

HOUSE BILL No. 5173

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 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
2 "transit revitalization investment zone act".

3 Sec. 2. As used in this act:

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

11 (b) "Assessed value" means the taxable value as determined
12 under section 27a of the general property tax act, 1893 PA 206, MCL
13 211.27a.

14 (c) "Authority" means a transit revitalization investment
15 authority created under this act.

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

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

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

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

27 (h) "Governing body" or "governing body of a municipality"

1 means the elected body of a municipality having legislative powers.

2 (i) "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.

12 (j) "Land use plan" means a plan prepared under former 1921 PA
13 207, or a site plan under the Michigan zoning enabling act, 2006 PA
14 110, MCL 125.3101 to 125.3702.

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

16 Sec. 3. As used in this act:

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

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

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

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

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

14 (i) The metropolitan transportation authorities act of 1967,
15 1967 PA 204, MCL 124.401 to 124.426.

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

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

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

20 (v) The revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
21 141.140.

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

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

25 (e) "Specific local tax" means a tax levied under 1974 PA 198,
26 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
27 255, MCL 207.651 to 207.668, the technology park development act,

1 1984 PA 385, MCL 207.701 to 207.718, the commercial rehabilitation
2 act, 2005 PA 210, MCL 207.841 to 207.856, the neighborhood
3 enterprise zone act, 1992 PA 147, MCL 207.771 to 207.786, the
4 obsolete property rehabilitation act, 2000 PA 146, MCL 125.2781 to
5 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The initial
6 assessed value or current assessed value of property subject to a
7 specific local tax shall be the quotient of the specific local tax
8 paid divided by the ad valorem millage rate. The state tax
9 commission shall prescribe the method for calculating the initial
10 assessed value and current assessed value of property for which a
11 specific local tax was paid in lieu of a property tax.

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

14 (g) "Tax increment revenues" means the amount of ad valorem
15 property taxes and specific local taxes attributable to the
16 application of the levy of all taxing jurisdictions upon the
17 captured assessed value of real and personal property in the zone.
18 Tax increment revenues do not include any of the following:

19 (i) Taxes under the state education tax act, 1993 PA 331, MCL
20 211.901 to 211.906.

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

22 (iii) Taxes levied by a library established by 1901 LA 359.

23 (iv) Ad valorem property taxes attributable either to a portion
24 of the captured assessed value shared with taxing jurisdictions
25 within the jurisdictional area of the authority or to a portion of
26 value of property that may be excluded from captured assessed value
27 or specific local taxes attributable to the ad valorem property

1 taxes.

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

7 (vi) Ad valorem property taxes exempted from capture under this
8 section or specific local taxes attributable to the ad valorem
9 property taxes.

10 (vii) Ad valorem property taxes specifically levied for the
11 payment of principal and interest of obligations approved by the
12 electors or obligations pledging the unlimited taxing power of the
13 local governmental unit or specific taxes attributable to those ad
14 valorem property taxes.

15 (viii) Ad valorem taxes captured on property in a zone by any of
16 the following authorities if the taxes were captured on the date
17 that the property became subject to a tax increment financing plan
18 under this section by any of the following authorities:

19 (A) A downtown development authority created under 1975 PA
20 197, MCL 125.1651 to 125.1681.

21 (B) A water resource improvement tax increment finance
22 authority created under the water resource tax increment finance
23 authority act, 2008 PA 94, MCL 125.1771 to 125.1794.

24 (C) A tax increment finance authority under the tax increment
25 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

26 (D) A local development finance authority created under the
27 local development finance authority act, 1986 PA 281, MCL 125.2151

1 to 125.2174.

2 (E) A brownfield redevelopment finance authority created under
3 the brownfield redevelopment financing act, 1996 PA 381, MCL
4 125.2651 to 125.2672.

5 (F) A historical neighborhood tax increment finance authority
6 created under the historical neighborhood tax increment finance
7 authority act, 2004 PA 530, MCL 125.2841 to 125.2866.

8 (G) A corridor improvement authority created under the
9 corridor improvement authority act, 2005 PA 280, MCL 125.2871 to
10 125.2899.

11 (H) A neighborhood improvement authority created under the
12 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
13 125.2932.

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

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

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

26 (2) An authority is a public body corporate that may sue and
27 be sued in any court of this state. An authority possesses all the

1 powers necessary to carry out its purpose. The enumeration of a
2 power in this act shall not be construed as a limitation upon the
3 general powers of an authority.

