

HOUSE BILL No. 6114

May 13, 2008, Introduced by Reps. Donigan, Byrnes, Bieda, Robert Jones, Miller, Meisner, Leland, Polidori, Vagnozzi, Condino, Stakoe, Hopgood, Clack and Meadows and referred to the Committee on Transportation.

A bill to provide for the establishment of a transit revitalization zone tax increment finance authority; to prescribe the powers and duties of the authority; 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; to promote improvement in areas where transit projects are to be implemented; to create a board; to prescribe the powers and duties of the board; 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

1 "transit revitalization investment zone act".

2 Sec. 2. As used in this act:

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

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

13 (c) "Authority" means a transit revitalization investment zone
14 tax increment finance authority created under this act.

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

16 (e) "Captured assessed value" means the amount in any 1 year
17 by which the current assessed value of the development area,
18 including the assessed value of property for which specific local
19 taxes are paid in lieu of property taxes, exceeds the initial
20 assessed value. The state tax commission shall prescribe the method
21 for calculating captured assessed value.

22 (f) "Chief executive officer" means the mayor or city manager
23 of a city, the president or village manager of a village, or the
24 supervisor of a township.

25 (g) "Fiscal year" means the fiscal year of the authority.

26 (h) "Governing body" or "governing body of a municipality"
27 means the elected body of a municipality having legislative powers.

1 (i) "Initial assessed value" means the assessed value of all
2 the taxable property within the boundaries of the development area
3 at the time the ordinance establishing the tax increment financing
4 plan is approved, as shown by the most recent assessment roll of
5 the municipality at the time the resolution is adopted. Property
6 exempt from taxation at the time of the determination of the
7 initial assessed value shall be included as zero. For the purpose
8 of determining initial assessed value, property for which a
9 specific local tax is paid in lieu of a property tax shall not be
10 considered to be property that is exempt from taxation.

11 (j) "Land use plan" means a plan prepared under former 1921 PA
12 207, or a site plan under the Michigan zoning enabling act, 2006 PA
13 110, MCL 125.3101 to 125.3702.

14 (k) "Municipality" means a city, village, or township.

15 Sec. 3. As used in this act:

16 (a) "Operations" means office maintenance, including salaries
17 and expenses of employees, office supplies, consultation fees,
18 design costs, and other expenses incurred in the daily management
19 of the authority and planning of its activities.

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

22 (c) "Public facility" means a street, and any improvements to
23 a street, including street furniture and beautification, park,
24 parking facility, recreational facility, right of way, structure,
25 waterway, bridge, lake, pond, canal, utility line or pipe, or
26 building, including access routes designed and dedicated to use by
27 the public generally, or used by a public agency, that is related

1 to development concentrated around and oriented to transit stations
2 in a manner that promotes transit ridership or passenger rail use.
3 Public facility includes an improvement to a facility used by the
4 public or a public facility as those terms are defined in section 1
5 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
6 barrier free design requirements of the state construction code
7 promulgated under the Stille-DeRossett-Hale single state
8 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

9 (d) "Public transportation agency" means a governmental entity
10 that operates or is authorized to operate intercity or local
11 commuter passenger rail service in this state or a public transit
12 authority created under 1 of the following acts:

13 (i) The metropolitan transportation authorities act of 1967,
14 1967 PA 204, MCL 124.401 to 124.426.

15 (ii) The public transportation authorities act, 1986 PA 196,
16 MCL 124.451 to 124.479.

17 (iii) 1963 PA 55, MCL 124.351 to 124.359.

18 (iv) The home rule city act, 1909 PA 279, MCL 117.1 to 117.38.

19 (v) The revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
20 141.140.

21 (vi) The charter township act, 1947 PA 359, MCL 42.1 to 42.34.

22 (vii) The urban cooperation act of 1967, 1967 (Ex Sess) PA 7,
23 MCL 124.501 to 124.512.

