

# HOUSE BILL No. 5542

December 6, 2007, Introduced by Reps. Robert Jones, Bieda, Wenke, Condino, Corriveau, Angerer and Dean and referred to the Committee on Tax Policy.

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  
2 A RESULT OF THE PERSONAL PROPERTY TAX EXEMPTIONS PROVIDED BY

SECTION 1211(4) OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1211, SECTION 3 OF THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL 211.903, SECTION 14(4) OF 1974 PA 198, MCL 207.564, AND SECTION 9K OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.9K, WILL REDUCE THE ALLOWABLE SCHOOL TAX CAPTURE RECEIVED IN A FISCAL YEAR BY AN AUTHORITY UNDER SECTION 15 USED TO REPAY AN ADVANCE MADE BEFORE JULY 12, 2007, OR TO PAY AN OBLIGATION ISSUED OR INCURRED BEFORE JULY 12, 2007, THE LEGISLATURE SHALL APPROPRIATE AND DISTRIBUTE TO THE AUTHORITY THE AMOUNT DESCRIBED IN SUBSECTION (5).

(2) NOT LESS THAN 30 DAYS BEFORE THE FIRST DAY OF A FISCAL YEAR, AN AUTHORITY ELIGIBLE TO RETAIN TAX INCREMENT REVENUES FROM TAXES LEVIED BY A LOCAL OR INTERMEDIATE SCHOOL DISTRICT OR THIS STATE OR TO RECEIVE A DISTRIBUTION UNDER THIS SECTION FOR THAT FISCAL YEAR SHALL FILE A CLAIM WITH THE DEPARTMENT OF TREASURY. THE CLAIM SHALL INCLUDE THE FOLLOWING INFORMATION:

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

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

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

(D) A LIST AND DOCUMENTATION OF OBLIGATIONS ISSUED OR INCURRED BEFORE JULY 12, 2007 AND ADVANCES MADE BEFORE JULY 12, 2007 AND THE

1 PAYMENTS DUE ON EACH OF THOSE OBLIGATIONS AND ADVANCES IN THAT  
2 FISCAL YEAR, AND THE TOTAL AMOUNT OF ALL THE PAYMENTS DUE ON THOSE  
3 OBLIGATIONS AND ADVANCES IN THAT FISCAL YEAR.

4 (E) THE AMOUNT OF MONEY, OTHER THAN TAX INCREMENT REVENUES,  
5 ESTIMATED TO BE RECEIVED IN THAT FISCAL YEAR BY THE AUTHORITY THAT  
6 IS PRIMARILY PLEDGED TO, AND TO BE USED FOR, THE PAYMENT OF AN  
7 OBLIGATION ISSUED OR INCURRED BEFORE JULY 12, 2007 OR THE REPAYMENT  
8 OF AN ADVANCE MADE BEFORE JULY 12, 2007. THAT AMOUNT SHALL NOT  
9 INCLUDE EXCESS TAX INCREMENT REVENUES OF THE AUTHORITY THAT ARE  
10 PERMITTED BY LAW TO BE RETAINED BY THE AUTHORITY FOR PURPOSES THAT  
11 FURTHER THE DEVELOPMENT PROGRAM. HOWEVER, THAT AMOUNT SHALL INCLUDE  
12 MONEY TO BE OBTAINED FROM SOURCES AUTHORIZED BY LAW, WHICH LAW IS  
13 ENACTED ON OR AFTER DECEMBER 1, 1993, FOR USE BY THE MUNICIPALITY  
14 OR AUTHORITY TO FINANCE A DEVELOPMENT PLAN.

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

19 (G) A LIST AND DOCUMENTATION OF OTHER PROTECTED OBLIGATIONS  
20 AND THE PAYMENTS DUE ON EACH OF THOSE OTHER PROTECTED OBLIGATIONS  
21 IN THAT FISCAL YEAR, AND THE TOTAL AMOUNT OF ALL THE PAYMENTS DUE  
22 ON THOSE OTHER PROTECTED OBLIGATIONS IN THAT FISCAL YEAR.

23 (3) FOR THE FISCAL YEAR THAT COMMENCES AFTER SEPTEMBER 30,  
24 2007 AND BEFORE OCTOBER 1, 2008, AN AUTHORITY MAY MAKE A CLAIM WITH  
25 ALL INFORMATION REQUIRED BY SUBSECTION (2) AT ANY TIME AFTER MARCH  
26 15, 2008.

