

# HOUSE BILL No. 6243

June 8, 2010, Introduced by Rep. Clemente and referred to the Committee on New Economy and Quality of Life.

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  
25 the assessed value of property for which specific local taxes are

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

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

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

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

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

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

27 (l) "Eligible advance" means an advance made before August 19,

1 1993.

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

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

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

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

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

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

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

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

1 following:

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

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

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

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

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

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

27 (i) A reimbursement agreement between the municipality and an

1 authority it established.

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

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

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

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

12 (v) "Other protected obligation" means:

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

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

1 July 1993.

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

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

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

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

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

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

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

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

1 August 19, 1993.

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

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

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

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

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

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

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

25 (w) "Public facility" means a street, plaza, pedestrian mall,  
26 and any improvements to a street, plaza, or pedestrian mall  
27 including street furniture and beautification, park, parking

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

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

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

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

27 **(i)** The obligation is issued to refund a qualified refunding

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

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

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

25 (B) The net present value of the sum of the tax increment  
26 revenues described in subdivision ~~(bb) (ii)~~ **(DD) (ii)** and the  
27 distributions under section 13b to repay the refunding obligation

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

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

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

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

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

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

27 **(CC)** ~~(aa)~~—"State fiscal year" means the annual period

1 commencing October 1 of each year.

2 (DD) ~~(bb)~~—"Tax increment revenues" means the amount of ad  
3 valorem property taxes and specific local taxes attributable to the  
4 application of the levy of all taxing jurisdictions upon the  
5 captured assessed value of real and personal property in the  
6 development area, subject to the following requirements:

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

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

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

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

1 or specific local taxes attributable to such ad valorem property  
2 taxes.

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

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

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

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

1 district.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7 (a) Size and makeup of the board.

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

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

11 (d) Issuance and repayment of obligations.

12 (e) Capture of taxes.

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

15 Sec. 4. (1) Except as provided in subsections (7), (8), and  
16 (9), an authority shall be under the supervision and control of a  
17 board consisting of the chief executive officer of the municipality  
18 and not less than 8 or more than 12 members as determined by the  
19 governing body of the municipality. Members shall be appointed by  
20 the chief executive officer of the municipality, subject to  
21 approval by the governing body of the municipality. Not less than a  
22 majority of the members shall be persons having an interest in  
23 property located in the downtown district or officers, members,  
24 trustees, principals, or employees of a legal entity having an  
25 interest in property located in the downtown district. Not less  
26 than 1 of the members shall be a resident of the downtown district,  
27 if the downtown district has 100 or more persons residing within

1 it. Of the members first appointed, an equal number of the members,  
2 as near as is practicable, shall be appointed for 1 year, 2 years,  
3 3 years, and 4 years. A member shall hold office until the member's  
4 successor is appointed. Thereafter, each member shall serve for a  
5 term of 4 years. An appointment to fill a vacancy shall be made by  
6 the chief executive officer of the municipality for the unexpired  
7 term only. Members of the board shall serve without compensation,  
8 but shall be reimbursed for actual and necessary expenses. The  
9 chairperson of the board shall be elected by the board.

10 (2) Before assuming the duties of office, a member shall  
11 qualify by taking and subscribing to the constitutional oath of  
12 office.

13 (3) The business which the board may perform shall be  
14 conducted at a public meeting of the board held in compliance with  
15 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public  
16 notice of the time, date, and place of the meeting shall be given  
17 in the manner required by the open meetings act, 1976 PA 267, MCL  
18 15.261 to 15.275. The board shall adopt rules consistent with the  
19 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its  
20 procedure and the holding of regular meetings, subject to the  
21 approval of the governing body. Special meetings may be held if  
22 called in the manner provided in the rules of the board.

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

27 (5) All expense items of the authority shall be publicized

1 monthly and the financial records shall always be open to the  
2 public.