24 (e) "Specific local tax" means a tax levied under 1974 PA 198,
25 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
26 255, MCL 207.651 to 207.668, the technology park development act,
27 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to

1 211.182. The initial assessed value or current assessed value of
2 property subject to a specific local tax shall be the quotient of
3 the specific local tax paid divided by the ad valorem millage rate.
4 The state tax commission shall prescribe the method for calculating
5 the initial assessed value and current assessed value of property
6 for which a specific local tax was paid in lieu of a property tax.

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

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

15 (i) Taxes under the state education tax act, 1993 PA 331, MCL
16 211.901 to 211.906.

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

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

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

1 taxes.

2 (v) Ad valorem property taxes exempted from capture under
3 section 15(5) or specific local taxes attributable to the ad
4 valorem property taxes.

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

10 (h) "Transit-oriented development" means development that is
11 concentrated around and oriented to transit stations in a manner
12 that promotes transit ridership or passenger rail use. Transit-
13 oriented development includes, but is not limited to, single
14 projects and collections of projects, including mixed use projects
15 on a neighborhood scale.

16 (i) "Zone" means a transit revitalization investment zone
17 created in accordance with this act.

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

22 (2) An authority is a public body corporate that may sue and
23 be sued in any court of this state. An authority possesses all the
24 powers necessary to carry out its purpose. The enumeration of a
25 power in this act shall not be construed as a limitation upon the
26 general powers of an authority.

27 Sec. 5. (1) If the governing body of a municipality determines

1 that it is necessary for the best interests of the public to
2 promote development in a transit revitalization zone, the governing
3 body may, by resolution, declare its intention to create and
4 provide for the operation of an authority within the boundaries of
5 a zone.

6 (2) In the resolution of intent, the governing body shall set
7 a date for a public hearing on the adoption of a proposed ordinance
8 creating the authority and designating the boundaries of the zone.
9 Notice of the public hearing shall be published twice in a
10 newspaper of general circulation in the municipality, not less than
11 20 or more than 40 days before the date of the hearing. Not less
12 than 20 days before the hearing, the governing body proposing to
13 create the authority shall also mail notice of the hearing to the
14 property taxpayers of record in the proposed zone and to the
15 governing body of each taxing jurisdiction levying taxes that would
16 be subject to capture if the authority is established and a tax
17 increment financing plan is approved. Failure of a property
18 taxpayer to receive the notice does not invalidate these
19 proceedings. Notice of the hearing shall be posted in at least 20
20 conspicuous and public places in the proposed zone not less than 20
21 days before the hearing. The notice shall state the date, time, and
22 place of the hearing and shall describe the boundaries of the
23 proposed zone. The zone shall consist of parcels that are not
24 greater than 1/2 mile in distance from a transit station. A
25 citizen, taxpayer, or property owner of the municipality or an
26 official from a taxing jurisdiction with millage that would be
27 subject to capture has the right to be heard in regard to the

1 establishment of the authority and the boundaries of the proposed
2 zone. The governing body of the municipality shall not incorporate
3 land into the zone not included in the description contained in the
4 notice of public hearing, but it may eliminate described lands from
5 the development area in the final determination of the boundaries.

6 (3) Not less than 60 days after the public hearing, if the
7 governing body of the municipality intends to proceed with the
8 establishment of the authority it shall adopt, by majority vote of
9 its members, an ordinance establishing the authority and
10 designating the boundaries of the zone within which the authority
11 shall exercise its powers. The adoption of the ordinance is subject
12 to any applicable statutory or charter provisions in respect to the
13 approval or disapproval by the chief executive or other officer of
14 the municipality and the adoption of an ordinance over his or her
15 veto. This ordinance shall be filed with the secretary of state
16 promptly after its adoption and shall be published at least once in
17 a newspaper of general circulation in the municipality.

18 (4) The governing body of the municipality may alter or amend
19 the boundaries of the zone to include or exclude lands from the
20 zone in the same manner as adopting the ordinance creating the
21 authority.

