

SUBSTITUTE FOR  
HOUSE BILL NO. 6243

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,"

by amending sections 1, 2, 3, 4, 7, and 17 (MCL 125.1651, 125.1652, 125.1653, 125.1654, 125.1657, and 125.1667), section 1 as amended by 2008 PA 225, section 2 as amended by 1985 PA 159, section 3 as amended by 2005 PA 115, section 4 as amended by 2006 PA 279,

section 7 as amended by 2008 PA 226, and section 17 as amended by 1993 PA 122.

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

1           Sec. 1. 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.

9           (b) "Assessed value" means 1 of the following:

10           (i) For valuations made before January 1, 1995, the state  
11 equalized valuation as determined under the general property tax  
12 act, 1893 PA 206, MCL 211.1 to 211.155.

13           (ii) For valuations made after December 31, 1994, the taxable  
14 value as determined under section 27a of the general property tax  
15 act, 1893 PA 206, MCL 211.27a.

16           (c) "Authority" means a downtown development authority created  
17 pursuant to this act.

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

19           (e) "Business district" means an area in the downtown of a  
20 municipality zoned and used principally for business. **A BUSINESS**  
21 **DISTRICT MAY INCLUDE AN AREA THAT INCLUDES A QUALIFIED HIGHER**  
22 **EDUCATION INSTITUTION.**

23           (f) "Captured assessed value" means the amount in any 1 year  
24 by which the current assessed value of the project area, including

1 the assessed value of property for which specific local taxes are  
2 paid in lieu of property taxes as determined in subdivision (z),  
3 exceeds the initial assessed value. The state tax commission shall  
4 prescribe the method for calculating captured assessed value.

5 (g) "Chief executive officer" means the mayor or city manager  
6 of a city, the president or village manager of a village, or the  
7 supervisor of a township or, if designated by the township board  
8 for purposes of this act, the township superintendent or township  
9 manager of a township.

10 (h) "Development area" means that area to which a development  
11 plan is applicable.

12 (i) "Development plan" means that information and those  
13 requirements for a development plan set forth in section 17.

14 (j) "Development program" means the implementation of the  
15 development plan.

16 (k) "Downtown district" means that part of an area in a  
17 business district that is specifically designated by ordinance of  
18 the governing body of the municipality pursuant to this act. A  
19 downtown district may include 1 or more separate and distinct  
20 geographic areas in a business district as determined by the  
21 municipality if the municipality enters into an agreement with a  
22 qualified township under section 3(7) or if the municipality is a  
23 city that surrounds another city and that other city lies between  
24 the 2 separate and distinct geographic areas. If the downtown  
25 district contains more than 1 separate and distinct geographic area  
26 in the downtown district, the separate and distinct geographic  
27 areas shall be considered 1 downtown district.

1 (l) "Eligible advance" means an advance made before August 19,  
2 1993.

3 (m) "Eligible obligation" means an obligation issued or  
4 incurred by an authority or by a municipality on behalf of an  
5 authority before August 19, 1993 and its subsequent refunding by a  
6 qualified refunding obligation. Eligible obligation includes an  
7 authority's written agreement entered into before August 19, 1993  
8 to pay an obligation issued after August 18, 1993 and before  
9 December 31, 1996 by another entity on behalf of the authority.

10 (n) "Fire alarm system" means a system designed to detect and  
11 annunciate the presence of fire, or by-products of fire. Fire alarm  
12 system includes smoke detectors.

13 (o) "Fiscal year" means the fiscal year of the authority.

14 (p) "Governing body of a municipality" means the elected body  
15 of a municipality having legislative powers.

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

1 of a property tax shall be determined as provided in subdivision  
2 (z). In the case of a municipality having a population of less than  
3 35,000 that established an authority prior to 1985, created a  
4 district or districts, and approved a development plan or tax  
5 increment financing plan or amendments to a plan, and which plan or  
6 tax increment financing plan or amendments to a plan, and which  
7 plan expired by its terms December 31, 1991, the initial assessed  
8 value for the purpose of any plan or plan amendment adopted as an  
9 extension of the expired plan shall be determined as if the plan  
10 had not expired December 31, 1991. For a development area  
11 designated before 1997 in which a renaissance zone has subsequently  
12 been designated pursuant to the Michigan renaissance zone act, 1996  
13 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the  
14 development area otherwise determined under this subdivision shall  
15 be reduced by the amount by which the current assessed value of the  
16 development area was reduced in 1997 due to the exemption of  
17 property under section 7ff of the general property tax act, 1893 PA  
18 206, MCL 211.7ff, but in no case shall the initial assessed value  
19 be less than zero.

20 (r) "Municipality" means a city, village, or township.

