

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 393**

A bill to provide for the recodification and establishment of certain tax increment finance authorities; to prescribe the powers and duties of the authorities; to correct and prevent deterioration in residential, commercial, and industrial areas and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create certain boards; to prescribe the powers and duties of certain boards; to authorize the issuance of bonds and other evidences of indebtedness; to levy certain taxes; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; to provide for enforcement of this act; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

GENERAL PROVISIONS

Sec. 101. This act shall be known and may be cited as the "recodified tax increment financing act".

Sec. 102. (1) The repeal of a statute or section of law by this act does not relinquish any penalty, forfeiture, or liability, whether criminal or civil in nature, and that statute or section of law shall be treated as still remaining in force as necessary for the purpose of instituting or sustaining any proper action or prosecution for the enforcement of the penalty, forfeiture, or liability.

(2) A bond, note, or any other obligation or refunding of any obligation issued by an authority or by the municipality that created the authority under a statute or section of law repealed by this act shall continue in effect under its original terms under the corresponding part of this act.

(3) A contractual right, duty, or obligation relating to an authority under a statute or section of law repealed by this act shall continue and remain with the authority under the corresponding part of this act.

(4) A development plan or a tax increment financing plan developed by an authority under a statute or section of law repealed by this act shall remain in effect with the authority under the corresponding part of this act.

Sec. 103. Members of a board of an authority created under a statute or section of law repealed by this act with the same or

1 similar name and functions shall continue in office for the
2 duration of the terms of office for which they were appointed.
3 Members shall be appointed under this act only as terms of the
4 former members expire or vacancies occur. Members of the board of
5 an authority created under a statute or section of law repealed by
6 this act may be appointed to the new board to succeed themselves
7 subject to any limits for the total period of service set forth in
8 this act.

9 Sec. 104. As this act is a recodification of certain existing
10 tax increment financing acts, the recodification of 1975 PA 197,
11 MCL 125.1651 to 125.1681, in part 2 is a continuation of the taxing
12 authority authorized in section 12 of 1975 PA 197, MCL 125.1662,
13 for purposes of section 31 of article IX of the state constitution
14 of 1963.

15 PART 2

16 DOWNTOWN DEVELOPMENT AUTHORITIES

17 Sec. 201. As used in this part:

18 (a) "Advance" means a transfer of funds made by a municipality
19 to an authority or to another person on behalf of the authority in
20 anticipation of repayment by the authority. Evidence of the intent
21 to repay an advance may include, but is not limited to, an executed
22 agreement to repay, provisions contained in a tax increment
23 financing plan approved prior to the advance, or a resolution of
24 the authority or the municipality.

25 (b) "Assessed value" means 1 of the following:

26 (i) For valuations made before January 1, 1995, the state
27 equalized valuation as determined under the general property tax

1 act, 1893 PA 206, MCL 211.1 to 211.155.

2 (ii) For valuations made after December 31, 1994, the taxable
3 value as determined under section 27a of the general property tax
4 act, 1893 PA 206, MCL 211.27a.

5 (c) "Authority" means a downtown development authority created
6 pursuant to this part.

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

8 (e) "Business district" means an area in the downtown of a
9 municipality zoned and used principally for business.

10 (f) "Captured assessed value" means the amount in any 1 year
11 by which the current assessed value of the project area, including
12 the assessed value of property for which specific local taxes are
13 paid in lieu of property taxes as determined in subdivision (aa),
14 exceeds the initial assessed value. The state tax commission shall
15 prescribe the method for calculating captured assessed value.

16 (g) "Catalyst development project" means a project that is
17 located in a municipality with a population greater than 600,000,
18 is designated by the authority as a catalyst development project,
19 and is expected to result in at least \$300,000,000.00 of capital
20 investment. There shall be no more than 1 catalyst development
21 project designated within each authority.

22 (h) "Chief executive officer" means the mayor or city manager
23 of a city, the president or village manager of a village, or the
24 supervisor of a township or, if designated by the township board
25 for purposes of this part, the township superintendent or township
26 manager of a township.

27 (i) "Development area" means that area to which a development

1 plan is applicable.

2 (j) "Development plan" means that information and those
3 requirements for a development plan set forth in section 217.

4 (k) "Development program" means the implementation of the
5 development plan.

