

SENATE BILL No. 821

February 25, 2014, Introduced by Senators BRANDENBURG, JANSEN, ROBERTSON, COLBECK, EMMONS, PROOS, PAVLOV, PAPPAGEORGE, MARLEAU, JONES, BOOHER, WARREN and MOOLENAAR and referred to the Committee on Finance.

A bill to create a metropolitan authority; to prescribe the powers, duties, and jurisdictions of the metropolitan authority; to prescribe the powers and duties of certain state officials; to levy, collect, and distribute a tax; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the "local
2 community stabilization authority act".

3 Sec. 3. (1) The legislature finds and declares all of the
4 following:

5 (a) That there exists in this state a continuing need to
6 strengthen and revitalize the economy of this state and to organize
7 the activities of local government in metropolitan areas in a
8 manner that reduces governmental barriers to economic growth,

1 facilitates economic development, helps small businesses grow,
2 preserves communities and strengthens neighborhoods, prevents or
3 reduces unemployment, and creates jobs.

4 (b) That under section 27 of article VII of the state
5 constitution of 1963, the legislature may establish in metropolitan
6 areas additional forms of government or authorities with power,
7 duties, and jurisdictions as the legislature shall provide.

8 (c) That it is necessary and appropriate for the promotion of
9 the health, safety, and welfare of the people of this state to
10 enable the formation of metropolitan governments designed to
11 perform multipurpose functions.

12 (d) That the formation of a metropolitan government under this
13 act and the powers conferred by this act constitute a necessary
14 program and serve a necessary public purpose.

15 (2) The purpose of this act is to do all of the following:

16 (a) Establish an authority to perform multipurpose functions
17 in the metropolitan areas of this state.

18 (b) Promote the public health, safety, welfare, convenience,
19 and prosperity of this state and its metropolitan areas.

20 (c) Modernize the tax system to help small businesses grow and
21 create jobs in this state.

22 (d) Dedicate revenue for local purposes, including, but not
23 limited to, police safety, fire protection, and ambulance emergency
24 services.

25 Sec. 5. As used in this act:

26 (a) "Ambulance services" means patient transport services,
27 nontransport prehospital life support services, and advanced life

1 support, paramedic, and medical first-responder services.

2 (b) "Authority" means the local community stabilization
3 authority, a metropolitan authority established under section 7.

4 (c) "Captured value" means 1 or more of the following:

5 (i) For a tax increment finance authority under the brownfield
6 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672,
7 captured taxable value as defined in section 2 of the brownfield
8 redevelopment financing act, 1996 PA 381, MCL 125.2652.

9 (ii) For a tax increment finance authority under 1975 PA 197,
10 MCL 125.1651 to 125.1681, captured assessed value as defined in
11 section 1 of 1975 PA 197, MCL 125.1651.

12 (iii) For a tax increment finance authority under the tax
13 increment finance authority act, 1980 PA 450, MCL 125.1801 to
14 125.1830, captured assessed value as defined in section 1 of the
15 tax increment finance authority act, 1980 PA 450, MCL 125.1801.

16 (iv) For a tax increment finance authority under the local
17 development financing act, 1986 PA 281, MCL 125.2151 to 125.2174,
18 captured assessed value as defined in section 2 of the local
19 development financing act, 1986 PA 281, MCL 125.2152.

20 (v) For a tax increment finance authority under the historic
21 neighborhood tax increment finance authority act, 2004 PA 530, MCL
22 125.2841 to 125.2866, captured assessed value as defined in section
23 2 of the historic neighborhood tax increment finance authority act,
24 2004 PA 530, MCL 125.2842.

25 (vi) For a tax increment finance authority under the corridor
26 improvement authority act, 2005 PA 280, MCL 125.2871 to 125.2899,
27 captured assessed value as defined in section 2 of the corridor

1 improvement authority act, 2005 PA 280, MCL 125.2872.

2 (vii) For a tax increment finance authority under the
3 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
4 125.2932, captured assessed value as defined in section 2 of the
5 neighborhood improvement authority act, 2007 PA 61, MCL 125.2912.

6 (viii) For a tax increment finance authority under the water
7 resource improvement tax increment finance authority act, 2008 PA
8 94, MCL 125.1771 to 125.1793, captured assessed value as defined in
9 section 2 of the water resource improvement tax increment finance
10 authority act, 2008 PA 94, MCL 125.1772.

11 (ix) For a tax increment finance authority under the private
12 investment infrastructure funding act, 2010 PA 250, MCL 125.1871 to
13 125.1883, captured assessed value as defined in section 2 of the
14 private investment infrastructure funding act, 2010 PA 250, MCL
15 125.1872.

16 (x) For a tax increment finance authority under the nonprofit
17 street railway act, 1867 PA 35, MCL 472.1 to 472.27, captured
18 assessed value as defined in section 23 of the nonprofit street
19 railway act, 1867 PA 35, MCL 472.23.

20 (d) "Commercial personal property" means all of the following:

21 (i) Personal property classified as commercial personal
22 property under section 34c of the general property tax act, 1893 PA
23 206, MCL 211.34c.

24 (ii) Personal property subject to the industrial facilities tax
25 under section 14(1) or (4) of 1974 PA 198, MCL 207.564, that is
26 sited on land classified as commercial real property under section
27 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

1 (e) "Commercial real property" means all of the following:

2 (i) Real property classified as commercial real property under
3 section 34c of the general property tax act, 1893 PA 206, MCL
4 211.34c.

5 (ii) Real property subject to the industrial facilities tax
6 under section 14(1) or (3) of 1974 PA 198, MCL 207.564, that is
7 sited on land classified as commercial real property under section
8 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

9 (f) "Council" means the council established for the authority
10 under section 9.

11 (g) "Debt loss" means, for a municipality that is not a local
12 school district, intermediate school district, or tax increment
13 finance authority, the amount of ad valorem property taxes and any
14 specific tax levied for the payment of principal and interest of
15 obligations incurred before January 1, 2013 pledging the unlimited
16 or limited taxing power of the municipality that are lost as a
17 result of the exemption of industrial personal property and
18 commercial personal property under sections 9m, 9n, and 9o of the
19 general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and
20 211.9o.