21 (s) "Obligation" means a written promise to pay, whether  
22 evidenced by a contract, agreement, lease, sublease, bond, or note,  
23 or a requirement to pay imposed by law. An obligation does not  
24 include a payment required solely because of default upon an  
25 obligation, employee salaries, or consideration paid for the use of  
26 municipal offices. An obligation does not include those bonds that  
27 have been economically defeased by refunding bonds issued under

1 this act. Obligation includes, but is not limited to, the  
2 following:

3 (i) A requirement to pay proceeds derived from ad valorem  
4 property taxes or taxes levied in lieu of ad valorem property  
5 taxes.

6 (ii) A management contract or a contract for professional  
7 services.

8 (iii) A payment required on a contract, agreement, bond, or note  
9 if the requirement to make or assume the payment arose before  
10 August 19, 1993.

11 (iv) A requirement to pay or reimburse a person for the cost of  
12 insurance for, or to maintain, property subject to a lease, land  
13 contract, purchase agreement, or other agreement.

14 (v) A letter of credit, paying agent, transfer agent, bond  
15 registrar, or trustee fee associated with a contract, agreement,  
16 bond, or note.

17 (t) "On behalf of an authority", in relation to an eligible  
18 advance made by a municipality, or an eligible obligation or other  
19 protected obligation issued or incurred by a municipality, means in  
20 anticipation that an authority would transfer tax increment  
21 revenues or reimburse the municipality from tax increment revenues  
22 in an amount sufficient to fully make payment required by the  
23 eligible advance made by the municipality, or eligible obligation  
24 or other protected obligation issued or incurred by the  
25 municipality, if the anticipation of the transfer or receipt of tax  
26 increment revenues from the authority is pursuant to or evidenced  
27 by 1 or more of the following:

1           (i) A reimbursement agreement between the municipality and an  
2 authority it established.

3           (ii) A requirement imposed by law that the authority transfer  
4 tax increment revenues to the municipality.

5           (iii) A resolution of the authority agreeing to make payments to  
6 the incorporating unit.

7           (iv) Provisions in a tax increment financing plan describing  
8 the project for which the obligation was incurred.

9           (u) "Operations" means office maintenance, including salaries  
10 and expenses of employees, office supplies, consultation fees,  
11 design costs, and other expenses incurred in the daily management  
12 of the authority and planning of its activities.

13           (v) "Other protected obligation" means:

14           (i) A qualified refunding obligation issued to refund an  
15 obligation described in subparagraph (ii), (iii), or (iv), an  
16 obligation that is not a qualified refunding obligation that is  
17 issued to refund an eligible obligation, or a qualified refunding  
18 obligation issued to refund an obligation described in this  
19 subparagraph.

20           (ii) An obligation issued or incurred by an authority or by a  
21 municipality on behalf of an authority after August 19, 1993, but  
22 before December 31, 1994, to finance a project described in a tax  
23 increment finance plan approved by the municipality in accordance  
24 with this act before December 31, 1993, for which a contract for  
25 final design is entered into by or on behalf of the municipality or  
26 authority before March 1, 1994 or for which a written agreement  
27 with a developer, titled preferred development agreement, was

1 entered into by or on behalf of the municipality or authority in  
2 July 1993.

3 (iii) An obligation incurred by an authority or municipality  
4 after August 19, 1993, to reimburse a party to a development  
5 agreement entered into by a municipality or authority before August  
6 19, 1993, for a project described in a tax increment financing plan  
7 approved in accordance with this act before August 19, 1993, and  
8 undertaken and installed by that party in accordance with the  
9 development agreement.

10 (iv) An obligation incurred by the authority evidenced by or to  
11 finance a contract to purchase real property within a development  
12 area or a contract to develop that property within the development  
13 area, or both, if all of the following requirements are met:

14 (A) The authority purchased the real property in 1993.

15 (B) Before June 30, 1995, the authority enters a contract for  
16 the development of the real property located within the development  
17 area.

18 (C) In 1993, the authority or municipality on behalf of the  
19 authority received approval for a grant from both of the following:

20 (I) The department of natural resources for site reclamation  
21 of the real property.

22 (II) The department of consumer and industry services for  
23 development of the real property.

24 (v) An ongoing management or professional services contract  
25 with the governing body of a county which was entered into before  
26 March 1, 1994 and which was preceded by a series of limited term  
27 management or professional services contracts with the governing

1 body of the county, the last of which was entered into before  
2 August 19, 1993.

3 (vi) A loan from a municipality to an authority if the loan was  
4 approved by the legislative body of the municipality on April 18,  
5 1994.