22 (5) A municipality that has created an authority may enter
23 into an agreement with an adjoining municipality that has created
24 an authority to jointly operate and administer those authorities
25 under an interlocal agreement under the urban cooperation act of
26 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

27 Sec. 6. The authority shall consult with affected

1 municipalities, counties, public transportation agencies, private
2 transportation providers, and any other entity that the authority
3 considers necessary to designate a zone. The authority may conduct
4 a planning study and may designate a zone in advance of
5 implementation of a public transit service associated with a zone.
6 The authority shall enter into an agreement with the affected
7 municipalities and public transportation agencies to create a zone.
8 The agreement shall indicate the geographic boundaries of the zone,
9 shall define the activities implemented to enhance development in
10 the zone, and shall include specific actions taken by the parties,
11 including financial participation, to help establish the zone. In
12 addition to the elements described in this section, the authority
13 may utilize any of the resources and powers it has under this act.

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

21 Sec. 8. (1) An authority shall be under the supervision and
22 control of a board consisting of the chief executive officer of the
23 municipality or his or her designee and not less than 5 or more
24 than 9 members as determined by the governing body of the
25 municipality. Members shall be appointed by the chief executive
26 officer of the municipality, subject to approval by the governing
27 body of the municipality. Not less than a majority of the members

1 shall be persons having an ownership or business interest in
2 property located in the zone. At least 1 of the members shall be a
3 resident of the zone or of an area within 1/2 mile of any part of
4 the zone. Of the members first appointed, an equal number of the
5 members, as near as is practicable, shall be appointed for 1 year,
6 2 years, 3 years, and 4 years. A member shall hold office until the
7 member's successor is appointed. After the initial appointment,
8 each member shall serve for a term of 4 years. An appointment to
9 fill a vacancy shall be made by the chief executive officer of the
10 municipality for the unexpired term only. Members of the board
11 shall serve without compensation, but shall be reimbursed for
12 actual and necessary expenses. The chairperson of the board shall
13 be elected by the board.

14 (2) Before assuming the duties of office, a member shall
15 qualify by taking and subscribing to the constitutional oath of
16 office.

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

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

26 (5) All expense items of the authority shall be publicized
27 monthly and the financial records shall always be open to the

1 public.

2 (6) A writing prepared, owned, used, in the possession of, or
3 retained by the board in the performance of an official function is
4 subject to the freedom of information act, 1976 PA 442, MCL 15.231
5 to 15.246.

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

1 acting director shall take and subscribe to the oath, and furnish
2 bond, as required of the director. The director shall furnish the
3 board with information or reports governing the operation of the
4 authority as the board requires.

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

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

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

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

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

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

1 (a) Plan and propose the construction, renovation, repair,
2 remodeling, rehabilitation, restoration, preservation, or
3 reconstruction of a public facility that may be necessary or
4 appropriate to the execution of a plan that, in the opinion of the
5 board, aids in the establishment of a zone. The board is encouraged
6 to develop a plan that conserves the natural features, reduces
7 impervious surfaces, and uses landscaping and natural features to
8 reflect the predevelopment site.

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

14 (c) Develop long-range plans for zones within the district.

15 (d) Implement any plan of development for transit
16 revitalization in the development area necessary to achieve the
17 purposes of this act in accordance with the powers of the authority
18 granted by this act.

19 (e) Make and enter into contracts necessary or incidental to
20 the exercise of its powers and the performance of its duties.

21 (f) Acquire by purchase or otherwise, on terms and conditions
22 and in a manner the authority considers proper or own, convey, or
23 otherwise dispose of, or lease as lessor or lessee, land and other
24 property, real or personal, or rights or interests in the property,
25 that the authority determines is reasonably necessary to achieve
26 the purposes of this act, and to grant or acquire licenses,
27 easements, and options.

1 (g) Improve land and construct, reconstruct, rehabilitate,
2 restore and preserve, equip, clear, improve, maintain, and repair
3 any public facility, building, and any necessary or desirable
4 appurtenances to those buildings, as determined by the authority to
5 be reasonably necessary to achieve the purposes of this act, within
6 the zone for the use, in whole or in part, of any public or private
7 person or corporation, or a combination thereof.