4 Sec. 5. (1) If the governing body of a municipality or a
5 public transportation agency determines that it is necessary for
6 the best interests of the public to promote development or promote
7 greater public transportation options in a transit revitalization
8 zone, the governing body may, by resolution, declare its intention
9 to create and provide for the operation of an authority within the
10 boundaries of a zone.

11 (2) In the resolution of intent, the governing body shall set
12 a date for a public hearing on the adoption of a proposed ordinance
13 creating the authority and designating the boundaries of the zone.
14 Notice of the public hearing shall be published twice in a
15 newspaper of general circulation in the municipality, not less than
16 20 or more than 40 days before the date of the hearing. Not less
17 than 20 days before the hearing, the governing body proposing to
18 create the authority shall also mail notice of the hearing to the
19 property taxpayers of record in the proposed zone and to the
20 governing body of each taxing jurisdiction levying taxes that would
21 be subject to capture if the authority is established and a tax
22 increment financing plan is approved. Failure of a property
23 taxpayer to receive the notice does not invalidate these
24 proceedings. Notice of the hearing shall be posted in at least 20
25 conspicuous and public places in the proposed zone not less than 20
26 days before the hearing. The notice shall state the date, time, and
27 place of the hearing and shall describe the boundaries of the

1 proposed zone. The zone shall consist of parcels that are not
2 greater than 1/2 mile in distance from a transit station. A
3 citizen, taxpayer, or property owner of the municipality or an
4 official from a taxing jurisdiction with millage that would be
5 subject to capture has the right to be heard in regard to the
6 establishment of the authority and the boundaries of the proposed
7 zone. The governing body of the municipality shall not incorporate
8 land into the zone not included in the description contained in the
9 notice of public hearing, but it may eliminate described lands from
10 the development area in the final determination of the boundaries.

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

23 (4) The governing body of the municipality may alter or amend
24 the boundaries of the zone to include or exclude lands from the
25 zone in the same manner as adopting the ordinance creating the
26 authority.

27 (5) A municipality that has created an authority may enter

1 into an agreement with an adjoining municipality that has created
2 an authority to jointly operate and administer those authorities
3 under an interlocal agreement under the urban cooperation act of
4 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

5 Sec. 6. The authority shall consult with affected
6 municipalities, counties, public transportation agencies, private
7 transportation providers, and any other entity that the authority
8 considers necessary to designate a zone. The authority may conduct
9 a planning study and may designate a zone in advance of
10 implementation of a public transit service associated with a zone.
11 The authority shall enter into an agreement with the affected
12 municipalities and public transportation agencies to create a zone.
13 The authority shall give the local public transportation agency
14 that primarily services the municipality the zone is located in the
15 right of the first refusal. The agreement shall indicate the
16 geographic boundaries of the zone, shall define the activities
17 implemented to enhance development in the zone, and shall include
18 specific actions taken by the parties, including financial
19 participation, to help establish the zone. In addition to the
20 elements described in this section, the authority may utilize any
21 of the resources and powers it has under this act.

22 Sec. 7. If a zone is part of an area annexed to or
23 consolidated with another municipality, the authority managing that
24 zone shall become an authority of the annexing or consolidated
25 municipality. Obligations of that authority incurred under a
26 development or tax increment plan, agreements related to a
27 development or tax increment plan, and bonds issued under this act

1 shall remain in effect following the annexation or consolidation.

2 Sec. 8. (1) The authority shall be under the supervision and
3 control of a board. Except as otherwise provided in this
4 subsection, the size of the board and the nominating process for
5 board members shall be established through an agreement between the
6 affected municipalities and the affected local public
7 transportation agencies. Board members shall be appointed by the
8 chief executive officer of the affected municipalities, subject to
9 approval by the governing body of the affected municipalities. At
10 least 1 member of the board shall be nominated by the public
11 transportation agencies that primarily serve the affected
12 municipalities. A member shall hold office until a successor is
13 appointed. Each member shall serve for a term of 4 years. Members
14 shall not receive compensation, but shall be reimbursed for actual
15 and necessary expenses. The chairperson of the board shall be
16 elected by the board.

17 (2) Before assuming the duties of office, a member shall
18 qualify by taking and subscribing to the constitutional oath of
19 office.

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

26 (4) After having been given notice and an opportunity to be
27 heard, a member of the board may be removed for cause by the

1 governing body.