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

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

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

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

25 **(10) SUBJECT TO THE REQUIREMENTS OF SUBSECTION (1), THE BOARD**  
26 **OF AN AUTHORITY FOR A QUALIFIED EDUCATIONAL ECONOMIC OPPORTUNITY**  
27 **DISTRICT SHALL INCLUDE A REPRESENTATIVE OF A QUALIFIED HIGHER**

1 EDUCATION INSTITUTION LOCATED IN THE DOWNTOWN DISTRICT AND NOT LESS  
2 THAN 3 INDIVIDUALS WHO REPRESENT 1 OR MORE OF THE FOLLOWING  
3 INTERESTS:

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

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

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

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

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

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

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

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

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

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

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

1 in the economic growth of the downtown district.

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

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

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

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

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

26 (i) Improve land and construct, reconstruct, rehabilitate,  
27 restore and preserve, equip, improve, maintain, repair, and operate

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

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

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

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

13 (m) Acquire and construct public facilities.

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

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

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

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

27 (r) Create, operate, and fund retail business incubators in

1 the downtown district.

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

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

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

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

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

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

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

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

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

5           (ii) BUSINESS LOAN PROGRAMS.

6           (iii) ENTREPRENEURIAL INCUBATORS.

7           (iv) HOME PURCHASE DOWN PAYMENT ASSISTANCE PROGRAMS.

8           (v) ENERGY EFFICIENCY PROGRAMS.

9           (B) FACILITATE TRANSIT DEVELOPMENT.

10          (C) ACQUIRE LAND AND BUILDINGS.

11          (D) FACILITATE GREEN BUILDING DEVELOPMENT.

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

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

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

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

26          (c) A description of existing improvements in the development  
27 area to be demolished, repaired, or altered, a description of any

1 repairs and alterations, and an estimate of the time required for  
2 completion.

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

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

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

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

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

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

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

24 (k) The procedures for bidding for the leasing, purchasing, or  
25 conveying in any manner of all or a portion of the development upon  
26 its completion, if there is no express or implied agreement between  
27 the authority and persons, natural or corporate, that all or a

1 portion of the development will be leased, sold, or conveyed in any  
2 manner to those persons.

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

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

20 (n) Provision for the costs of relocating persons displaced by  
21 the development and financial assistance and reimbursement of  
22 expenses, including litigation expenses and expenses incident to  
23 the transfer of title, in accordance with the standards and  
24 provisions of the federal uniform relocation assistance and real  
25 property acquisition policies act of 1970, being Public Law 91-646,  
26 ~~42 U.S.C.~~ **USC** sections 4601, et seq.

27 (o) A plan for compliance with ~~Act No. 227 of the Public Acts~~

1 of 1972, being sections 213.321 to 213.332 of the Michigan Compiled  
2 Laws—1972 PA 227, MCL 213.321 TO 213.332.

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

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

14 (3) IN ADDITION TO THE REQUIREMENT FOR A DEVELOPMENT PLAN  
15 DESCRIBED IN SUBSECTION (2), THE BOARD OF AN AUTHORITY FOR A  
16 QUALIFIED EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT MAY INCLUDE 1  
17 OR MORE OF THE FOLLOWING IN THE DEVELOPMENT PLAN FOR THE QUALIFIED  
18 EDUCATIONAL ECONOMIC OPPORTUNITY DISTRICT:

19 (A) THE PLAN TO ASSIST IN THE CREATION OF A WALKABLE DOWNTOWN  
20 DISTRICT.

21 (B) THE PLAN TO ASSIST IN THE CREATION AND DEMONSTRATION OF  
22 REGIONAL CONNECTIVITY.

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

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

27 (E) THE PLAN TO ASSIST IN ENTREPRENEURIAL ENTERPRISE

1 DEVELOPMENT ESPECIALLY WITH FACULTY AND STUDENTS OF THE QUALIFIED  
2 HIGHER EDUCATION INSTITUTION.