8 (h) Fix, charge, and collect fees, rents, and charges for the
9 use of any facility, building, or property under its control or any
10 part of the facility, building, or property, and pledge the fees,
11 rents, and charges for the payment of revenue bonds issued by the
12 authority.

13 (i) Lease, in whole or in part, any facility, building, or
14 property under its control.

15 (j) Accept grants and donations of property, labor, or other
16 things of value from a public or private source.

17 (k) Acquire and construct public facilities.

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

20 Sec. 13. (1) The activities of the authority shall be financed
21 from 1 or more of the following sources:

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

24 (b) Money borrowed and to be repaid as authorized by sections
25 14 and 15.

26 (c) Revenues from any property, building, or facility owned,
27 leased, licensed, or operated by the authority or under its

1 control, subject to the limitations imposed upon the authority by
2 trusts or other agreements.

3 (d) Proceeds of a tax increment financing plan established
4 under sections 16 to 18.

5 (e) Proceeds from a special assessment district created as
6 provided by law.

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

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

18 Sec. 14. The authority may borrow money and issue its
19 negotiable revenue bonds under the revenue bond act of 1933, 1933
20 PA 94, MCL 141.101 to 141.140.

21 Sec. 15. (1) The authority may with approval of the local
22 governing body borrow money and issue its revenue bonds or notes to
23 finance all or part of the costs of transit revitalization
24 development improvements in connection with either of the
25 following:

26 (a) The implementation of an improvement plan in the zone.

27 (b) The refund, or refund in advance, of bonds or notes issued

1 under this section.

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

4 (a) The cost of purchasing, acquiring, constructing,
5 improving, enlarging, extending, or repairing property in
6 connection with the implementation of an improvement plan in the
7 zone.

8 (b) Any engineering, architectural, legal, accounting, or
9 financial expenses.

10 (c) The costs necessary or incidental to the borrowing of
11 money.

12 (d) Interest on the bonds or notes during the period of
13 construction.

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

16 (f) A reserve for operation and maintenance until sufficient
17 revenues have developed.

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

21 (4) A pledge made by the authority is valid and binding from
22 the time the pledge is made. The money or property pledged by the
23 authority immediately is subject to the lien of the pledge without
24 a physical delivery, filing, or further act. The lien of a pledge
25 is valid and binding against parties having claims of any kind in
26 tort, contract, or otherwise, against the authority, whether or not
27 the parties have notice of the lien. Neither the resolution, the

1 trust agreement, nor any other instrument by which a pledge is
2 created must be filed or recorded to be enforceable.

3 (5) Bonds or notes issued under this section are exempt from
4 all taxation in this state, and the interest on the bonds or notes
5 is exempt from all taxation in this state, notwithstanding that the
6 interest may be subject to federal income tax.

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

11 (7) The bonds and notes of the authority may be invested in by
12 all public officers, state agencies and political subdivisions,
13 insurance companies, banks, savings and loan associations,
14 investment companies, and fiduciaries and trustees, and may be
15 deposited with and received by all public officers and the agencies
16 and political subdivisions of this state for any purpose for which
17 the deposit of bonds is authorized.

18 Sec. 16. (1) If the authority determines that it is necessary
19 for the achievement of the purposes of this act, the authority
20 shall prepare and submit a tax increment financing plan to the
21 governing body of the municipality. The plan shall include a
22 development plan as provided in section 19, a detailed explanation
23 of the tax increment procedure, the maximum amount of bonded
24 indebtedness to be incurred, and the duration of the program, and
25 shall be in compliance with section 17. The plan shall contain a
26 statement of the estimated impact of tax increment financing on the
27 assessed values of all taxing jurisdictions in which the zone is

1 located. The plan may provide for the use of part or all of the
2 captured assessed value, but the portion intended to be used by the
3 authority shall be clearly stated in the tax increment financing
4 plan. The authority or municipality may exclude from captured
5 assessed value growth in property value resulting solely from
6 inflation. The plan shall set forth the method for excluding growth
7 in property value resulting solely from inflation.