21 (h) "Department" means the department of treasury.

22 (i) "Essential services" means all of the following:

23 (i) Ambulance services.

24 (ii) Fire services.

25 (iii) Police services.

26 (iv) Jail operations.

27 (v) The funding of pensions for personnel providing services

1 described in subparagraphs (i) to (iv).

2 (j) "Fire services" means services in the prevention and
3 suppression of fire, homeland security response, hazardous
4 materials response, rescue, fire marshal, and medical first-
5 responder services.

6 (k) "Fiscal year" means either an annual period that begins on
7 October 1 and ends on September 30 or the fiscal year for the
8 authority established by the council.

9 (l) "Increased captured value" means the anticipated increase
10 in captured value for all industrial personal property and
11 commercial personal property in a tax increment finance authority
12 that would have occurred as a result of either the addition of
13 personal property as part of a specific project or the expiration
14 of an exemption under section 7k, 7ff, or 9f of the general
15 property tax act, 1893 PA 206, MCL 211.7k, 211.7ff, and 211.9f,
16 after 2013 if the exemptions under section 9m, 9n, or 9o of the
17 general property tax act, 1893 PA 206, MCL 211.9m, 211.9n, and
18 211.9o, were not in effect. In order for an anticipated increase in
19 captured value to qualify as increased captured value, the tax
20 increment financing plan must have demonstrated before 2013 that
21 the tax increment finance authority was relying on this anticipated
22 increase in captured value to pay 1 or more qualified obligations
23 by specifically projecting the anticipated increase in captured
24 value that would be used to pay the qualified obligations and the
25 plan must meet all of the following:

26 (i) The tax increment financing plan was fully approved by the
27 governing body of the applicable local government not later than

1 December 31, 2012. This does not prevent subsequent amendment to
2 the tax increment financing plan, provided the amendment does not
3 change the amount of any obligation under the plan, the scope of
4 the project or projects described in the plan, or the time needed
5 to repay any obligation.

6 (ii) If the tax increment financing plan is part of a
7 brownfield plan under the brownfield redevelopment financing act,
8 1996 PA 381, MCL 125.2651 to 125.2672, any needed work plans were
9 also approved by the appropriate state agencies not later than
10 December 31, 2012. This does not prevent subsequent amendment to a
11 work plan, provided the amendment does not change the amount of any
12 obligation under the plan, the scope of the project or projects
13 described in the plan, or the time needed to repay any obligation.

14 (iii) The tax increment financing plan identifies a particular
15 site owner and site occupant that is engaged in industrial
16 processing or direct integrated support, as defined in section 9m
17 of the general property tax act, 1893 PA 206, MCL 211.9m. This does
18 not preclude a change in the site owner or occupant, provided that
19 change in the site owner or occupant did not result from a
20 financial difficulty encountered during the construction and
21 installation of the project and provided change in the site owner
22 or occupant will not result in any change in the project.

23 (iv) The tax increment financing plan identifies a particular
24 project on a specific parcel and that project includes the addition
25 of particular personal property that is eligible manufacturing
26 personal property, as defined in section 9m of the general property
27 tax act, 1893 PA 206, MCL 211.9m, that is also identified in the

1 tax increment financing plan.

2 (v) The personal property that is eligible manufacturing
3 personal property, as defined in section 9m of the general property
4 tax act, 1893 PA 206, MCL 211.9m, and is identified in the tax
5 increment financing plan comprises not less than 20% of the true
6 cash value of the improvements to be made as part of the specific
7 project identified in the tax increment financing plan. The
8 requirement under this subparagraph does not apply to the addition
9 of personal property as a result of the expiration of an exemption
10 under section 7k, 7ff, or 9f of the general property tax act, 1893
11 PA 206, MCL 211.7k, 211.7ff, and 211.9f.

12 (vi) Before December 31, 2012, the specific project identified
13 in the tax increment financing plan had obtained all necessary
14 local zoning approvals, including any necessary rezoning, special
15 land use, and site plan approvals for that project.

16 (vii) Before December 31, 2012, orders had been placed and
17 significant investments made in the personal property that is
18 eligible manufacturing personal property, as defined in section 9m
19 of the general property tax act, 1893 PA 206, MCL 211.9m, to be
20 located on the site.

21 (m) "Increased value from expired tax exemptions" means the
22 increase in taxable value subject to tax of industrial personal
23 property and commercial personal property that would have occurred
24 after 2013 if the exemptions under section 9m or 9n of the general
25 property tax act, 1893 PA 206, MCL 211.9m and 211.9n, were not in
26 effect as a result of the expiration of an exemption under section
27 7k, 7ff, or 9f of the general property tax act, 1893 PA 206, MCL

1 211.7k, 211.7ff, and 211.9f, that had been in effect in 2013,
2 assuming an exemption under section 7k of the general property tax
3 act, 1893 PA 206, MCL 211.7k, was not extended under section 11a of
4 1974 PA 198, MCL 207.561a, and an exemption under section 9f of the
5 general property tax act, 1893 PA 206, MCL 211.9f, was not extended
6 under section 9f(8) of the general property tax act, 1893 PA 206,
7 MCL 211.9f.

8 (n) "Industrial personal property" means all of the following:

9 (i) Personal property classified as industrial personal
10 property under section 34c of the general property tax act, 1893 PA
11 206, MCL 211.34c.

12 (ii) Personal property subject to the industrial facilities tax
13 under section 14(1) or (4) of 1974 PA 198, MCL 207.564, that is
14 sited on land classified as industrial real property under section
15 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

16 (o) "Industrial real property" means all of the following:

17 (i) Real property classified as industrial real property under
18 section 34c of the general property tax act, 1893 PA 206, MCL
19 211.34c.

20 (ii) Real property subject to the industrial facilities tax
21 under section 14(1) or (3) of 1974 PA 198, MCL 207.564, that is
22 sited on land classified as industrial real property under section
23 34c of the general property tax act, 1893 PA 206, MCL 211.34c.

24 (p) "Jail operations" means all of the following:

25 (i) The operation of a jail, holding cell, holding center, or
26 lockup as those terms are defined in section 62 of the corrections
27 code of 1953, 1953 PA 232, MCL 791.262.