6 (vii) Funds expended to match a grant received by a  
7 municipality on behalf of an authority for sidewalk improvements  
8 from the Michigan department of transportation if the legislative  
9 body of the municipality approved the grant application on April 5,  
10 1993 and the grant was received by the municipality in June 1993.

11 (viii) For taxes captured in 1994, an obligation described in  
12 this subparagraph issued or incurred to finance a project. An  
13 obligation is considered issued or incurred to finance a project  
14 described in this subparagraph only if all of the following are  
15 met:

16 (A) The obligation requires raising capital for the project or  
17 paying for the project, whether or not a borrowing is involved.

18 (B) The obligation was part of a development plan and the tax  
19 increment financing plan was approved by a municipality on May 6,  
20 1991.

21 (C) The obligation is in the form of a written memorandum of  
22 understanding between a municipality and a public utility dated  
23 October 27, 1994.

24 (D) The authority or municipality captured school taxes during  
25 1994.

26 (w) "Public facility" means a street, plaza, pedestrian mall,  
27 and any improvements to a street, plaza, or pedestrian mall

1 including street furniture and beautification, park, parking  
2 facility, recreational facility, right-of-way, structure, waterway,  
3 bridge, lake, pond, canal, utility line or pipe, building, and  
4 access routes to any of the foregoing, designed and dedicated to  
5 use by the public generally, or used by a public agency. Public  
6 facility includes an improvement to a facility used by the public  
7 or a public facility as those terms are defined in section 1 of  
8 1966 PA 1, MCL 125.1351, which improvement is made to comply with  
9 the barrier free design requirements of the state construction code  
10 promulgated under the Stille-DeRossett-Hale single state  
11 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.  
12 Public facility also includes the acquisition, construction,  
13 improvement, and operation of a building owned or leased by the  
14 authority to be used as a retail business incubator.

15 **(X) "QUALIFIED EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT"**  
16 **MEANS THAT PART OF A DOWNTOWN DISTRICT THAT INCLUDES A QUALIFIED**  
17 **HIGHER EDUCATION INSTITUTION AND SURROUNDING AREA THAT IS**  
18 **SPECIFICALLY DESIGNATED BY ORDINANCE OR RESOLUTION OF THE GOVERNING**  
19 **BODY OF THE MUNICIPALITY.**

20 **(Y) "QUALIFIED HIGHER EDUCATION INSTITUTION" MEANS AN**  
21 **INSTITUTION OF HIGHER EDUCATION OR A COMMUNITY OR JUNIOR COLLEGE**  
22 **DESCRIBED IN SECTION 4, 5, 6, OR 7 OF ARTICLE VIII OF THE STATE**  
23 **CONSTITUTION OF 1963 OR A PRIVATE INSTITUTION OF HIGHER EDUCATION.**

24 **(Z) ~~(x)~~"Qualified refunding obligation"** means an obligation  
25 issued or incurred by an authority or by a municipality on behalf  
26 of an authority to refund an obligation if 1 or more of the  
27 following apply:

1           (i) The obligation is issued to refund a qualified refunding  
2 obligation issued in November 1997 and any subsequent refundings of  
3 that obligation issued before January 1, 2010 or the obligation is  
4 issued to refund a qualified refunding obligation issued on May 15,  
5 1997 and any subsequent refundings of that obligation issued before  
6 January 1, 2010 in an authority in which 1 parcel or group of  
7 parcels under common ownership represents 50% or more of the  
8 taxable value captured within the tax increment finance district  
9 and that will ultimately provide for at least a 40% reduction in  
10 the taxable value of the property as part of a negotiated  
11 settlement as a result of an appeal filed with the state tax  
12 tribunal. Qualified refunding obligations issued under this  
13 subparagraph are not subject to the requirements of section 611 of  
14 the revised municipal finance act, 2001 PA 34, MCL 141.2611, if  
15 issued before January 1, 2010. The duration of the development  
16 program described in the tax increment financing plan relating to  
17 the qualified refunding obligations issued under this subparagraph  
18 is hereby extended to 1 year after the final date of maturity of  
19 the qualified refunding obligations.

20           (ii) The refunding obligation meets both of the following:

21           (A) The net present value of the principal and interest to be  
22 paid on the refunding obligation, including the cost of issuance,  
23 will be less than the net present value of the principal and  
24 interest to be paid on the obligation being refunded, as calculated  
25 using a method approved by the department of treasury.

26           (B) The net present value of the sum of the tax increment  
27 revenues described in subdivision ~~(bb) (ii)~~ **(DD) (ii)** and the

1 distributions under section 13b to repay the refunding obligation  
2 will not be greater than the net present value of the sum of the  
3 tax increment revenues described in subdivision ~~(bb) (ii)~~ **(DD) (ii)** and  
4 the distributions under section 13b to repay the obligation being  
5 refunded, as calculated using a method approved by the department  
6 of treasury.

