

SENATE BILL No. 467

May 1, 2007, Introduced by Senator ALLEN and referred to the Committee on Commerce and Tourism.

A bill to amend 2004 PA 530, entitled
"Historical neighborhood tax increment finance authority act,"
by amending sections 2, 3, 15, 19, 20, 21, and 22 (MCL 125.2842,
125.2843, 125.2855, 125.2859, 125.2860, 125.2861, and 125.2862);
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

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

1 (b) "Assessed value" means the taxable value as determined
2 under section 27a of the general property tax act, 1893 PA 206, MCL
3 211.27a.

4 (c) "Authority" means a historical neighborhood tax increment
5 finance authority created under this act.

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

7 (e) "Captured assessed value" means the amount in any 1 year
8 by which the current assessed value of the development area,
9 including the assessed value of property for which specific local
10 taxes are paid in lieu of property taxes as determined in section
11 3(d), exceeds the initial assessed value. The state tax commission
12 shall prescribe the method for calculating captured assessed value.

13 (f) "Chief executive officer" means the mayor or city manager
14 of a city or the supervisor of a township.

15 (g) "Development area" means that area described in section 5
16 to which a development plan is applicable that is located inside a
17 historic district.

18 (h) "Development plan" means that information and those
19 requirements for a development area set forth in section 22.

20 (i) "Development program" means the implementation of the
21 development plan.

22 (j) "Fiscal year" means the fiscal year of the authority.

23 (k) "Governing body" or "governing body of a municipality"
24 means the elected body of a municipality having legislative powers.

25 (l) "Historic district" means that term as defined in section
26 1a of the local historic districts act, 1970 PA 169, MCL 399.201a.

27 (m) "Housing" means ~~privately owned housing or publicly owned~~

1 housing, individual or multifamily.

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

15 (o) "Land use plan" means a plan prepared under ~~section 1 of~~
16 ~~the city and village zoning act, 1921 PA 207, MCL 125.581~~ **FORMER**
17 **1921 PA 207 OR A SITE PLAN UNDER THE MICHIGAN ZONING ENABLING ACT,**
18 **2006 PA 110, MCL 125.3101 TO 125.3702.**

19 (p) "Municipality" means a city or township in which a
20 historic district is located.

21 (q) "Residential district" means an area of a municipality
22 zoned and used principally for residential housing.

23 Sec. 3. As used in this act:

24 (a) "Operations" means office maintenance, including salaries
25 and expenses of employees, office supplies, consultation fees,
26 design costs, and other expenses incurred in the daily management
27 of the authority and planning of its activities.

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

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

16 (d) "Specific local tax" means a tax levied under 1974 PA 198,
17 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
18 255, MCL 207.651 to 207.668, the technology park development act,
19 1984 PA 385, MCL 207.701 to 207.718, ~~or~~ 1953 PA 189, MCL 211.181 to
20 211.182, **OR THE COMMERCIAL REHABILITATION ACT, 2005 PA 210, MCL**
21 **207.841 TO 207.856**. The initial assessed value or current assessed
22 value of property subject to a specific local tax shall be the
23 quotient of the specific local tax paid divided by the ad valorem
24 millage rate. The state tax commission shall prescribe the method
25 for calculating the initial assessed value and current assessed
26 value of property for which a specific local tax was paid in lieu
27 of a property tax.

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

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

9 (i) Taxes under the state education tax act, 1993 PA 331, MCL
10 211.901 to 211.906.

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

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

18 (iv) Ad valorem property taxes excluded by the tax increment
19 financing plan of the authority from the determination of the
20 amount of tax increment revenues to be transmitted to the authority
21 or specific local taxes attributable to the ad valorem property
22 taxes.

23 (v) Ad valorem property taxes exempted from capture under
24 section 17(5) or specific local taxes attributable to the ad
25 valorem property taxes.

26 (vi) Ad valorem property taxes specifically levied for the
27 payment of principal and interest of obligations approved by the

1 electors or obligations pledging the unlimited taxing power of the
2 local governmental unit or specific taxes attributable to those ad
3 valorem property taxes.

