BE RETAINED UNDER THIS SECTION AND SECTION 11B OF THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL 125.2161B, SECTION 15A OF THE BROWNFIELD REDEVELOPMENT FINANCING ACT, 1996 PA 381, MCL 125.2665A, AND SECTION 12B OF THE TAX INCREMENT FINANCING ACT, 1980 PA 450, MCL 125.1812B, EXCEEDS THE DIFFERENCE OF THE TOTAL SCHOOL AID FUND REVENUE FOR THE TAX YEAR MINUS THE ESTIMATED AMOUNT OF REVENUE THE SCHOOL AID FUND WOULD HAVE RECEIVED FOR THE TAX YEAR HAD THE TAX EXEMPTIONS DESCRIBED IN SUBSECTION (1) AND THE EARMARK CREATED BY SECTION 515 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1515, NOT TAKEN EFFECT, THE GENERAL FUND SHALL REIMBURSE THE SCHOOL AID FUND THE DIFFERENCE.]