1 (ii) The operation of a juvenile detention facility by a county
2 juvenile agency as authorized under section 7 of the county
3 juvenile agency act, 1998 PA 518, MCL 45.627.

4 (q) "Local community stabilization share" means that portion
5 of the use tax levied by the authority under the use tax act, 1937
6 PA 94, MCL 205.91 to 205.111.

7 (r) "Municipality" includes, but is not limited to, the
8 following:

9 (i) Counties.

10 (ii) Cities.

11 (iii) Villages.

12 (iv) Townships.

13 (v) Authorities, excluding an authority created under this
14 act.

15 (vi) Local school districts.

16 (vii) Intermediate school districts.

17 (viii) Community college districts.

18 (ix) Libraries.

19 (x) Other local and intergovernmental taxing units.

20 (s) "Personal property exemption loss" means the 2013 taxable
21 value of commercial personal property and industrial personal
22 property minus the current year taxable value of commercial
23 personal property and industrial personal property.

24 (t) "Police services" means law enforcement services for the
25 prevention and detection of crime, the enforcement of laws and
26 ordinances, homeland security response, and medical first-responder
27 services.

1 (u) "Qualified loss" means the amounts calculated under
2 sections 14(1), 14(3), and 16a(2) that are not distributed to the
3 municipality under section 17(3)(a).

4 (v) "Qualified obligation" means a written promise to pay by a
5 tax increment finance authority, whether evidenced by a contract,
6 agreement, lease, sublease, bond, resolution promising repayment of
7 an advance, or note, or a requirement to pay imposed by law. A
8 qualified obligation does not include a payment required solely
9 because of default upon an obligation, employee salary, or
10 consideration paid for the use of municipal offices. A qualified
11 obligation does not include bonds that have been economically
12 defeased by refunding.

13 (w) "School debt loss" means the amount of revenue lost from
14 ad valorem property taxes specifically levied for the payment of
15 principal and interest of obligations approved by the electors
16 before January 1, 2013 or obligations pledging the unlimited taxing
17 power of a local school district or intermediate school district
18 incurred before January 1, 2013, as a result of the exemption of
19 industrial personal property and commercial personal property under
20 sections 9m, 9n, and 9o of the general property tax act, 1893 PA
21 206, MCL 211.9m, 211.9n and 211.9o.

22 (x) "School operating loss not reimbursed by the school aid
23 fund" means the amount of revenue lost from ad valorem property
24 taxes levied under section 1211 of the revised school code, 1976 PA
25 451, MCL 380.1211, as a result of the exemption of industrial
26 personal property and commercial personal property under sections
27 9m, 9n, and 9o of the general property tax act, 1893 PA 206, MCL

1 211.9m, 211.9n, and 211.9o, for mills other than basic school
2 operating mills, as that term is defined in section 2c of the use
3 tax act, 1937 PA 94, MCL 205.92c.

4 (y) "Small taxpayer exemption loss" means the 2013 taxable
5 value of commercial personal property and industrial personal
6 property minus the 2014 taxable value of commercial personal
7 property and industrial personal property.

8 (z) "Specific tax" means a tax levied under any of the
9 following:

10 (i) 1974 PA 198, MCL 207.551 to 207.572.

11 (ii) The commercial redevelopment act, 1978 PA 255, MCL 207.651
12 to 207.668.

13 (iii) The commercial rehabilitation act, 2005 PA 210, MCL
14 207.841 to 207.856.

15 (aa) "Tax increment debt loss shortfall" means, for the
16 current year, the amount calculated as follows:

17 (i) The amount of revenue required to pay principal and
18 interest of qualified obligations.

19 (ii) From the amount determined in subparagraph (i), subtract
20 the amount of tax increment revenues captured by the tax increment
21 finance authority.

22 (iii) If the result of the calculation in subparagraph (ii) is a
23 zero or a negative number, then the tax increment debt loss
24 shortfall is zero. The tax increment debt loss shortfall shall not
25 exceed the amount calculated under section 16a(2).

26 (bb) "Tax increment finance authority" means an authority
27 created under 1 or more of the following:

1 (i) 1975 PA 197, MCL 125.1651 to 125.1681.

2 (ii) The tax increment finance authority act, 1980 PA 450, MCL
3 125.1801 to 125.1830.

4 (iii) The local development financing act, 1986 PA 281, MCL
5 125.2151 to 125.2174.

6 (iv) The brownfield redevelopment financing act, 1996 PA 381,
7 MCL 125.2651 to 125.2672.

8 (v) The historic neighborhood tax increment finance authority
9 act, 2004 PA 530, MCL 125.2841 to 125.2866.

10 (vi) The corridor improvement authority act, 2005 PA 280, MCL
11 125.2871 to 125.2899.

12 (vii) The neighborhood improvement authority act, 2007 PA 61,
13 MCL 125.2911 to 125.2932.

14 (viii) The water resource improvement tax increment finance
15 authority act, 2008 PA 94, MCL 125.1771 to 125.1793.

16 (ix) The private investment infrastructure funding act, 2010 PA
17 250, MCL 125.1871 to 125.1883.

18 (x) The nonprofit street railway act, 1867 PA 35, MCL 472.1 to
19 472.27.

20 (cc) "Tax increment small taxpayer loss" means the amount of
21 revenue lost by a municipality that is a tax increment finance
22 authority due to the exemption provided by section 9o of the
23 general property tax act, 1893 PA 206, MCL 211.9o.

24 (dd) "Taxable value" means all of the following:

25 (i) Except as otherwise provided in subparagraph (ii), that
26 value determined under section 27a of the general property tax act,
27 1893 PA 206, MCL 211.27a.

1 (ii) For real or personal property subject to the industrial
2 facilities tax under section 14(3) or (4) of 1974 PA 198, MCL
3 207.564, 50% of that value determined under section 27a of the
4 general property tax act, 1893 PA 206, MCL 211.27a.

5 (ee) "Total qualified loss" means the total amount of
6 qualified losses of all municipalities, as determined by the
7 department.

8 Sec. 7. (1) The local community stabilization authority is
9 established as a metropolitan government for the metropolitan areas
10 of this state under section 27 of article VII of the state
11 constitution of 1963. The authority is a public body corporate and
12 a special authority. The authority is not an agency or
13 instrumentality of state government.