8 (2) Approval of the tax increment financing plan shall comply
9 with the notice, hearing, and disclosure provisions of section 21.
10 If the development plan is part of the tax increment financing
11 plan, only 1 hearing and approval procedure is required for the 2
12 plans together.

13 (3) Before the public hearing on the tax increment financing
14 plan, the governing body shall provide a reasonable opportunity to
15 the taxing jurisdictions levying taxes subject to capture to meet
16 with the governing body. The authority shall fully inform the
17 taxing jurisdictions of the fiscal and economic implications of the
18 proposed development area. The taxing jurisdictions may present
19 their recommendations at the public hearing on the tax increment
20 financing plan. The authority may enter into agreements with the
21 taxing jurisdictions, public transit agencies, and the governing
22 body of the municipality in which the zone is located to share a
23 portion of the captured assessed value of the development area.

24 (4) Before a tax increment financing plan is implemented, the
25 authority shall enter into a contract with the public
26 transportation agency that operates the transit station in the
27 zone. The contract shall include, but not be limited to, terms

1 regarding the distribution of revenue, the allocation of
2 responsibility for maintenance and upkeep of the transit station
3 and associated facilities, and the use of the facilities.

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

8 (6) Not more than 60 days after the public hearing, the
9 governing body in a taxing jurisdiction levying ad valorem property
10 taxes that would otherwise be subject to capture may exempt its
11 taxes from capture by adopting a resolution to that effect and
12 filing a copy with the clerk of the municipality proposing to
13 create the authority. In the event that the governing body levies a
14 separate millage for public library purposes, at the request of the
15 public library board, that separate millage shall be exempt from
16 the capture. The resolution shall take effect when filed with the
17 clerk and remains effective until a copy of a resolution rescinding
18 that resolution is filed with that clerk.

19 Sec. 17. (1) The municipal and county treasurers shall
20 transmit tax increment revenues to the authority.

21 (2) The authority shall expend the tax increment revenues
22 received for the improvement program only under the terms of the
23 tax increment financing plan. Unused funds shall revert
24 proportionately to the respective taxing bodies. Tax increment
25 revenues shall not be used to circumvent existing property tax
26 limitations. The governing body of the municipality may abolish the
27 tax increment financing plan if it finds that the purposes for

1 which it was established are accomplished. However, the tax
2 increment financing plan shall not be abolished until the principal
3 of, and interest on, bonds issued under section 18 have been paid
4 or funds sufficient to make the payment have been segregated.

5 (3) Annually the authority shall submit to the governing body
6 of the municipality and the state tax commission a report on the
7 status of the tax increment financing account. The report shall
8 include the following:

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

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

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

12 (d) The amount of principal and interest on any outstanding
13 bonded indebtedness.

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

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

16 (g) The tax increment revenues received.

17 (h) The number of public facilities developed.

18 (i) The number of zone improvements made.

19 (j) A brief description of each zone improvement made within
20 the district.

21 (k) Any additional information the governing body considers
22 necessary.

23 Sec. 18. (1) By resolution of its governing body, the
24 authority may authorize, issue, and sell tax increment bonds
25 subject to the limitations set forth in this subsection to finance
26 the development program of the tax increment financing plan. The
27 tax increment bonds issued by the authority under this subsection

1 shall pledge solely the tax increment revenues of a zone in which
2 the project is located or a zone from which tax increment revenues
3 may be used for this project, or both. In addition or in the
4 alternative, the bonds issued by the authority under this
5 subsection may be secured by any other revenues identified in
6 section 13 as sources of financing for activities of the authority
7 that the authority shall specifically pledge in the resolution.
8 However, except as otherwise provided in this section, the full
9 faith and credit of the municipality shall not be pledged to secure
10 bonds issued under this subsection. The bond issue may include a
11 sum sufficient to pay interest on the tax increment bonds until
12 full development of tax increment revenues from the project and
13 also a sum to provide a reasonable reserve for payment of principal
14 and interest on the bonds. The resolution authorizing the bonds
15 shall create a lien on the tax increment revenues and other
16 revenues pledged by the resolution that shall be a statutory lien
17 and shall be a first lien subject only to liens previously created.
18 The resolution may provide the terms upon which additional bonds
19 may be issued of equal standing and parity of lien as to the tax
20 increment revenues and other revenues pledged under the resolution.
21 Bonds issued under this subsection that pledge revenue received
22 under section 16 for repayment of the bonds are subject to the
23 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
24 141.2821.