7 **(AA)** ~~(y)~~ "Qualified township" means a township that meets all  
8 of the following requirements:

9 (i) Was not eligible to create an authority prior to January 3,  
10 2005.

11 (ii) Adjoins a municipality that previously created an  
12 authority.

13 (iii) Along with the adjoining municipality that previously  
14 created an authority, is a member of the same joint planning  
15 commission under the joint municipal planning act, 2003 PA 226, MCL  
16 125.131 to 125.143.

17 **(BB)** ~~(z)~~ "Specific local tax" means a tax levied under 1974 PA  
18 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978  
19 PA 255, MCL 207.651 to 207.668, the technology park development  
20 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL  
21 211.181 to 211.182. 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. However, after 1993, the state tax commission shall  
25 prescribe the method for calculating the initial assessed value and  
26 current assessed value of property for which a specific local tax  
27 was paid in lieu of a property tax.

1           (CC) ~~(aa)~~—"State fiscal year" means the annual period  
2 commencing October 1 of each year.

3           (DD) ~~(bb)~~—"Tax increment revenues" means the amount of ad  
4 valorem 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, subject to the following requirements:

8           (i) Tax increment revenues include ad valorem property taxes  
9 and specific local taxes attributable to the application of the  
10 levy of all taxing jurisdictions other than the state pursuant to  
11 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,  
12 and local or intermediate school districts upon the captured  
13 assessed value of real and personal property in the development  
14 area for any purpose authorized by this act.

15           (ii) Tax increment revenues include ad valorem property taxes  
16 and specific local taxes attributable to the application of the  
17 levy of the state pursuant to the state education tax act, 1993 PA  
18 331, MCL 211.901 to 211.906, and local or intermediate school  
19 districts upon the captured assessed value of real and personal  
20 property in the development area in an amount equal to the amount  
21 necessary, without regard to subparagraph (i), to repay eligible  
22 advances, eligible obligations, and other protected obligations.

23           (iii) Tax increment revenues do not include any of the  
24 following:

25           (A) Ad valorem property taxes attributable either to a portion  
26 of the captured assessed value shared with taxing jurisdictions  
27 within the jurisdictional area of the authority or to a portion of

1 value of property that may be excluded from captured assessed value  
2 or specific local taxes attributable to such ad valorem property  
3 taxes.

4 (B) Ad valorem property taxes excluded by the tax increment  
5 financing plan of the authority from the determination of the  
6 amount of tax increment revenues to be transmitted to the authority  
7 or specific local taxes attributable to such ad valorem property  
8 taxes.

9 (C) Ad valorem property taxes exempted from capture under  
10 section 3(3) or specific local taxes attributable to such ad  
11 valorem property taxes.

12 (iv) The amount of tax increment revenues authorized to be  
13 included under subparagraph (ii) or (v), and required to be  
14 transmitted to the authority under section 14(1), from ad valorem  
15 property taxes and specific local taxes attributable to the  
16 application of the levy of the state education tax act, 1993 PA  
17 331, MCL 211.901 to 211.906, a local school district or an  
18 intermediate school district upon the captured assessed value of  
19 real and personal property in a development area shall be  
20 determined separately for the levy by the state, each school  
21 district, and each intermediate school district as the product of  
22 sub-subparagraphs (A) and (B):

23 (A) The percentage that the total ad valorem taxes and  
24 specific local taxes available for distribution by law to the  
25 state, local school district, or intermediate school district,  
26 respectively, bears to the aggregate amount of ad valorem millage  
27 taxes and specific taxes available for distribution by law to the

1 state, each local school district, and each intermediate school  
2 district.

3 (B) The maximum amount of ad valorem property taxes and  
4 specific local taxes considered tax increment revenues under  
5 subparagraph (ii) or (v).

6 (v) Tax increment revenues include ad valorem property taxes  
7 and specific local taxes, in an annual amount and for each year  
8 approved by the state treasurer, attributable to the levy by this  
9 state under the state education tax act, 1993 PA 331, MCL 211.901  
10 to 211.906, and by local or intermediate school districts, upon the  
11 captured assessed value of real and personal property in the  
12 development area of an authority established in a city with a  
13 population of 750,000 or more to pay for, or reimburse an advance  
14 for, not more than \$8,000,000.00 for the demolition of buildings or  
15 structures on public or privately owned property within a  
16 development area that commences in 2005, or to pay the annual  
17 principal of or interest on an obligation, the terms of which are  
18 approved by the state treasurer, issued by an authority, or by a  
19 city on behalf of an authority, to pay not more than \$8,000,000.00  
20 of the costs to demolish buildings or structures on public or  
21 privately owned property within a development area that commences  
22 in 2005.

