

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 624

A bill to amend 2004 PA 530, entitled
"Historical neighborhood tax increment finance authority act,"
by amending sections 3 and 17 (MCL 125.2843 and 125.2857), section
3 as amended by 2010 PA 237.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Operations" means office maintenance, including salaries
3 and expenses of employees, office supplies, consultation fees,
4 design costs, and other expenses incurred in the daily management
5 of the authority and planning of its activities.

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

8 (c) "Public facility" means housing, a street, plaza,
9 pedestrian mall, and any improvements to a street, plaza, or

1 pedestrian mall including street furniture and beautification,
2 park, parking facility, recreational facility, right-of-way,
3 structure, waterway, bridge, lake, pond, canal, utility line or
4 pipe, transit-oriented development, transit-oriented facility, or
5 building, including access routes designed and dedicated to use by
6 the public generally, or used by a public agency. Public facility
7 includes an improvement to a facility used by the public or a
8 public facility as those terms are defined in section 1 of 1966 PA
9 1, MCL 125.1351, if the improvement complies with the barrier free
10 design requirements of the state construction code promulgated
11 under the Stille-DeRossett-Hale single state construction code act,
12 1972 PA 230, MCL 125.1501 to 125.1531.

13 (d) "Specific local tax" means a tax levied under 1974 PA 198,
14 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
15 255, MCL 207.651 to 207.668, the technology park development act,
16 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
17 211.182. The initial assessed value or current assessed value of
18 property subject to a specific local tax shall be the quotient of
19 the specific local tax paid divided by the ad valorem millage rate.
20 The state tax commission shall prescribe the method for calculating
21 the initial assessed value and current assessed value of property
22 for which a specific local tax was paid in lieu of a property tax.

23 (e) "State fiscal year" means the annual period commencing
24 October 1 of each year.

25 (f) "Tax increment revenues" means the amount of ad valorem
26 property taxes and specific local taxes attributable to the
27 application of the levy of all taxing jurisdictions upon the

1 captured assessed value of real and personal property in the
2 development area. Tax increment revenues do not include any of the
3 following:

4 (i) Taxes under the state education tax act, 1993 PA 331, MCL
5 211.901 to 211.906.

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

7 (iii) Ad valorem property taxes attributable either to a
8 portion of the captured assessed value shared with taxing
9 jurisdictions within the jurisdictional area of the authority or to
10 a portion of value of property that may be excluded from captured
11 assessed value or specific local taxes attributable to the ad
12 valorem property taxes.

13 (iv) Ad valorem property taxes excluded by the tax increment
14 financing plan of the authority from the determination of the
15 amount of tax increment revenues to be transmitted to the authority
16 or specific local taxes attributable to the ad valorem property
17 taxes.

18 (v) Ad valorem property taxes exempted from capture under
19 section 17(5) or specific local taxes attributable to the ad
20 valorem property taxes.

21 (vi) Ad valorem property taxes specifically levied for the
22 payment of principal and interest of obligations approved by the
23 electors or obligations pledging the unlimited taxing power of the
24 local governmental unit or specific taxes attributable to those ad
25 valorem property taxes.

26 (vii) **AD VALOREM PROPERTY TAXES LEVIED UNDER 1 OR MORE OF THE**
27 **FOLLOWING OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD VALOREM**

1 **PROPERTY TAXES:**

2 **(A) THE ZOOLOGICAL AUTHORITIES ACT, 2008 PA 49, MCL 123.1161**
3 **TO 123.1183.**

4 **(B) THE ART INSTITUTE AUTHORITIES ACT, 2010 PA 296, MCL**
5 **123.1201 TO 123.1229.**

6 **(C) EXCEPT AS OTHERWISE PROVIDED IN SECTION 17(5), AD VALOREM**
7 **PROPERTY TAXES OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD**
8 **VALOREM PROPERTY TAXES LEVIED FOR A SEPARATE MILLAGE FOR PUBLIC**
9 **LIBRARY PURPOSES APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2016.**

10 (g) "Transit-oriented development" means infrastructure
11 improvements that are located within 1/2 mile of a transit station
12 or transit-oriented facility that promotes transit ridership or
13 passenger rail use, as determined by the board and approved by the
14 municipality in which it is located.

15 (h) "Transit-oriented facility" means a facility that houses a
16 transit station in a manner that promotes transit ridership or
17 passenger rail use.

18 Sec. 17. (1) If the authority determines that it is necessary
19 for the achievement of the purposes of this act, the authority
20 shall prepare and submit a tax increment financing plan to the
21 governing body of the municipality. The plan shall include a
22 development plan as provided in section 19, a detailed explanation
23 of the tax increment procedure, the maximum amount of bonded
24 indebtedness to be incurred, and the duration of the program, and
25 shall be in compliance with section 18. The plan shall contain a
26 statement of the estimated impact of tax increment financing on the
27 assessed values of all taxing jurisdictions in which the

1 development area is located. The plan may provide for the use of
2 part or all of the captured assessed value, but the portion
3 intended to be used by the authority shall be clearly stated in the
4 tax increment financing plan. The authority or municipality may
5 exclude from captured assessed value growth in property value
6 resulting solely from inflation. The plan shall set forth the
7 method for excluding growth in property value resulting solely from
8 inflation.