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

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

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

1 authority. If the director is absent or disabled, the board may
2 designate a qualified person as acting director to perform the
3 duties of the office. Before beginning his or her duties, the
4 acting director shall take and subscribe to the oath, and furnish
5 bond, as required of the director. The director shall furnish the
6 board with information or reports governing the operation of the
7 authority as the board requires.

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

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

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

24 (5) The board may employ other personnel considered necessary
25 by the board.

26 Sec. 10. The employees of an authority shall be eligible to
27 participate in municipal retirement and insurance programs of the

1 municipality as if they were civil service employees except that
2 the employees of an authority are not civil service employees.

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

4 (a) Authorize expenditure of tax increment revenues obtained
5 under this act for the operating costs of a public transportation
6 agency servicing the zone.

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

15 (c) Plan, propose, and implement an improvement to a public
16 facility within the zone to comply with the barrier free design
17 requirements of the state construction code promulgated under the
18 Stille-DeRossett-Hale single state construction code act, 1972 PA
19 230, MCL 125.1501 to 125.1531.

20 (d) Develop long-range plans for zones within the district.

21 (e) Implement any plan of development for transit
22 revitalization in the development area necessary to achieve the
23 purposes of this act in accordance with the powers of the authority
24 granted by this act.

25 (f) Make and enter into contracts necessary or incidental to
26 the exercise of its powers and the performance of its duties.

27 (g) Acquire by purchase or otherwise, on terms and conditions

1 and in a manner the authority considers proper or own, convey, or
2 otherwise dispose of, or lease as lessor or lessee, land and other
3 property, real or personal, or rights or interests in the property,
4 that the authority determines is reasonably necessary to achieve
5 the purposes of this act, and to grant or acquire licenses,
6 easements, and options.

7 (h) Improve land and construct, reconstruct, rehabilitate,
8 restore and preserve, equip, clear, improve, maintain, and repair
9 any public facility, building, and any necessary or desirable
10 appurtenances to those buildings, as determined by the authority to
11 be reasonably necessary to achieve the purposes of this act, within
12 the zone for the use, in whole or in part, of any public or private
13 person or corporation, or a combination thereof.

14 (i) Fix, charge, and collect fees, rents, and charges for the
15 use of any facility, building, or property under its control or any
16 part of the facility, building, or property, and pledge the fees,
17 rents, and charges for the payment of revenue bonds issued by the
18 authority.

19 (j) Lease, in whole or in part, any facility, building, or
20 property under its control.

21 (k) Accept grants and donations of property, labor, or other
22 things of value from a public or private source.

23 (l) Acquire and construct public facilities.

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

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

1 (a) Donations to the authority for the performance of its
2 functions.

3 (b) Money borrowed and to be repaid as authorized by sections
4 14 and 15.

5 (c) Revenues from any property, building, or facility owned,
6 leased, licensed, or operated by the authority or under its
7 control, subject to the limitations imposed upon the authority by
8 trusts or other agreements.

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

11 (e) Proceeds from a special assessment district created as
12 provided by law.

13 (f) Money obtained from other sources approved by the
14 governing body of the municipality or otherwise authorized by law
15 for use by the authority or the municipality to finance a
16 development program.

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

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

27 Sec. 15. (1) The authority may with approval of the local

1 governing body borrow money and issue its revenue bonds or notes to
2 finance all or part of the costs of transit revitalization
3 development improvements in connection with either of the
4 following:

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

6 (b) The refund, or refund in advance, of bonds or notes issued
7 under this section.

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

10 (a) The cost of purchasing, acquiring, constructing,
11 improving, enlarging, extending, or repairing property in
12 connection with the implementation of an improvement plan in the
13 zone.

14 (b) Any engineering, architectural, legal, accounting, or
15 financial expenses.

16 (c) The costs necessary or incidental to the borrowing of
17 money.

18 (d) Interest on the bonds or notes during the period of
19 construction.

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

22 (f) A reserve for operation and maintenance until sufficient
23 revenues have developed.

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

27 (4) A pledge made by the authority is valid and binding from

1 the time the pledge is made. The money or property pledged by the
2 authority immediately is subject to the lien of the pledge without
3 a physical delivery, filing, or further act. The lien of a pledge
4 is valid and binding against parties having claims of any kind in
5 tort, contract, or otherwise, against the authority, whether or not
6 the parties have notice of the lien. Neither the resolution, the
7 trust agreement, nor any other instrument by which a pledge is
8 created must be filed or recorded to be enforceable.