14 (2) The property of the authority is public property devoted
15 to an essential public and governmental purpose. Any income of the
16 authority is for a public and governmental purpose.

17 (3) Property of the authority and its income, activities, and
18 operations are exempt from all taxes and special assessments of
19 this state or a political subdivision of this state. Property of
20 the authority is exempt from any ad valorem property taxes levied
21 under the general property tax act, 1893 PA 206, MCL 211.1 to
22 211.155, or other law of this state authorizing the taxation of
23 real or personal property. The authority is an entity of government
24 for purposes of section 4a(1)(a) of the general sales tax act, 1933
25 PA 167, MCL 205.54a, and section 4(1)(h) of the use tax act, 1937
26 PA 94, MCL 205.94.

27 (4) The validity of the creation of the authority is presumed

1 unless held invalid by the court of appeals in an original action
2 filed in the court of appeals not later than 60 days after the
3 establishment of the authority under this section. The court of
4 appeals has original jurisdiction to hear an action under this
5 subsection. The court shall hear the action in an expedited manner.

6 Sec. 9. (1) The authority council is established as the
7 governing body of the authority. The powers, duties, functions, and
8 responsibilities of the authority are vested in the council. The
9 council shall consist of 5 residents of this state appointed by the
10 governor. Not less than 3 members of the council shall be residents
11 of separate metropolitan areas within this state. An officer or
12 employee of this state may not serve as a member of the council.

13 (2) Of the members of the council initially appointed by the
14 governor, 1 member shall be appointed for an initial term of 5
15 years, 1 member shall be appointed for an initial term of 4 years,
16 1 member shall be appointed for an initial term of 3 years, 1
17 member shall be appointed for an initial term of 2 years, and 1
18 member shall be appointed for an initial term of 1 year. After the
19 initial appointments, a member of the council shall be appointed
20 for a term of 6 years. If a vacancy on the council occurs other
21 than by expiration of a term, the vacancy shall be filled in the
22 same manner as the original appointment for the balance of the
23 unexpired term. A member of the council may continue to serve until
24 a successor is appointed and qualified. The governor shall
25 designate a member of the council to serve as its chairperson at
26 the pleasure of the governor.

27 (3) An individual appointed as a member of the council shall

1 take the oath of office as provided under section 1 of article XI
2 of the state constitution of 1963.

3 (4) A member of the council shall serve without compensation
4 but may be reimbursed by the authority for necessary travel and
5 expenses to the extent not prohibited by law and consistent with a
6 reimbursement policy adopted by the council.

7 (5) A member of the council shall discharge the duties of his
8 or her position in a nonpartisan manner, in good faith, and with
9 the degree of diligence, care, and skill that an ordinarily prudent
10 person would exercise under similar circumstances in a like
11 position. In discharging his or her duties, a member of the
12 council, when acting in good faith, may rely upon any of the
13 following:

14 (a) The opinion of legal counsel for the authority.

15 (b) The report of an independent appraiser selected by the
16 council.

17 (c) Financial statements of the authority represented to the
18 member of the council to be correct by the officer of the authority
19 having charge of its books of account or stated in a written report
20 by an auditor or a certified public accountant, or a firm of
21 certified accountants, to reflect the financial condition of the
22 authority.

23 (6) Within not more than 30 days following appointment of the
24 initial members of the council, the council shall hold its first
25 meeting at a date and time determined by the chairperson of the
26 council. The council shall elect from among the members of the
27 council an individual to serve as vice-chairperson of the council

1 and secretary of the council and may elect other officers as the
2 council considers necessary. All officers under this subsection
3 shall be elected annually by the council.

4 (7) The council shall conduct its business at a public meeting
5 held in compliance with the open meetings act, 1976 PA 267, MCL
6 15.261 to 15.275. Public notice of the time, date, and place of the
7 meeting shall be given in the manner required by the open meetings
8 act, 1976 PA 267, MCL 15.261 to 15.275. The council shall adopt
9 bylaws consistent with the open meetings act, 1976 PA 267, MCL
10 15.261 to 15.275, governing its procedures and the holding of
11 meetings. After organization, the council shall adopt a schedule of
12 regular meetings and adopt a regular meeting date, place, and time.
13 A special meeting of the council may be called by the chairperson
14 of the council or as provided in bylaws adopted by the council.
15 Notice of a special meeting shall be given in the manner required
16 by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

17 (8) The council shall keep a written or printed record of each
18 meeting, which record and any other document or record prepared,
19 owned, used, in the possession of, or retained by the authority in
20 the performance of an official function shall be made available to
21 the public in compliance with the freedom of information act, 1976
22 PA 442, MCL 15.231 to 15.246.

23 (9) The council shall provide for a system of accounts for the
24 authority to conform to a uniform system required by law and for
25 the auditing of the accounts of the authority. The council shall
26 obtain an annual audit of the authority by an independent certified
27 public accountant and report on the audit and auditing procedures

1 in the manner provided by sections 6 to 13 of the uniform budgeting
2 and accounting act, 1968 PA 2, MCL 141.426 to 141.433. The audit
3 also shall be in accordance with generally accepted government
4 auditing standards.

5 (10) Before the beginning of each fiscal year, the council
6 shall prepare a budget for the authority containing an itemized
7 statement of the estimated expenses and revenue of the authority
8 from all sources for the next fiscal year. Before final adoption of
9 the budget, the council shall hold a public hearing as required by
10 1963 (2nd Ex Sess) PA 43, MCL 141.411 to 141.415, and the open
11 meetings act, 1976 PA 267, MCL 15.261 to 15.275. The council shall
12 adopt a budget for the fiscal year in compliance with the uniform
13 budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

14 (11) The council shall adopt a procurement policy consistent
15 with the requirements of state law relating to procurement. The
16 procurement policy shall address all of the following:

17 (a) The purchase of, the contracting for, and the providing of
18 supplies, materials, services, insurance, utilities, third-party
19 financing, equipment, printing, and all other items as needed by
20 the authority to efficiently and effectively meet the needs of the
21 authority using competitive procurement methods to secure the best
22 value for the authority.