23 Sec. 2. (1) Except as otherwise provided in this subsection, a  
24 municipality may establish 1 authority. If, before November 1,  
25 1985, a municipality establishes more than 1 authority, those  
26 authorities may continue to exist as separate authorities. Under  
27 the conditions described in section 3a, a municipality may have

1 more than 1 authority within that municipality's boundaries. **A**  
2 **MUNICIPALITY MAY ESTABLISH 1 ADDITIONAL AUTHORITY IN THAT**  
3 **MUNICIPALITY IF THAT AUTHORITY OPERATES A QUALIFIED EDUCATIONAL**  
4 **ECONOMIC OPPORTUNITY DISTRICT.** A parcel of property shall not be  
5 included in more than 1 authority created by this act.

6 (2) An authority shall be a public body corporate which may  
7 sue and be sued in any court of this state. An authority possesses  
8 all the powers necessary to carry out the purpose of its  
9 incorporation. The enumeration of a power in this act shall not be  
10 construed as a limitation upon the general powers of an authority.

11 Sec. 3. (1) When the governing body of a municipality  
12 determines that it is necessary for the best interests of the  
13 public to halt property value deterioration and increase property  
14 tax valuation where possible in its business district, to eliminate  
15 the causes of that deterioration, and to promote economic growth,  
16 the governing body may, by resolution, declare its intention to  
17 create and provide for the operation of an authority **UNDER THIS**  
18 **ACT.**

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

1 proposed district and for a public hearing to be held after  
2 February 15, 1994 to the governing body of each taxing jurisdiction  
3 levying taxes that would be subject to capture if the authority is  
4 established and a tax increment financing plan is approved.  
5 Beginning June 1, 2005, the notice of hearing within the time frame  
6 described in this subsection shall be mailed by certified mail to  
7 the governing body of each taxing jurisdiction levying taxes that  
8 would be subject to capture if the authority is established and a  
9 tax increment financing plan is approved. Failure of a property  
10 taxpayer to receive the notice shall not invalidate these  
11 proceedings. Notice of the hearing shall be posted in at least 20  
12 conspicuous and public places in the proposed downtown district not  
13 less than 20 days before the hearing. The notice shall state the  
14 date, time, and place of the hearing, and shall describe the  
15 boundaries of the proposed downtown district. A citizen, taxpayer,  
16 or property owner of the municipality or an official from a taxing  
17 jurisdiction with millage that would be subject to capture has the  
18 right to be heard in regard to the establishment of the authority  
19 and the boundaries of the proposed downtown district. The governing  
20 body of the municipality shall not incorporate land into the  
21 downtown district not included in the description contained in the  
22 notice of public hearing, but it may eliminate described lands from  
23 the downtown district in the final determination of the boundaries.

24 (3) Not more than 60 days after a public hearing held after  
25 February 15, 1994, the governing body of a taxing jurisdiction  
26 levying ad valorem property taxes that would otherwise be subject  
27 to capture may exempt its taxes from capture by adopting a

1 resolution to that effect and filing a copy with the clerk of the  
2 municipality proposing to create the authority. The resolution  
3 takes effect when filed with that clerk and remains effective until  
4 a copy of a resolution rescinding that resolution is filed with  
5 that clerk.

6 (4) 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 downtown district within which  
11 the authority shall exercise its powers. The adoption of the  
12 ordinance is subject to any applicable statutory or charter  
13 provisions in respect to the approval or disapproval by the chief  
14 executive or other officer of the municipality and the adoption of  
15 an ordinance over his or her veto. This ordinance shall be filed  
16 with the secretary of state promptly after its adoption and shall  
17 be published at least once in a newspaper of general circulation in  
18 the municipality.

19 (5) The governing body of the municipality may alter or amend  
20 the boundaries of the downtown district to include or exclude lands  
21 from the downtown district pursuant to the same requirements for  
22 adopting the ordinance creating the authority.

23 (6) A municipality that has created an authority may enter  
24 into an agreement with an adjoining municipality that has created  
25 an authority to jointly operate and administer those authorities  
26 under an interlocal agreement under the urban cooperation act of  
27 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

1 (7) A municipality that has created an authority may enter  
2 into an agreement with a qualified township to operate its  
3 authority in a downtown district in the qualified township under an  
4 interlocal agreement under the urban cooperation act of 1967, 1967  
5 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement  
6 between the municipality and the qualified township shall provide  
7 for, but is not limited to, all of the following:

8 (a) Size and makeup of the board.