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

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

17 (7) The bonds and notes of the authority may be invested in by
18 all public officers, state agencies and political subdivisions,
19 insurance companies, banks, savings and loan associations,
20 investment companies, and fiduciaries and trustees, and may be
21 deposited with and received by all public officers and the agencies
22 and political subdivisions of this state for any purpose for which
23 the deposit of bonds is authorized.

24 Sec. 16. (1) If the authority determines that it is necessary
25 for the achievement of the purposes of this act, the authority
26 shall prepare and submit a tax increment financing plan to the
27 governing body of the municipality. The plan shall include a

1 development plan as provided in section 19, a detailed explanation
2 of the tax increment procedure, the maximum amount of bonded
3 indebtedness to be incurred, and the duration of the program, and
4 shall be in compliance with section 17. The plan shall contain a
5 statement of the estimated impact of tax increment financing on the
6 assessed values of all taxing jurisdictions in which the zone is
7 located. The plan may provide for the use of part or all of the
8 captured assessed value, but the portion intended to be used by the
9 authority shall be clearly stated in the tax increment financing
10 plan. The authority or municipality may exclude from captured
11 assessed value growth in property value resulting solely from
12 inflation. The plan shall set forth the method for excluding growth
13 in property value resulting solely from inflation.

14 (2) Approval of the tax increment financing plan shall comply
15 with the notice, hearing, and disclosure provisions of section 21.
16 If the development plan is part of the tax increment financing
17 plan, only 1 hearing and approval procedure is required for the 2
18 plans together.

19 (3) Before the public hearing on the tax increment financing
20 plan, the governing body shall provide a reasonable opportunity to
21 the taxing jurisdictions levying taxes subject to capture to meet
22 with the governing body. The authority shall fully inform the
23 taxing jurisdictions of the fiscal and economic implications of the
24 proposed development area. The taxing jurisdictions may present
25 their recommendations at the public hearing on the tax increment
26 financing plan. The authority may enter into agreements with the
27 taxing jurisdictions, public transportation agencies that operate

1 in the zone, and the governing body of the municipality in which
2 the zone is located to share a portion of the captured assessed
3 value of the development area. If an authority enters into an
4 agreement with a public transportation agency to share a portion of
5 the captured assessed value under this subsection, that agreement
6 shall be in writing and shall contain all of the following:

7 (a) A provision that the captured assessed value may be used
8 for operating expenses.

9 (b) A provision on how the authority will facilitate
10 applicants who are seeking credits under section 438 of the
11 Michigan business tax act, 2007 PA 36, MCL 208.1438.

12 (4) Before a tax increment financing plan is implemented, the
13 authority shall enter into a contract with the public
14 transportation agency that operates the transit station in the
15 zone. The contract shall include, but not be limited to, terms
16 regarding the distribution of revenue, the allocation of
17 responsibility for maintenance and upkeep of the transit station
18 and associated facilities, and the use of the facilities.

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

23 (6) A governing body in a taxing jurisdiction levying ad
24 valorem property taxes otherwise subject to capture and that levies
25 a separate millage for public library purposes may, at the request
26 of the public library board, exempt that separate millage from
27 capture by adopting a resolution to that effect and filing a copy

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

5 (7) Before a tax increment financing plan is implemented, the
6 governing body in a taxing jurisdiction that is a community college
7 levying ad valorem property taxes that would otherwise be subject
8 to capture may exempt its taxes from capture by adopting a
9 resolution to that effect and filing a copy with the clerk of the
10 municipality proposing to create the authority. The resolution
11 shall take effect when filed with the clerk and remains effective
12 until a copy of a resolution rescinding that resolution is filed
13 with that clerk.

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

16 (2) The authority shall expend the tax increment revenues
17 received for the improvement program only under the terms of the
18 tax increment financing plan. Unused funds shall revert
19 proportionately to the respective taxing bodies. Tax increment
20 revenues shall not be used to circumvent existing property tax
21 limitations. The governing body of the municipality may abolish the
22 tax increment financing plan if it finds that the purposes for
23 which it was established are accomplished. However, the tax
24 increment financing plan shall not be abolished until the principal
25 of, and interest on, bonds issued under section 18 have been paid
26 or funds sufficient to make the payment have been segregated.

