

# HOUSE BILL No. 5171

July 14, 2009, Introduced by Reps. Donigan, Lipton, Polidori, Byrnes, Robert Jones and Tlaib and referred to the Committee on Intergovernmental and Regional Affairs.

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 14 and 17 (MCL 125.1664 and 125.1667), section 14 as amended by 1993 PA 323 and section 17 as amended by 1993 PA 122.

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

1       Sec. 14. (1) When the authority determines that it is

1 necessary for the achievement of the purposes of this act, the  
2 authority shall prepare and submit a tax increment financing plan  
3 to the governing body of the municipality. The plan shall include a  
4 development plan as provided in section 17, a detailed explanation  
5 of the tax increment procedure, the maximum amount of bonded  
6 indebtedness to be incurred, and the duration of the program, and  
7 shall be in compliance with section 15. The plan shall contain a  
8 statement of the estimated impact of tax increment financing on the  
9 assessed values of all taxing jurisdictions in which the  
10 development area is located. The plan may provide for the use of  
11 part or all of the captured assessed value, but the portion  
12 intended to be used by the authority shall be clearly stated in the  
13 tax increment financing plan. The authority or municipality may  
14 exclude from captured assessed value growth in property value  
15 resulting solely from inflation. The plan shall set forth the  
16 method for excluding growth in property value resulting solely from  
17 inflation.

18 (2) The percentage of taxes levied for school operating  
19 purposes that is captured and used by the tax increment financing  
20 plan shall not be greater than the plan's percentage capture and  
21 use of taxes levied by a municipality or county for operating  
22 purposes. For purposes of the previous sentence, taxes levied by a  
23 county for operating purposes include only millage allocated for  
24 county or charter county purposes under the property tax limitation  
25 act, ~~Act No. 62 of the Public Acts of 1933, being sections 211.201~~  
26 ~~to 211.217a of the Michigan Compiled Laws 1933 PA 62, MCL 211.201~~  
27 **TO 211.217A**. For purposes of this subsection, tax increment

1 revenues used to pay bonds issued by a municipality under section  
2 16(1) shall be considered to be used by the tax increment financing  
3 plan rather than shared with the municipality. The limitation of  
4 this subsection does not apply to the portion of the captured  
5 assessed value shared pursuant to an agreement entered into before  
6 1989 with a county or with a city in which an enterprise zone is  
7 approved under section 13 of the enterprise zone act, ~~Act No. 224~~  
8 ~~of the Public Acts of 1985, being section 125.2113 of the Michigan~~  
9 ~~Compiled Laws 1985 PA 224, MCL 125.2113.~~

10 (3) Approval of the tax increment financing plan shall be  
11 pursuant to the notice, hearing, and disclosure provisions of  
12 section 18. If the development plan is part of the tax increment  
13 financing plan, only 1 hearing and approval procedure is required  
14 for the 2 plans together.

15 (4) Before the public hearing on the tax increment financing  
16 plan, the governing body shall provide a reasonable opportunity to  
17 the taxing jurisdictions levying taxes subject to capture to meet  
18 with the governing body. The authority shall fully inform the  
19 taxing jurisdictions of the fiscal and economic implications of the  
20 proposed development area. The taxing jurisdictions may present  
21 their recommendations at the public hearing on the tax increment  
22 financing plan. The authority may enter into agreements with the  
23 taxing jurisdictions and the governing body of the municipality in  
24 which the development area is located **AND A PUBLIC TRANSPORTATION**  
25 **AGENCY AS THAT TERM IS DEFINED IN THE TRANSIT REVITALIZATION**  
26 **INVESTMENT ZONE ACT THAT OPERATES IN THE DEVELOPMENT AREA** to share  
27 a portion of the captured assessed value of the district. **IF AN**

1 AUTHORITY ENTERS INTO AN AGREEMENT WITH A PUBLIC TRANSPORTATION  
2 AGENCY TO SHARE A PORTION OF THE CAPTURED ASSESSED VALUE UNDER THIS  
3 SUBSECTION, THAT AGREEMENT SHALL BE IN WRITING AND SHALL CONTAIN  
4 ALL OF THE FOLLOWING:

5 (A) A PROVISION THAT THE CAPTURED ASSESSED VALUE MAY BE USED  
6 FOR OPERATING EXPENSES.

7 (B) A PROVISION ON HOW THE AUTHORITY WILL FACILITATE  
8 APPLICANTS WHO ARE SEEKING CREDITS UNDER SECTION 438 OF THE  
9 MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1438.

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

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

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

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

21 (b) The location and extent of existing streets and other  
22 public facilities within the development area, shall designate the  
23 location, character, and extent of the categories of public and  
24 private land uses then existing and proposed for the development  
25 area, including residential, recreational, commercial, industrial,  
26 educational, and other uses, and shall include a legal description  
27 of the development area.

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

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

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

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

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

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

18 (i) An estimate of the cost of the development, a statement of  
19 the proposed method of financing the development, and the ability  
20 of the authority to arrange the financing.

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

26 (k) The procedures for bidding for the leasing, purchasing, or  
27 conveying in any manner of all or a portion of the development upon

1 its completion, if there is no express or implied agreement between  
2 the authority and persons, natural or corporate, that all or a  
3 portion of the development will be leased, sold, or conveyed in any  
4 manner to those persons.

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

19 (m) A plan for establishing priority for the relocation of  
20 persons displaced by the development in any new housing in the  
21 development area.

22 (n) Provision for the costs of relocating persons displaced by  
23 the development and financial assistance and reimbursement of  
24 expenses, including litigation expenses and expenses incident to  
25 the transfer of title, in accordance with the standards and  
26 provisions of the ~~federal~~-uniform relocation assistance and real  
27 property acquisition policies act of 1970, being Public Law 91-646,

1 ~~42 U.S.C. sections USC 4601 , et seq TO 4655.~~

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

5 (P) AN EVALUATION AND REPORT ON PUBLIC TRANSIT PROVIDED IN THE  
6 DEVELOPMENT AREA THAT DETAILS EACH OF THE FOLLOWING:

7 (i) THE CURRENT PUBLIC TRANSIT SERVICES PROVIDED IN THE  
8 DEVELOPMENT AREA.

9 (ii) HOW DEVELOPMENT IN THE DEVELOPMENT AREA WILL INCORPORATE  
10 EXISTING PUBLIC TRANSIT SERVICES AND HOW DEVELOPMENT WILL ENCOURAGE  
11 THE EXPANSION OF PUBLIC TRANSIT OPTIONS IN THE DEVELOPMENT AREA.

12 (Q) ~~(p)~~ Other material that the authority, local public  
13 agency, or governing body considers pertinent.

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