27 (4) AFTER REVIEW AND VERIFICATION OF CLAIMS SUBMITTED UNDER

1 THIS SECTION, AMOUNTS APPROPRIATED BY THIS STATE IN COMPLIANCE WITH  
2 THIS ACT SHALL BE DISTRIBUTED AS 2 EQUAL PAYMENTS ON MARCH 1 AND  
3 SEPTEMBER 1 AFTER RECEIPT OF A CLAIM. AN AUTHORITY SHALL ALLOCATE A  
4 DISTRIBUTION IT RECEIVES FOR AN ELIGIBLE OBLIGATION ISSUED ON  
5 BEHALF OF A MUNICIPALITY TO THE MUNICIPALITY.

6 (5) SUBJECT TO SUBSECTIONS (6) AND (7), THE AGGREGATE AMOUNT  
7 TO BE APPROPRIATED AND DISTRIBUTED UNDER THIS SECTION TO AN  
8 AUTHORITY SHALL BE THE SUM OF THE AMOUNTS DETERMINED UNDER  
9 SUBDIVISIONS (A) AND (B) MINUS THE AMOUNT DETERMINED UNDER  
10 SUBDIVISION (C), AS FOLLOWS:

11 (A) THE AMOUNT BY WHICH THE TAX INCREMENT REVENUES THE  
12 AUTHORITY WOULD HAVE RECEIVED FOR THE FISCAL YEAR, EXCLUDING TAXES  
13 EXEMPT UNDER SECTION 7FF OF THE GENERAL PROPERTY TAX ACT, 1893 PA  
14 206, MCL 211.7FF, IF THE PERSONAL PROPERTY TAX EXEMPTIONS DESCRIBED  
15 IN SUBSECTION (1) WERE NOT IN EFFECT, EXCEED THE TAX INCREMENT  
16 REVENUES THE AUTHORITY ACTUALLY RECEIVED FOR THE FISCAL YEAR.

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

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

21 (6) IF THE PAYMENTS REQUIRED BY THIS SECTION EXCEED THE AMOUNT  
22 APPROPRIATED FOR THAT PURPOSE, THE AMOUNTS DISTRIBUTED UNDER THIS  
23 SECTION SHALL FIRST BE PAID TO AUTHORITIES FOR THE AMOUNT THAT THE  
24 AMOUNT DESCRIBED IN SUBSECTION (2)(D) EXCEEDS THE SUM OF THE  
25 AMOUNTS DESCRIBED IN SUBSECTION (2)(B) AND (E).

26 (7) A DISTRIBUTION UNDER THIS SECTION REPLACING TAX INCREMENT  
27 REVENUES PLEDGED BY AN AUTHORITY OR A MUNICIPALITY IS SUBJECT TO

1 THE LIEN OF THE PLEDGE, WHETHER OR NOT THERE HAS BEEN PHYSICAL  
2 DELIVERY OF THE DISTRIBUTION.

3 (8) OBLIGATIONS FOR WHICH DISTRIBUTIONS ARE MADE UNDER THIS  
4 SECTION ARE NOT A DEBT OR LIABILITY OF THIS STATE; DO NOT CREATE OR  
5 CONSTITUTE AN INDEBTEDNESS, LIABILITY, OR OBLIGATION OF THIS STATE;  
6 AND ARE NOT AND DO NOT CONSTITUTE A PLEDGE OF THE FAITH AND CREDIT  
7 OF THIS STATE.

8 (9) NOT LATER THAN JULY 1 OF EACH YEAR, THE AUTHORITY SHALL  
9 CERTIFY TO THE LOCAL TAX COLLECTING TREASURER THE AMOUNT OF THE  
10 DISTRIBUTION REQUIRED UNDER SUBSECTION (5), CALCULATED WITHOUT  
11 REGARD TO THE RECEIPT OF TAX INCREMENT REVENUES ATTRIBUTABLE TO  
12 LOCAL OR INTERMEDIATE SCHOOL DISTRICT TAXES OR ATTRIBUTABLE TO  
13 TAXES LEVIED UNDER THE STATE EDUCATION TAX ACT, 1993 PA 331, MCL  
14 211.901 TO 211.906.

15 (10) CALCULATIONS OF DISTRIBUTIONS UNDER THIS SECTION AND  
16 CLAIMS REPORTS REQUIRED TO BE MADE UNDER SUBSECTION (2) SHALL BE  
17 MADE ON THE BASIS OF EACH DEVELOPMENT AREA OF THE AUTHORITY.

18 (11) THE STATE TAX COMMISSION MAY PROVIDE THAT THE  
19 REIMBURSEMENT CALCULATIONS UNDER THIS SECTION AND THE CALCULATION  
20 OF ALLOWABLE CAPTURE OF SCHOOL TAXES SHALL BE MADE FOR EACH  
21 CALENDAR YEAR'S TAX INCREMENT REVENUES USING A 12-MONTH DEBT  
22 PAYMENT PERIOD USED BY THE AUTHORITY AND APPROVED BY THE STATE TAX  
23 COMMISSION.