9 (b) Determination and modification of downtown district,  
10 business district, and development area.

11 (c) Modification of development area and development plan.

12 (d) Issuance and repayment of obligations.

13 (e) Capture of taxes.

14 (f) Notice, hearing, and exemption of taxes from capture  
15 provisions described in this section.

16 Sec. 4. (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 municipality  
19 and not less than 8 or more than 12 members as determined by the  
20 governing body of the municipality. Members shall be appointed by  
21 the chief executive officer of the municipality, subject to  
22 approval by the governing body of the municipality. Not less than a  
23 majority of the members shall be persons having an interest in  
24 property located in the downtown district or officers, members,  
25 trustees, principals, or employees of a legal entity having an  
26 interest in property located in the downtown district. Not less  
27 than 1 of the members shall be a resident of the downtown district,

1 if the downtown district has 100 or more persons residing within  
2 it. Of the members first appointed, an equal number of the members,  
3 as near as is practicable, shall be appointed for 1 year, 2 years,  
4 3 years, and 4 years. A member shall hold office until the member's  
5 successor is appointed. Thereafter, each member shall serve for a  
6 term of 4 years. An appointment to fill a vacancy shall be made by  
7 the chief executive officer of the municipality for the unexpired  
8 term only. Members of the board shall serve without compensation,  
9 but shall be reimbursed for actual and necessary expenses. The  
10 chairperson of the board 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 business which the board may perform shall be  
15 conducted at a public meeting of the board held in compliance with  
16 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public  
17 notice of the time, date, and place of the meeting shall be given  
18 in the manner required by the open meetings act, 1976 PA 267, MCL  
19 15.261 to 15.275. The board shall adopt rules consistent with the  
20 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its  
21 procedure and the holding of regular meetings, subject to the  
22 approval of the governing body. Special meetings may be held if  
23 called in the manner provided in the rules of the board.

24 (4) Pursuant to notice and after having been given an  
25 opportunity to be heard, a member of the board may be removed for  
26 cause by the governing body. Removal of a member is subject to  
27 review by the circuit court.

1 (5) All expense items of the authority shall be publicized  
2 monthly and the financial records shall always be open to the  
3 public.

4 (6) In addition to the items and records prescribed in  
5 subsection (5), a writing prepared, owned, used, in the possession  
6 of, or retained by the board in the performance of an official  
7 function shall be made available to the public in compliance with  
8 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

9 (7) By resolution of its governing body, a municipality having  
10 more than 1 authority may establish a single board to govern all  
11 authorities in the municipality. The governing body may designate  
12 the board of an existing authority as the board for all authorities  
13 or may establish by resolution a new board in the same manner as  
14 provided in subsection (1). A member of a board governing more than  
15 1 authority may be a resident of or have an interest in property in  
16 any of the downtown districts controlled by the board in order to  
17 meet the requirements of this section.

18 (8) By ordinance, the governing body of a municipality that  
19 has a population of less than 5,000 may have the municipality's  
20 planning commission created pursuant to 1931 PA 285, MCL 125.31 to  
21 125.45, serve as the board provided for in subsection (1).

22 (9) If a municipality enters into an agreement with a  
23 qualified township under section 3(7), the membership of the board  
24 may be modified by the interlocal agreement described in section  
25 3(7).

26 (10) **SUBJECT TO THE REQUIREMENTS OF SUBSECTION (1), THE BOARD**  
27 **OF AN AUTHORITY FOR A QUALIFIED EDUCATIONAL ECONOMIC OPPORTUNITY**

1 DISTRICT SHALL INCLUDE A REPRESENTATIVE OF A QUALIFIED HIGHER  
2 EDUCATION INSTITUTION LOCATED IN THE DOWNTOWN DISTRICT AND NOT LESS  
3 THAN 3 INDIVIDUALS WHO REPRESENT 1 OR MORE OF THE FOLLOWING  
4 INTERESTS:

5 (A) A MAJOR BUSINESS OR ORGANIZATION THAT OPERATES WITHIN THE  
6 DOWNTOWN DISTRICT.

7 (B) ARTS AND CULTURAL ORGANIZATIONS THAT OPERATE WITHIN THE  
8 DOWNTOWN DISTRICT.

9 (C) YOUNG PROFESSIONAL ORGANIZATIONS THAT OPERATE WITHIN THE  
10 DOWNTOWN DISTRICT.

11 (D) A LOCAL CHAMBER OF COMMERCE THAT OPERATES WITHIN THE  
12 DOWNTOWN DISTRICT.

13 (E) A LOCAL COMMUNITY FOUNDATION THAT OPERATES WITHIN THE  
14 DOWNTOWN DISTRICT.