27 (3) Annually the authority shall submit to the governing body

1 of the municipality and the state tax commission a report on the
2 status of the tax increment financing account. The report shall
3 include the following:

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

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

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

7 (d) The amount of principal and interest on any outstanding
8 bonded indebtedness.

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

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

11 (g) The tax increment revenues received.

12 (h) The number of public facilities developed.

13 (i) The number of zone improvements made.

14 (j) A brief description of each zone improvement made within
15 the district.

16 (k) Any additional information the governing body considers
17 necessary.

18 Sec. 18. (1) By resolution of its governing body, the
19 authority may authorize, issue, and sell tax increment bonds
20 subject to the limitations set forth in this subsection to finance
21 the development program of the tax increment financing plan. The
22 tax increment bonds issued by the authority under this subsection
23 shall pledge solely the tax increment revenues of a zone in which
24 the project is located or a zone from which tax increment revenues
25 may be used for this project, or both. In addition or in the
26 alternative, the bonds issued by the authority under this
27 subsection may be secured by any other revenues identified in

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

20 (2) The municipality, by majority vote of the members of its
21 governing body, may make a limited tax pledge to support the
22 authority's tax increment bonds or notes or, if authorized by the
23 voters of the municipality, may pledge its unlimited tax full faith
24 and credit for the payment of the principal of and interest on the
25 authority's tax increment bonds or notes.

26 Sec. 19. (1) If a board decides to finance a project in a
27 development area by the use of revenue bonds as authorized in

1 section 14 or tax increment financing as authorized in sections 16,
2 17, and 18, it shall prepare an improvement plan.

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

4 (a) The designation of boundaries of the zone in relation to
5 highways, streets, streams, lakes, other bodies of water, or
6 otherwise.

7 (b) The location and extent of existing streets and other
8 public facilities within the zone, designating the location,
9 character, and extent of the categories of public and private land
10 uses then existing and proposed for the zone, including
11 residential, recreational, commercial, industrial, educational, and
12 other uses, and including a legal description of the zone.

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

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

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

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

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

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

1 (i) An estimate of the cost of the development, a statement of
2 the proposed method of financing the development, and the ability
3 of the authority to arrange the financing.

4 (j) Designation of the person or persons, natural or
5 corporate, to whom all or a portion of the development is to be
6 leased, sold, or conveyed in any manner and for whose benefit the
7 project is being undertaken if that information is available to the
8 authority.

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

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

18 (m) The transit revitalization improvements that will be made
19 in the zone.

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

22 (o) Based on consultation with the affected state and federal
23 authorities, an identification of the permits the board believes
24 necessary to complete the proposed public facility and an
25 explanation of how the proposed public facility will meet the
26 requirements necessary for issuance of each permit.

27 Sec. 20. (1) The governing body, before adoption of an

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

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

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

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

22 (c) A statement that all aspects of the improvement plan will
23 be open for discussion at the public hearing.

24 (d) Other information that the governing body considers
25 appropriate.

26 (3) At the time set for the hearing, the governing body shall
27 provide an opportunity for interested persons to speak and shall

1 receive and consider communications in writing. The hearing shall
2 provide the fullest opportunity for expression of opinion, for
3 argument on the merits, and for consideration of documentary
4 evidence pertinent to the improvement plan. The governing body
5 shall make and preserve a record of the public hearing, including
6 all data presented at the hearing.

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

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

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

18 (c) The proposed method of financing the development is
19 feasible and the authority has the ability to arrange the
20 financing.

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

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

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

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

3 (h) Changes in zoning, streets, street levels, intersections,
4 and utilities are reasonably necessary for the project and for the
5 municipality.

6 Sec. 22. (1) The director of the authority shall submit a
7 budget to the board for the operation of the authority for each
8 fiscal year before the beginning of the fiscal year. The budget
9 shall be prepared in the manner and contain the information
10 required of municipal departments. After review by the board, the
11 budget shall be submitted to the governing body. The governing body
12 must approve the budget before the board may adopt the budget.

13 Unless authorized by the governing body or this act, funds of the
14 municipality shall not be included in the budget of the authority.

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

20 Sec. 23. An authority that has completed the purposes for
21 which it was organized shall be dissolved by ordinance of the
22 governing body. The property and assets of the authority remaining
23 after the satisfaction of the obligations of the authority belong
24 to the municipality.

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

27 (2) The state tax commission may promulgate rules necessary

1 for the administration of this act under the administrative
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.