23 (b) That the council shall make all discretionary decisions
24 concerning the solicitation, award, amendment, cancellation, and
25 appeal of authority contracts.

26 (c) Control, supervision, management, and oversight of each
27 contract to which the authority is a party.

1 (d) Monitoring of contracts to assure the contract is being
2 performed in compliance with the terms of the contract and
3 applicable law.

4 (12) Members of the council are public servants subject to
5 1968 PA 317, MCL 15.321 to 15.330, and are subject to any other
6 applicable law with respect to conflicts of interest. The council
7 shall establish policies and procedures requiring periodic
8 disclosure of relationships which may give rise to conflicts of
9 interest. The council shall require that a member of the council
10 with a direct interest in any matter before the authority disclose
11 the member's interest before the council takes any action with
12 respect to the matter. The council shall establish an ethics manual
13 for the authority governing authority business and the conduct of
14 authority officers and employees. The authority shall establish
15 policies that are no less stringent than those provided for public
16 officers and employees by 1973 PA 196, MCL 15.341 to 15.348, and
17 coordinate efforts for the authority to preclude the opportunity
18 for and the occurrence of transactions by the authority that would
19 create a conflict of interest involving officers or employees of
20 the authority. At a minimum, the policies shall include compliance
21 by each officer or employee who regularly exercises significant
22 discretion over the award and management of authority procurements
23 with policies governing all of the following:

24 (a) Immediate disclosure of the existence and nature of any
25 financial interest that could reasonably be expected to create a
26 conflict of interest.

27 (b) Withdrawal by an officer or employee from participation in

1 or discussion or evaluation of any recommendation or decision
2 involving an authority procurement that would reasonably be
3 expected to create a conflict of interest for that officer or
4 employee.

5 (13) The governor may remove a member of the council from
6 office for gross neglect of duty, corrupt conduct in office, or any
7 other misfeasance or malfeasance in office.

8 Sec. 11. (1) The authority may exercise all of the following
9 powers, duties, functions, and responsibilities:

10 (a) Levy and distribute the local community stabilization
11 share as provided under the use tax act, 1937 PA 94, MCL 205.91 to
12 205.111.

13 (b) Exercise the powers, duties, functions, and
14 responsibilities vested in the authority or the metropolitan
15 extension telecommunications rights-of-way oversight authority
16 under this act or the metropolitan extension telecommunications
17 rights-of-way oversight act, 2002 PA 48, MCL 484.3101 to 484.3120,
18 and other laws of this state. The authority may exercise the
19 powers, duties, functions, and responsibilities under this
20 subdivision through a director hired by the authority.

21 (2) When exercising the powers, duties, functions, and
22 responsibilities vested in the authority under subsection (1), the
23 authority may do 1 or more of the following:

24 (a) Establish and maintain an office.

25 (b) Adopt, amend, and repeal bylaws for the regulation of its
26 affairs and the conduct of its business.

27 (c) Sue and be sued in its own name and plead and be

1 impleaded.

2 (d) Solicit, receive, and accept gifts or grants from any
3 public or private source.

4 (e) Employ personnel, contract for goods and services, and
5 enter into agreements with other governmental entities.

6 (f) Establish 1 or more depositories for authority money and
7 invest authority money under an investment policy consistent with
8 this act and 1943 PA 20, MCL 129.91 to 129.97a.

9 (g) Acquire, hold, and dispose of interests in property.

10 (h) Incur indebtedness, but only in the manner and to the
11 extent authorized by law.

12 (3) The powers, duties, functions, and responsibilities of the
13 authority may be exercised throughout this state, including all the
14 metropolitan areas of this state. The authority possesses the
15 jurisdiction to exercise its functions on a statewide basis and may
16 do other things and take other action necessary or convenient to
17 the exercise of the powers, duties, functions, and responsibilities
18 of the authority under this section if they relate to the purposes
19 and jurisdiction of the authority.

20 Sec. 12. (1) The authority has the exclusive power to levy the
21 local community stabilization share under the use tax act, 1937 PA
22 94, MCL 205.91 to 205.111.

23 (2) The department shall administer under the use tax act,
24 1937 PA 94, MCL 205.91 to 205.111, the receipt and collection of
25 the local community stabilization share on behalf of the authority
26 as an agent of the authority. The authority may enter into an
27 agreement with the department relating to the receipt and

1 collection of the local community stabilization share and the
2 payment of the authority revenue generated by the local community
3 stabilization share to the authority.

4 (3) Money generated by the local community stabilization share
5 is money of the authority, not state funds, and shall not be
6 credited to the state treasury as state funds.

7 Sec. 13. (1) Not later than June 5, 2014, the assessor for
8 each city and township shall report to the county equalization
9 director all of the following:

10 (a) The 2013 taxable value of commercial personal property and
11 industrial personal property for each municipality in the city or
12 township.

13 (b) The 2014 taxable value of commercial personal property and
14 industrial personal property for each municipality in the city or
15 township.

16 (c) The small taxpayer exemption loss for each municipality in
17 the city or township.

18 (2) Not later than June 20, 2014, the equalization director
19 for each county shall report to the department the information
20 described in subsection (1) for each municipality in the county.
21 For each municipality levying a millage in more than 1 county, the
22 county equalization director responsible for compiling the
23 municipality's taxable value under section 34d of the general
24 property tax act, 1893 PA 206, MCL 211.34d, shall compile the
25 municipality's information described in subsection (1).

26 (3) Not later than June 5, 2015, and each June 5 thereafter,
27 the assessor for each city and township shall report to the county

1 equalization director the current year taxable value of commercial
2 personal property and industrial personal property for each
3 municipality in the city or township. Not later than June 20, 2015,
4 and each June 20 thereafter, the equalization director for each
5 county shall report to the department the current year taxable
6 value of commercial personal property and industrial personal
7 property for each municipality in the county. For each municipality
8 levying a millage in more than 1 county, the county equalization
9 director responsible for compiling the municipality's taxable value
10 under section 34d of the general property tax act, 1893 PA 206, MCL
11 211.34d, shall compile the municipality's information described in
12 this subsection.