15 (F) REGIONAL ECONOMIC DEVELOPMENT ORGANIZATIONS THAT OPERATE  
16 WITHIN THE DOWNTOWN DISTRICT.

17 (G) PUBLIC TRANSPORTATION THAT OPERATES WITHIN THE DOWNTOWN  
18 DISTRICT.

19 Sec. 7. (1) The board may:

20 (a) Prepare an analysis of economic changes taking place in  
21 the downtown district.

22 (b) Study and analyze the impact of metropolitan growth upon  
23 the downtown district.

24 (c) Plan and propose the construction, renovation, repair,  
25 remodeling, rehabilitation, restoration, preservation, or  
26 reconstruction of a public facility, an existing building, or a  
27 multiple-family dwelling unit which may be necessary or appropriate

1 to the execution of a plan which, in the opinion of the board, aids  
2 in the economic growth of the downtown district.

3 (d) Plan, propose, and implement an improvement to a public  
4 facility within the development area to comply with the barrier  
5 free design requirements of the state construction code promulgated  
6 under the Stille-DeRossett-Hale single state construction code act,  
7 1972 PA 230, MCL 125.1501 to 125.1531.

8 (e) Develop long-range plans, in cooperation with the agency  
9 which is chiefly responsible for planning in the municipality,  
10 designed to halt the deterioration of property values in the  
11 downtown district and to promote the economic growth of the  
12 downtown district, and take such steps as may be necessary to  
13 persuade property owners to implement the plans to the fullest  
14 extent possible.

15 (f) Implement any plan of development in the downtown district  
16 necessary to achieve the purposes of this act, in accordance with  
17 the powers of the authority as granted by this act.

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

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

27 (i) Improve land and construct, reconstruct, rehabilitate,

1 restore and preserve, equip, improve, maintain, repair, and operate  
2 any building, including multiple-family dwellings, and any  
3 necessary or desirable appurtenances to that property, within the  
4 downtown district for the use, in whole or in part, of any public  
5 or private person or corporation, or a combination of them.

6 (j) Fix, charge, and collect fees, rents, and charges for the  
7 use of any building or property under its control or any part  
8 thereof, or facility therein, and pledge the fees, rents, and  
9 charges for the payment of revenue bonds issued by the authority.

10 (k) Lease any building or property under its control, or any  
11 part of a building or property.

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

14 (m) Acquire and construct public facilities.

15 (n) Create, operate, and fund marketing initiatives that  
16 benefit only retail and general marketing of the downtown district.

17 (o) Contract for broadband service and wireless technology  
18 service in the downtown district.

19 (p) Operate and perform all duties and exercise all  
20 responsibilities described in this section in a qualified township  
21 if the qualified township has entered into an agreement with the  
22 municipality under section 3(7).

23 (q) Create, operate, and fund a loan program to fund  
24 improvements for existing buildings located in a downtown district  
25 to make them marketable for sale or lease. The board may make loans  
26 with interest at a market rate or may make loans with interest at a  
27 below market rate, as determined by the board.

1 (r) Create, operate, and fund retail business incubators in  
2 the downtown district.

3 (2) If it is the express determination of the board to create,  
4 operate, or fund a retail business incubator in the downtown  
5 district, the board shall give preference to tenants who will  
6 provide goods or services that are not available or that are  
7 underserved in the downtown area. If the board creates, operates,  
8 or funds retail business incubators in the downtown district, the  
9 board and each tenant who leases space in a retail business  
10 incubator shall enter into a written contract that includes, but is  
11 not limited to, all of the following:

12 (a) The lease or rental rate that may be below the fair market  
13 rate as determined by the board.

14 (b) The requirement that a tenant may lease space in the  
15 retail business incubator for a period not to exceed 18 months.

16 (c) The terms of a joint operating plan with 1 or more other  
17 businesses located in the downtown district.

18 (d) A copy of the business plan of the tenant that contains  
19 measurable goals and objectives.

20 (e) The requirement that the tenant participate in basic  
21 management classes, business seminars, or other business education  
22 programs offered by the authority, the local chamber of commerce,  
23 local community colleges, or institutions of higher education, as  
24 determined by the board.

25 **(3) IN ADDITION TO THE POWERS AUTHORIZED UNDER THIS SECTION,**  
26 **THE BOARD OF AN AUTHORITY FOR A QUALIFIED EDUCATIONAL ECONOMIC**  
27 **DISTRICT MAY DO 1 OR MORE OF THE FOLLOWING IN THAT QUALIFIED**

1 EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT:

2 (A) AUTHORIZE THE USE OF TAX INCREMENT REVENUES AND OTHER  
3 FUNDS AVAILABLE TO THE AUTHORITY FOR 1 OR MORE OF THE FOLLOWING:

4 (i) TO MATCH FUNDS FOR OTHER SOURCES FOR ANY ALLOWABLE PURPOSE  
5 UNDER THIS ACT.

