

# HOUSE BILL No. 5188

December 11, 2013, Introduced by Rep. Geiss and referred to the Committee on Tax Policy.

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 section 3 (MCL 125.1653), as amended by 2005 PA 115.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           Sec. 3. (1) When the governing body of a municipality  
2 determines that it is necessary for the best interests of the  
3 public to halt property value deterioration and increase property  
4 tax valuation where possible in its business district, to eliminate  
5 the causes of that deterioration, and to promote economic growth,

1 the governing body may, by resolution, declare its intention to  
2 create and provide for the operation of an authority.

3 (2) In the resolution of intent, the governing body shall set  
4 a date for the holding of a public hearing on the adoption of a  
5 proposed ordinance creating the authority and designating the  
6 boundaries of the downtown district. Notice of the public hearing  
7 shall be published twice in a newspaper of general circulation in  
8 the municipality, not less than 20 or more than 40 days before the  
9 date of the hearing. Not less than 20 days before the hearing, the  
10 governing body proposing to create the authority shall also mail  
11 notice of the hearing to the property taxpayers of record in the  
12 proposed district and for a public hearing to be held after  
13 February 15, 1994 to the governing body of each taxing jurisdiction  
14 levying taxes that would be subject to capture if the authority is  
15 established and a tax increment financing plan is approved.

16 Beginning June 1, 2005, the notice of hearing within the time frame  
17 described in this subsection shall be mailed by certified mail to  
18 the governing body of each taxing jurisdiction levying taxes that  
19 would be subject to capture if the authority is established and a  
20 tax increment financing plan is approved. Failure of a property  
21 taxpayer to receive the notice shall not invalidate these  
22 proceedings. Notice of the hearing shall be posted in at least 20  
23 conspicuous and public places in the proposed downtown district not  
24 less than 20 days before the hearing. The notice shall state the  
25 date, time, and place of the hearing, and shall describe the  
26 boundaries of the proposed downtown district. A citizen, taxpayer,  
27 or property owner of the municipality or an official from a taxing

1 jurisdiction with millage that would be subject to capture has the  
2 right to be heard in regard to the establishment of the authority  
3 and the boundaries of the proposed downtown district. The governing  
4 body of the municipality shall not incorporate land into the  
5 downtown district not included in the description contained in the  
6 notice of public hearing, but it may eliminate described lands from  
7 the downtown district in the final determination of the boundaries.

8 (3) Not more than 60 days after a public hearing held after  
9 February 15, 1994, the governing body of a taxing jurisdiction  
10 levying ad valorem property taxes that would otherwise be subject  
11 to capture may exempt its taxes from capture by adopting a  
12 resolution to that effect and filing a copy with the clerk of the  
13 municipality proposing to create the authority. The resolution  
14 takes effect when filed with that clerk and remains effective until  
15 a copy of a resolution rescinding that resolution is filed with  
16 that clerk.

17 (4) Not less than 60 days after the public hearing, if the  
18 governing body of the municipality intends to proceed with the  
19 establishment of the authority, it shall adopt, by majority vote of  
20 its members, an ordinance establishing the authority and  
21 designating the boundaries of the downtown district within which  
22 the authority shall exercise its powers. The adoption of the  
23 ordinance is subject to any applicable statutory or charter  
24 provisions in respect to the approval or disapproval by the chief  
25 executive or other officer of the municipality and the adoption of  
26 an ordinance over his or her veto. This ordinance shall be filed  
27 with the secretary of state promptly after its adoption and shall

1 be published at least once in a newspaper of general circulation in  
2 the municipality.

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

7 (6) A municipality that has created an authority may enter  
8 into an agreement with an adjoining municipality that has created  
9 an authority to jointly operate and administer those authorities  
10 under an interlocal agreement under the urban cooperation act of  
11 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

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

19 (a) Size and makeup of the board.

20 (b) Determination and modification of downtown district,  
21 business district, and development area.

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

23 (d) Issuance and repayment of obligations.

24 (e) Capture of taxes.

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

27 (8) BEGINNING JANUARY 1, 2014, AN AUTHORITY SHALL NOT ADOPT OR

1 AMEND A TAX INCREMENT FINANCING PLAN IN WHICH THE ADOPTED OR  
2 AMENDED TAX INCREMENT FINANCING PLAN PROVIDES FOR AN INCREASE IN  
3 THE AMOUNT OF OR INCREASE IN THE DURATION OF CAPTURE OF AD VALOREM  
4 PROPERTY TAXES OR THE FINANCING OF A PUBLIC FACILITY NOT PREVIOUSLY  
5 FINANCED BY THAT AUTHORITY, UNLESS THE GOVERNING BODY OF A TAXING  
6 JURISDICTION LEVYING AD VALOREM PROPERTY TAXES THAT WOULD OTHERWISE  
7 BE SUBJECT TO CAPTURE APPROVES THE CAPTURE BY ADOPTING A RESOLUTION  
8 TO THAT EFFECT AND FILING A COPY WITH THE CLERK OF THE MUNICIPALITY  
9 IN WHICH THE AUTHORITY IS LOCATED. THE RESOLUTION TAKES EFFECT WHEN  
10 FILED WITH THAT CLERK AND REMAINS EFFECTIVE UNTIL A COPY OF A  
11 RESOLUTION RESCINDING THAT RESOLUTION IS FILED WITH THAT CLERK.