13 (4) Not later than August 15, 2014, and each August 15
14 thereafter, each municipality shall report to the department the
15 millage rate levied or to be levied that year for a millage
16 described in section 5(g) or (w). For 2014 and 2015, the rate of
17 that millage shall be calculated using the sum of the
18 municipality's taxable value and the municipality's small taxpayer
19 exemption loss. Beginning in 2016 and each year thereafter, the
20 rate of that millage shall be calculated using the sum of the
21 municipality's taxable value and the municipality's personal
22 property exemption loss. For 2014 and 2015, the department shall
23 calculate each municipality's debt loss or school debt loss by
24 multiplying the municipality's millage rate reported under this
25 subsection by the municipality's small taxpayer exemption loss.
26 Beginning in 2016 and each year thereafter, the department shall
27 calculate each municipality's debt loss or school debt loss by

1 multiplying the municipality's millage rate reported under this
2 subsection by the municipality's personal property exemption loss.

3 (5) The department shall calculate and make available to each
4 municipality by May 1 of each year that municipality's sum of the
5 lowest rate of each individual millage levied in the period between
6 2012 and the year immediately preceding the current year. For a
7 municipality, other than a municipality described in section 14,
8 the calculation shall exclude debt millage. For an individual
9 millage rate not levied in 1 of the years, the lowest millage rate
10 is zero. A millage used to make the calculations under this act
11 must be levied against both real property and personal property.

12 Sec. 14. (1) Not later than August 15, 2016, and each August
13 15 thereafter, for each municipality that is not a local school
14 district, intermediate school district, or tax increment finance
15 authority, the department shall do all of the following:

16 (a) Calculate the municipality's personal property exemption
17 loss.

18 (b) Multiply the municipality's personal property exemption
19 loss by the millage rates calculated under section 13(5).

20 (c) Adjust the amount calculated under subdivision (b) by the
21 amount required to reflect the final order of a court or body of
22 competent jurisdiction related to any prior year calculation under
23 this section. An adjustment under this subdivision shall only be
24 made for municipalities for which changes in prior year taxable
25 values can be calculated from taxable values reported under section
26 151(1) of the state school aid act of 1979, 1979 PA 94, MCL
27 388.1751.

1 (d) Adjust the amount calculated under subdivision (b), as
2 adjusted by subdivision (c), by the amount calculated under section
3 16a(2) for captured taxes levied by the municipality not including
4 taxes attributable to increased captured value.

5 (2) Not later than August 15, 2016, and each August 15
6 thereafter, for each municipality that is a county, township,
7 village, city, or authority that provides essential services, the
8 department shall do all of the following:

9 (a) Add to the amount calculated under subsection (1)(a) any
10 increased value from expired tax exemptions for the current year.

11 (b) Subtract from the amount calculated under subdivision (a)
12 the small taxpayer exemption loss and the amount calculated under
13 section 16a(2)(b) for the municipality.

14 (c) Multiply the result of the calculation in subdivision (b)
15 by the millage rate calculated under section 13(5) for general
16 operating millage.

17 (d) Multiply the result of the calculation in subdivision (c)
18 by the percentage of the municipality's general operating millage
19 used to fund the cost of essential services in the municipality's
20 fiscal year ending in 2012. Each municipality's comprehensive
21 annual financial report for the municipality's fiscal year ending
22 in 2014 must include a calculation of the municipality's percentage
23 of general operating revenues used to fund essential services in
24 the municipality's fiscal year ending in 2012.

25 (e) Add to the result of the calculation in subdivision (d) an
26 amount calculated by multiplying the amount calculated under
27 subsection (2)(b) by the millage rates calculated under section

1 13(5) that are dedicated solely for the cost of essential services
2 levied on industrial personal property and commercial personal
3 property. A millage levied to fund a pension under the fire
4 fighters and police officers retirement act, 1937 PA 345, MCL
5 38.551 to 38.562, is dedicated solely for the cost of essential
6 services.

7 (3) Not later than August 15, 2016, for each municipality that
8 is a city, the department shall do all of the following:

9 (a) Calculate the municipality's small taxpayer exemption
10 loss.

11 (b) Multiply the amount calculated under subdivision (a) by
12 the millage rates calculated under section 13(5) for 2014.

13 (c) Multiply the amount calculated under subdivision (a) by
14 the millage rates calculated under section 13(5) for 2015.

15 (d) Add the amounts calculated under subdivisions (b) and (c).

16 (e) Subtract from the amount calculated under subdivision (d)
17 the sum of the municipality's debt loss for 2014 and 2015.

18 (f) Subtract from the amount calculated under subdivision (e)
19 the amount of any tax increment small taxpayer loss for captured
20 taxes levied by the municipality in 2014 and 2015.

21 Sec. 15. Not later than August 15, 2016, and each August 15
22 thereafter, for each municipality that is a local school district,
23 the department shall do all of the following:

24 (a) Calculate the municipality's personal property exemption
25 loss.

26 (b) Multiply the result of the calculation in subdivision (a)
27 by the sum of the lowest rate of each individual millage levied

1 under section 1212 of the revised school code, 1976 PA 451, MCL
2 380.1212, and section 2 of 1917 PA 156, MCL 123.52, levied by that
3 municipality in the period between 2012 and the year immediately
4 preceding the current year.

5 (c) Adjust the amount calculated under subdivision (b) by the
6 amount required to reflect the final order of a court or body of
7 competent jurisdiction related to any prior year calculation under
8 this section.

9 (d) Subtract from the result of the calculation in subdivision
10 (b), as adjusted by subdivision (c), the amount calculated under
11 section 16a(2) for captured taxes levied by the municipality under
12 section 1212 of the revised school code, 1976 PA 451, MCL 380.1212,
13 and section 2 of 1917 PA 156, MCL 123.52, not including taxes
14 attributable to increased captured value.

15 Sec. 16. Not later than August 15, 2016, and each August 15
16 thereafter, for each municipality that is an intermediate school
17 district, the department shall do all of the following:

18 (a) Calculate the municipality's personal property exemption
19 loss.

20 (b) Multiply the result of the calculation in subdivision (a)
21 by the millage rates calculated under section 13(5).

22 (c) Adjust the amount calculated under subdivision (b) by the
23 amount required to reflect the final order of a court or body of
24 competent jurisdiction related to any prior year calculation under
25 this section.