25 (2) The municipality, by majority vote of the members of its
26 governing body, may make a limited tax pledge to support the
27 authority's tax increment bonds or notes or, if authorized by the

1 voters of the municipality, may pledge its unlimited tax full faith
2 and credit for the payment of the principal of and interest on the
3 authority's tax increment bonds or notes.

4 Sec. 19. (1) If a board decides to finance a project in a
5 development area by the use of revenue bonds as authorized in
6 section 14 or tax increment financing as authorized in sections 16,
7 17, and 18, it shall prepare an improvement plan.

8 (2) The improvement plan shall contain all of the following:

9 (a) The designation of boundaries of the zone in relation to
10 highways, streets, streams, lakes, other bodies of water, or
11 otherwise.

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

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

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

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

26 (f) A description of any parts of the zone to be left as open
27 space and the use contemplated for the space.

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

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

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

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

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

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

23 (m) The transit revitalization improvements that will be made
24 in the zone.

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

27 (o) Based on consultation with the affected state and federal

1 authorities, an identification of the permits the board believes
2 necessary to complete the proposed public facility and an
3 explanation of how the proposed public facility will meet the
4 requirements necessary for issuance of each permit.

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

19 (2) Notice of the time and place of hearing on an improvement
20 plan shall contain all of the following:

21 (a) A description of the proposed zone in relation to
22 highways, streets, streams, or otherwise.

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

27 (c) A statement that all aspects of the improvement plan will

1 be open for discussion at the public hearing.

2 (d) Other information that the governing body considers
3 appropriate.

4 (3) At the time set for the hearing, the governing body shall
5 provide an opportunity for interested persons to speak and shall
6 receive and consider communications in writing. The hearing shall
7 provide the fullest opportunity for expression of opinion, for
8 argument on the merits, and for consideration of documentary
9 evidence pertinent to the improvement plan. The governing body
10 shall make and preserve a record of the public hearing, including
11 all data presented at the hearing.

12 Sec. 21. The governing body after a public hearing on the
13 improvement plan or the tax increment financing plan, or both, with
14 notice given under section 20, shall determine whether the
15 improvement plan or tax increment financing plan constitutes a
16 public purpose. If it determines that the improvement plan or tax
17 increment financing plan constitutes a public purpose, it shall by
18 ordinance approve or reject the plan, or approve it with
19 modification, based on the following considerations:

20 (a) The findings and recommendations of a zone citizens
21 council, if a zone citizens council was formed.

22 (b) The plan meets the requirements under section 19(2).

23 (c) The proposed method of financing the development is
24 feasible and the authority has the ability to arrange the
25 financing.

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

1 (e) The land included within the zone to be acquired is
2 reasonably necessary to carry out the purposes of the plan and of
3 this act in an efficient and economically satisfactory manner.

4 (f) The improvement plan is in reasonable accord with the land
5 use plan of the municipality.

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

8 (h) Changes in zoning, streets, street levels, intersections,
9 and utilities are reasonably necessary for the project and for the
10 municipality.

11 Sec. 22. (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, the
16 budget shall be submitted to the governing body. The governing body
17 must approve the budget before the board may adopt the budget.
18 Unless authorized by the governing body or this act, funds of the
19 municipality shall not be included in the budget of the authority.

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

25 Sec. 23. An authority that has completed the purposes for
26 which it was organized shall be dissolved by ordinance of the
27 governing body. The property and assets of the authority remaining

1 after the satisfaction of the obligations of the authority belong
2 to the municipality.

3 Sec. 24. (1) The state tax commission may institute
4 proceedings to compel enforcement of this act.

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