4 Sec. 15. The authority may borrow money and issue its
5 negotiable revenue bonds under the revenue bond act of 1933, 1933
6 PA 94, MCL 141.101 to 141.140. ~~Revenue bonds issued by the~~
7 ~~authority are not a debt of the municipality unless the~~
8 ~~municipality by majority vote of the members of its governing body~~
9 ~~pledges its full faith and credit to support the authority's~~
10 ~~revenue bonds. Revenue bonds issued by the authority are never a~~
11 ~~debt of the state.~~

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

~~1 of the governing body in the resolution authorizing the bonds. If
2 the governing body of the municipality adopts the resolution
3 authorizing the bonds, the estimate of the anticipated tax
4 increment revenues and other revenue available under section 13 to
5 be available for payment of principal and interest on the bonds
6 shall be conclusive for purposes of this section. The bonds issued
7 under this subsection shall be considered a single series for the
8 purposes of the revised municipal finance act, 2001 PA 34, MCL
9 141.2101 to 141.2821.~~

10 (1) ~~(2)~~ By resolution of its governing body, the authority may
11 authorize, issue, and sell tax increment bonds subject to the
12 limitations set forth in this subsection to finance the development
13 program of the tax increment financing plan. The tax increment
14 bonds issued by the authority under this subsection shall pledge
15 solely the tax increment revenues of a development area in which
16 the project is located or a development area from which tax
17 increment revenues may be used for this project, or both. In
18 addition or in the alternative, the bonds issued by the authority
19 under this subsection may be secured by any other revenues
20 identified in section 13 as sources of financing for activities of
21 the authority that the authority shall specifically pledge in the
22 resolution. However, **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,**
23 the full faith and credit of the municipality shall not be pledged
24 to secure bonds issued under this subsection. The bond issue may
25 include a sum sufficient to pay interest on the tax increment bonds
26 until full development of tax increment revenues from the project
27 and also a sum to provide a reasonable reserve for payment of

1 principal and interest on the bonds. The resolution authorizing the
2 bonds shall create a lien on the tax increment revenues and other
3 revenues pledged by the resolution that shall be a statutory lien
4 and shall be a first lien subject only to liens previously created.
5 The resolution may provide the terms upon which additional bonds
6 may be issued of equal standing and parity of lien as to the tax
7 increment revenues and other revenues pledged under the resolution.
8 Bonds issued under this subsection that pledge revenue received
9 under section 14 for repayment of the bonds are subject to the
10 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
11 141.2821.

12 (2) THE MUNICIPALITY, BY MAJORITY VOTE OF THE MEMBERS OF ITS
13 GOVERNING BODY, MAY MAKE A LIMITED TAX PLEDGE TO SUPPORT THE
14 AUTHORITY'S TAX INCREMENT BONDS OR NOTES OR, IF AUTHORIZED BY THE
15 VOTERS OF THE MUNICIPALITY, MAY PLEDGE ITS UNLIMITED TAX FULL FAITH
16 AND CREDIT FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE
17 AUTHORITY'S TAX INCREMENT BONDS OR NOTES.

18 Sec. 20. (1) If a board decides to finance a project in a
19 development area by the use of revenue bonds as authorized in
20 section 15 or tax increment financing as authorized in sections 17,
21 18, and 19, it shall prepare a development plan.

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

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

25 (b) The location and extent of existing streets and other
26 public facilities within the development area, designating the
27 location, character, and extent of the categories of public and

1 private land uses then existing and proposed for the development
2 area, including residential, recreational, commercial, industrial,
3 educational, and other uses, and including a legal description of
4 the development area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5 ~~—— (o) A plan for compliance with 1972 PA 227, MCL 213.321 to~~
6 ~~213.332.~~

7 (l) ~~(p)~~ The requirement that amendments to an approved
8 development plan or tax increment plan must be submitted by the
9 authority to the governing body for approval or rejection.

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

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

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

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

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

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

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

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

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

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

4 (A) ~~(b)~~—The plan meets the requirements under section 20(2).

5 (B) ~~(c)~~—The proposed method of financing the development is
6 feasible and the authority has the ability to arrange the
7 financing.

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

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

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

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

18 (G) ~~(h)~~—Changes in zoning, streets, street levels,
19 intersections, and utilities are reasonably necessary for the
20 project and for the municipality.

21 Enacting section 1. Sections 11, 12, 14, and 23 of the
22 historical neighborhood tax increment finance authority act, 2004
23 PA 530, MCL 125.2811, 125.2812, 125.2814, and 125.2863, are
24 repealed.