26 (d) Subtract from the result of the calculation in subdivision
27 (b), as adjusted by subdivision (c), the amount calculated under

1 section 16a(2) for captured taxes levied by that municipality not
2 including taxes attributable to increased captured value.

3 Sec. 16a. (1) Not later than June 15, 2014 and June 15, 2015,
4 each municipality that is a tax increment finance authority shall
5 calculate and report to the department the municipality's tax
6 increment small taxpayer loss for the current calendar year.

7 (2) Not later than June 15, 2016, and each June 15 thereafter,
8 each municipality that is a tax increment finance authority shall
9 do all of the following for each of its tax increment financing
10 plans:

11 (a) Calculate the total captured value of all industrial
12 personal property and commercial personal property in the
13 municipality that is a tax increment finance authority in 2013 and
14 add any increased captured value for the current year.

15 (b) From the amount calculated in subdivision (a), subtract
16 the total captured value of all industrial personal property and
17 commercial personal property in the municipality that is a tax
18 increment finance authority in the current year. If the resulting
19 amount, when added to the taxable value of all property within the
20 tax increment finance authority in the current year, would result
21 in a captured value for all property within the tax increment
22 finance authority that is less than the resulting amount, then this
23 captured value shall be used instead of the resulting amount.

24 (c) Multiply the result of the calculation in subdivision (b)
25 by the sum of the lowest rate of each individual millage levied in
26 the period between 2012 and the year immediately preceding the
27 current year, to the extent the millage is subject to capture by

1 that tax increment finance authority. A millage used to make the
2 calculation under this subdivision must be eligible to be levied
3 against both real property and personal property.

4 (d) Adjust the amount calculated under subdivision (c) by the
5 amount required to reflect the final order of a court or body of
6 competent jurisdiction related to any prior year calculation under
7 this section.

8 (e) For an obligation refinanced after 2012, estimate for the
9 term of the obligation:

10 (i) The cumulative school district operating tax and state
11 education tax that would have been captured to repay the obligation
12 had the obligation not been refinanced.

13 (ii) The cumulative amount calculated under subdivision (c), as
14 adjusted by subdivision (d), for school district operating tax and
15 state education tax for the obligation had it not been refinanced.

16 (f) Once the amount included in subdivision (c), as adjusted
17 by subdivision (d), for the current and prior years for school
18 operating tax and state education tax for the refinanced obligation
19 equals the amount estimated in subdivision (e) (ii), subtract from
20 the amount calculated under subdivision (c), as adjusted by
21 subdivision (d), the amount calculated under subdivision (c), as
22 adjusted by subdivision (d), for school district operating tax and
23 state education tax for the refinanced obligation.

24 (g) Once the amount of school district operating tax and state
25 education tax captured for the current and prior years to pay the
26 refinanced obligation equals the amount estimated under subdivision
27 (e) (i), subtract from the amount calculated in subdivision (c), as

1 adjusted by subdivision (d), the amount of school operating tax and
2 state education tax captured to repay the refinanced obligation.

3 (3) Not later than June 15, 2016, and each June 15 thereafter,
4 each municipality that is a tax increment finance authority shall
5 report to the department all of the following:

6 (a) The results of the calculations under subsection (2) for
7 each tax increment financing plan.

8 (b) That municipality's tax increment debt loss shortfall.

9 Sec. 16b. (1) Each municipality that is a tax increment
10 finance authority shall report to the department the calculation
11 required under section 16a on a form and in a manner prescribed by
12 the department.

13 (2) If a municipality that is a tax increment finance
14 authority fails to make the calculation and report it to the
15 department by the date provided in section 16a, the department may
16 extend the calculation and reporting date upon good cause as
17 determined by the department.

18 (3) The department shall exclude from the calculations under
19 sections 14, 15, and 16 the taxable value of property exempt under
20 section 7ff of the general property tax act, 1893 PA 206, MCL
21 211.7ff, for millages subject to the exemption.

22 Sec. 17. (1) The legislature shall appropriate funds for all
23 of the following purposes:

24 (a) For fiscal year 2014-2015 and fiscal year 2015-2016, to
25 the authority, an amount equal to all debt loss for municipalities
26 that are not a local school district, intermediate school district,
27 or tax increment finance authority, an amount equal to all school

1 debt loss for municipalities that are a local school district or
2 intermediate school district, and an amount equal to all tax
3 increment small taxpayer loss for municipalities that are a tax
4 increment finance authority.

5 (b) Beginning in fiscal year 2014-2015 and each fiscal year
6 thereafter, an amount equal to the necessary expenses incurred by
7 the authority and the department in implementing this act.

8 (2) In fiscal year 2014-2015 and fiscal year 2015-2016, the
9 authority shall distribute to municipalities those funds
10 appropriated under subsection (1)(a). However, in fiscal year 2014-
11 2015, if the authority is not able to make the distribution under
12 this subsection, the department shall make the distribution under
13 this subsection on behalf of the authority.

14 (3) Beginning in fiscal year 2015-2016, the authority shall
15 distribute local community stabilization share revenue as follows
16 in the following order of priority:

17 (a) The authority shall distribute to each municipality an
18 amount equal to all of the following:

19 (i) 100% of that municipality's school debt loss in the current
20 year and 100% of its amount calculated under section 15.

21 (ii) 100% of that municipality's amount calculated under
22 section 16.

23 (iii) 100% of that municipality's school operating loss not
24 reimbursed by the school aid fund in the current year.

25 (iv) 100% of the amount calculated in section 14(2). However,
26 the amount distributed to a municipality under this subparagraph
27 shall not exceed the amount calculated in section 14(1)(d). All

1 distributions under this subparagraph shall be used to fund
2 essential services.

3 (v) For a municipality that is a tax increment finance
4 authority, 100% of the tax increment debt loss shortfall and 100%
5 of its amount calculated under section 16a(2) related to its
6 increased captured value. The amount calculated under section
7 16a(2)(c) shall first be attributable to any increased captured
8 value.