9 (2) Approval of the tax increment financing plan shall comply
10 with the notice, hearing, and disclosure provisions of section 21.
11 If the development plan is part of the tax increment financing
12 plan, only 1 hearing and approval procedure is required for the 2
13 plans together.

14 (3) Before the public hearing on the tax increment financing
15 plan, the governing body shall provide a reasonable opportunity to
16 the taxing jurisdictions levying taxes subject to capture to meet
17 with the governing body. The authority shall fully inform the
18 taxing jurisdictions of the fiscal and economic implications of the
19 proposed development area. The taxing jurisdictions may present
20 their recommendations at the public hearing on the tax increment
21 financing plan. The authority may enter into agreements with the
22 taxing jurisdictions and the governing body of the municipality in
23 which the development area is located to share a portion of the
24 captured assessed value of the development area.

25 (4) A tax increment financing plan may be modified if the
26 modification is approved by the governing body upon notice and
27 after public hearings and agreements as are required for approval

1 of the original plan.

2 (5) Not more than 60 days after the public hearing, the
3 governing body in a taxing jurisdiction levying ad valorem property
4 taxes that would otherwise be subject to capture may exempt its
5 taxes from capture by adopting a resolution to that effect and
6 filing a copy with the clerk of the municipality proposing to
7 create the authority. ~~In the event that the governing body levies a~~
8 ~~separate millage for public library purposes, at the request of the~~
9 ~~public library board, that separate millage shall be exempt from~~
10 ~~the capture.~~ The resolution shall take effect when filed with the
11 clerk and remains effective until a copy of a resolution rescinding
12 that resolution is filed with that clerk. **IF A SEPARATE MILLAGE FOR**
13 **PUBLIC LIBRARY PURPOSES WAS LEVIED BEFORE JANUARY 1, 2017, AND ALL**
14 **OBLIGATIONS OF THE AUTHORITY ARE PAID, THEN THE LEVY IS EXEMPT FROM**
15 **CAPTURE UNDER THIS ACT, UNLESS THE LIBRARY BOARD OR COMMISSION**
16 **ALLOWS ALL OR A PORTION OF ITS TAXES LEVIED TO BE INCLUDED AS TAX**
17 **INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER THIS ACT UNDER THE**
18 **TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY BOARD OR**
19 **COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL BE FILED**
20 **WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF A SEPARATE MILLAGE**
21 **FOR PUBLIC LIBRARY PURPOSES WAS LEVIED BEFORE JANUARY 1, 2017, AND**
22 **THE AUTHORITY ALTERS OR AMENDS THE BOUNDARIES OF A DEVELOPMENT AREA**
23 **OR EXTENDS THE DURATION OF THE EXISTING FINANCE PLAN, THEN THE**
24 **LIBRARY BOARD OR COMMISSION MAY, NOT LATER THAN 60 DAYS AFTER A**
25 **PUBLIC HEARING IS HELD UNDER THIS SUBSECTION, EXEMPT ALL OR A**
26 **PORTION OF ITS TAXES FROM CAPTURE BY ADOPTING A RESOLUTION TO THAT**
27 **EFFECT AND FILING A COPY WITH THE CLERK OF THE MUNICIPALITY THAT**

1 CREATED THE AUTHORITY. FOR AD VALOREM PROPERTY TAXES OR SPECIFIC
2 LOCAL TAXES ATTRIBUTABLE TO THOSE AD VALOREM PROPERTY TAXES LEVIED
3 FOR A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES APPROVED BY THE
4 ELECTORS AFTER DECEMBER 31, 2016, A LIBRARY BOARD OR COMMISSION MAY
5 ALLOW ALL OR A PORTION OF ITS TAXES LEVIED TO BE INCLUDED AS TAX
6 INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER THIS ACT UNDER THE
7 TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY BOARD OR
8 COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL BE FILED
9 WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF THE LIBRARY WAS
10 CREATED UNDER SECTION 1 OR 10A OF 1877 PA 164, MCL 397.201 AND
11 397.210A, OR ESTABLISHED UNDER 1869 LA 233, THEN ANY ACTION OF THE
12 LIBRARY BOARD OR COMMISSION UNDER THIS SUBSECTION SHALL HAVE THE
13 CONCURRENCE OF THE CHIEF EXECUTIVE OFFICER OF THE CITY THAT CREATED
14 THE LIBRARY TO BE EFFECTIVE.