6 (ii) BUSINESS LOAN PROGRAMS.

7 (iii) ENTREPRENEURIAL INCUBATORS.

8 (iv) HOME PURCHASE DOWN PAYMENT ASSISTANCE PROGRAMS.

9 (v) ENERGY EFFICIENCY PROGRAMS.

10 (B) FACILITATE TRANSIT DEVELOPMENT.

11 (C) ACQUIRE LAND AND BUILDINGS.

12 (D) FACILITATE GREEN BUILDING DEVELOPMENT.

13 (4) AN AUTHORITY SHALL NOT USE TAX INCREMENT REVENUES OR OTHER  
14 FUNDS UNDER THIS ACT TO IMPROVE, CONSTRUCT, OR DEVELOP PUBLIC  
15 FACILITIES LOCATED ON PROPERTY OWNED OR UNDER THE CONTROL OF A  
16 QUALIFIED HIGHER EDUCATION INSTITUTION.

17 Sec. 17. (1) When a board decides to finance a project in the  
18 downtown district by the use of revenue bonds as authorized in  
19 section 13 or tax increment financing as authorized in sections 14,  
20 15, and 16, it shall prepare a development plan.

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

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

24 (b) The location and extent of existing streets and other  
25 public facilities within the development area, shall designate the  
26 location, character, and extent of the categories of public and  
27 private land uses then existing and proposed for the development

1 area, including residential, recreational, commercial, industrial,  
2 educational, and other uses, and shall include a legal description  
3 of the development area.

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

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

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

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

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

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

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

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

1 authority.

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

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

22 (m) A plan for establishing priority for the relocation of  
23 persons displaced by the development in any new housing in the  
24 development area.

25 (n) Provision for the costs of relocating persons displaced by  
26 the development and financial assistance and reimbursement of  
27 expenses, including litigation expenses and expenses incident to

1 the transfer of title, in accordance with the standards and  
2 provisions of the federal uniform relocation assistance and real  
3 property acquisition policies act of 1970, being Public Law 91-646,  
4 42 U.S.C.—USC sections 4601, et seq.

5 (o) A plan for compliance with ~~Act No. 227 of the Public Acts~~  
6 ~~of 1972, being sections 213.321 to 213.332 of the Michigan Compiled~~  
7 ~~Laws 1972 PA 227, MCL 213.321 TO 213.332.~~

8 (p) Other material that the authority, local public agency, or  
9 governing body considers pertinent.

10 ~~—— (3) A development plan may provide for improvements related to~~  
11 ~~a qualified facility, as defined in the federal facility~~  
12 ~~development act, Act No. 275 of the Public Acts of 1992, being~~  
13 ~~sections 3.931 to 3.940 of the Michigan Compiled Laws, that is~~  
14 ~~located outside of the boundaries of the development area but~~  
15 ~~within the district, including the cost of construction,~~  
16 ~~renovation, rehabilitation, or acquisition of that qualified~~  
17 ~~facility or of public facilities and improvements related to that~~  
18 ~~qualified facility.~~

19 (3) IN ADDITION TO THE REQUIREMENT FOR A DEVELOPMENT PLAN  
20 DESCRIBED IN SUBSECTION (2), THE BOARD OF AN AUTHORITY FOR A  
21 QUALIFIED EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT MAY INCLUDE 1  
22 OR MORE OF THE FOLLOWING IN THE DEVELOPMENT PLAN FOR THE QUALIFIED  
23 EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT:

24 (A) THE PLAN TO ASSIST IN THE CREATION OF A WALKABLE DOWNTOWN  
25 DISTRICT.

26 (B) THE PLAN TO ASSIST IN THE CREATION AND DEMONSTRATION OF  
27 REGIONAL CONNECTIVITY.

1           (C) THE PLAN TO ASSIST IN THE DEVELOPMENT OF A MIXED-USE AND  
2 SUSTAINABLE COMMUNITY.

3           (D) THE PLAN TO INTEGRATE HIGHER EDUCATION ACTIVITIES AND  
4 EXPERTISE INTO THE DOWNTOWN DISTRICT.

5           (E) THE PLAN TO ASSIST IN ENTREPRENEURIAL ENTERPRISE  
6 DEVELOPMENT ESPECIALLY WITH FACULTY AND STUDENTS OF THE QUALIFIED  
7 HIGHER EDUCATION INSTITUTION.