9 (b) Beginning in fiscal year 2017-2018, after the
10 distributions under subdivision (a), and subject to subparagraphs
11 (v) and (vi), the authority shall distribute 5% of the remaining
12 balance of local community stabilization share fund for the current
13 fiscal year to each municipality in an amount determined as
14 follows:

15 (i) Calculate the total taxable value of all industrial real
16 property in the municipality on which is located personal property
17 exempt under sections 9m and 9n of the general property tax act,
18 1893 PA 206, MCL 211.9m and 211.9n. For a municipality that is not
19 a tax increment finance authority, the amount calculated under this
20 subparagraph shall be reduced by the industrial real property
21 captured value of any municipality that is a tax increment finance
22 authority.

23 (ii) For a municipality that is not a tax increment finance
24 authority, multiply the result of the calculation in subparagraph
25 (i) by the sum of the lowest rate of each individual millage levied
26 by the municipality in the period between 2012 and the year
27 immediately preceding the current year that is not used to

1 calculate a distribution under subdivision (a) and that is not used
2 to calculate the distribution under section 21(3) of the use tax
3 act, 1937 PA 94, MCL 205.111. For a municipality that is a tax
4 increment finance authority, multiply the industrial real property
5 captured value by the sum of the lowest rate of each individual
6 millage captured by the municipality in the period between 2012 and
7 the year immediately preceding the current year that is not used to
8 calculate the distribution under section 21(3) of the use tax act,
9 1937 PA 94, MCL 205.111. A millage used to make the calculation
10 under this subparagraph must be eligible to be levied against both
11 real property and personal property.

12 (iii) Divide the result of the calculation in subparagraph (ii)
13 by the sum of the calculation under subparagraph (ii) for all
14 municipalities.

15 (iv) Multiply the result of the calculation in subparagraph (iii)
16 by the amount to be distributed under this subdivision.

17 (v) For fiscal year 2018-2019, and each fiscal year
18 thereafter, the percentage amount described in this subdivision
19 shall be increased an additional 5% each year, not to exceed 100%.

20 (vi) For a municipality that is a tax increment finance
21 authority, the amount calculated under this subdivision shall be
22 reduced by its tax increment debt loss shortfall.

23 (c) After the distributions in subdivisions (a) and (b), the
24 authority shall distribute the remaining balance of that fiscal
25 year's local community stabilization share fund to each
26 municipality in an amount determined by multiplying the remaining
27 balance by a fraction, the numerator of which is that

1 municipality's qualified loss and the denominator of which is the
2 total qualified loss. For a municipality that is a tax increment
3 finance authority, the amount calculated under this subdivision
4 shall be reduced by its tax increment debt loss shortfall.

5 (4) The authority shall make the payments required by
6 subsection (3) not later than on the following dates:

7 (a) For county allocated millage, September 20 of the year the
8 millage is levied.

9 (b) For county extra-voted millage, township millage, and
10 other millage levied 100% in December of a year, February 20 of the
11 following year.

12 (c) For other millages, October 20 of the year the millage is
13 levied.

14 (5) If the authority has insufficient funds to make the
15 payments on the dates required in subsection (4), the department
16 shall advance to the authority the amount necessary for the
17 authority to make the required payments. The authority shall repay
18 the advance to the department from the local community
19 stabilization share.

20 Sec. 18. (1) Beginning in fiscal year 2015-2016, and each
21 fiscal year thereafter, the department shall determine the amount
22 of the distributions under this act.

23 (2) Each municipality shall submit to the department
24 sufficient information for the department to make its calculations
25 under this act, as determined by the department.

26 Sec. 19. (1) A local unit of government may issue bonds or
27 other obligations in anticipation of the distribution of local

1 community stabilization share revenue under section 17(3)(a)(iv).

2 (2) Bonds or other obligations issued under this section are
3 subject to the revised municipal finance act, 2001 PA 34, MCL
4 141.2101 to 141.2821.

5 (3) If authorized by a majority vote of the qualified electors
6 of the local unit of government, the local unit of
7 government may, at the time of issuance, pledge the full faith and
8 credit of the local unit of government for the payment of bonds or
9 other obligations issued under this section.

10 Sec. 20. From the amount of local community stabilization
11 share revenue distributed under section 17(3)(a)(iv), a municipality
12 shall first replace the amount of ad valorem property taxes used
13 for the payment of principal and interest of essential services
14 obligations incurred before 2013 pledging the unlimited or limited
15 taxing power of the municipality, that are lost from the exemptions
16 provided by sections 9m, 9n, and 9o of the general property tax
17 act, 1893 PA 206, MCL 211.9m, 211.9n, and 211.9o. A municipality
18 shall not receive distributions under section 17(3)(a)(iv) if it has
19 increased a millage rate for essential service obligations incurred
20 before 2013 pledging the unlimited or limited taxing power of the
21 municipality as a result of the exemptions provided by sections 9m,
22 9n, and 9o of the general property tax act, 1893 PA 206, MCL
23 211.9m, 211.9n, and 211.9o.

24 Sec. 21. From the amount received under section 17, a
25 municipality shall first replace debt loss or school debt loss, as
26 applicable. A municipality shall not receive a distribution under
27 this act if it has increased its millage rate to replace debt loss

1 or school debt loss, as applicable.

2 Sec. 22. This act shall be construed to effectuate the
3 legislative intent and the purposes of this act as complete and
4 independent authorization for the performance of each and every act
5 and thing authorized in the act, and all powers granted in this act
6 shall be broadly interpreted to effectuate the intent and purposes
7 of this act and not as to limitation of powers.

8 Enacting section 1. The Michigan metropolitan areas
9 metropolitan authority act, 2012 PA 407, MCL 123.1311 to 123.1330,
10 is repealed.

11 Enacting section 2. This act does not take effect unless
12 Senate Bill No.822
13 of the 97th Legislature is approved by a majority of the qualified
14 electors of this state voting on the question at an election to be
15 held on the August regular election date in 2014.

16 Enacting section 3. If Senate Bill No.822
17 _____ of the 97th Legislature is not approved
18 by the majority of the qualified electors of this state voting on
19 the question at an election to be held on the August regular
20 election in 2014, for fiscal year 2013-2014 and fiscal year 2014-
21 2015, the legislature shall appropriate an amount sufficient to
22 make the appropriations described in section 17(1)(a).