6 (l) "Downtown district" means that part of an area in a
7 business district that is specifically designated by ordinance of
8 the governing body of the municipality pursuant to this part. A
9 downtown district may include 1 or more separate and distinct
10 geographic areas in a business district as determined by the
11 municipality if the municipality enters into an agreement with a
12 qualified township under section 203(7) or if the municipality is a
13 city that surrounds another city and that other city lies between
14 the 2 separate and distinct geographic areas. If the downtown
15 district contains more than 1 separate and distinct geographic area
16 in the downtown district, the separate and distinct geographic
17 areas shall be considered 1 downtown district.

18 (m) "Eligible advance" means an advance made before August 19,
19 1993.

20 (n) "Eligible obligation" means an obligation issued or
21 incurred by an authority or by a municipality on behalf of an
22 authority before August 19, 1993 and its subsequent refunding by a
23 qualified refunding obligation. Eligible obligation includes an
24 authority's written agreement entered into before August 19, 1993
25 to pay an obligation issued after August 18, 1993 and before
26 December 31, 1996 by another entity on behalf of the authority.

27 (o) "Fire alarm system" means a system designed to detect and

1 annunciate the presence of fire, or by-products of fire. Fire alarm
2 system includes smoke detectors.

3 (p) "Fiscal year" means the fiscal year of the authority.

4 (q) "Governing body of a municipality" means the elected body
5 of a municipality having legislative powers.

6 (r) "Initial assessed value" means the assessed value, as
7 equalized, of all the taxable property within the boundaries of the
8 development area at the time the ordinance establishing the tax
9 increment financing plan is approved, as shown by the most recent
10 assessment roll of the municipality for which equalization has been
11 completed at the time the resolution is adopted. Property exempt
12 from taxation at the time of the determination of the initial
13 assessed value shall be included as zero. For the purpose of
14 determining initial assessed value, property for which a specific
15 local tax is paid in lieu of a property tax shall not be considered
16 to be property that is exempt from taxation. The initial assessed
17 value of property for which a specific local tax was paid in lieu
18 of a property tax shall be determined as provided in subdivision
19 (aa). In the case of a municipality having a population of less
20 than 35,000 that established an authority prior to 1985, created a
21 district or districts, and approved a development plan or tax
22 increment financing plan or amendments to a plan, and which plan or
23 tax increment financing plan or amendments to a plan, and which
24 plan expired by its terms December 31, 1991, the initial assessed
25 value for the purpose of any plan or plan amendment adopted as an
26 extension of the expired plan shall be determined as if the plan
27 had not expired December 31, 1991. For a development area

1 designated before 1997 in which a renaissance zone has subsequently
2 been designated pursuant to the Michigan renaissance zone act, 1996
3 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the
4 development area otherwise determined under this subdivision shall
5 be reduced by the amount by which the current assessed value of the
6 development area was reduced in 1997 due to the exemption of
7 property under section 7ff of the general property tax act, 1893 PA
8 206, MCL 211.7ff, but in no case shall the initial assessed value
9 be less than zero.

10 (s) "Municipality" means a city, village, or township.

11 (t) "Obligation" means a written promise to pay, whether
12 evidenced by a contract, agreement, lease, sublease, bond, or note,
13 or a requirement to pay imposed by law. An obligation does not
14 include a payment required solely because of default upon an
15 obligation, employee salaries, or consideration paid for the use of
16 municipal offices. An obligation does not include those bonds that
17 have been economically defeased by refunding bonds issued under
18 this part. Obligation includes, but is not limited to, the
19 following:

20 (i) A requirement to pay proceeds derived from ad valorem
21 property taxes or taxes levied in lieu of ad valorem property
22 taxes.

23 (ii) A management contract or a contract for professional
24 services.

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

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

4 (v) A letter of credit, paying agent, transfer agent, bond
5 registrar, or trustee fee associated with a contract, agreement,
6 bond, or note.

7 (u) "On behalf of an authority", in relation to an eligible
8 advance made by a municipality, or an eligible obligation or other
9 protected obligation issued or incurred by a municipality, means in
10 anticipation that an authority would transfer tax increment
11 revenues or reimburse the municipality from tax increment revenues
12 in an amount sufficient to fully make payment required by the
13 eligible advance made by the municipality, or eligible obligation
14 or other protected obligation issued or incurred by the
15 municipality, if the anticipation of the transfer or receipt of tax
16 increment revenues from the authority is pursuant to or evidenced
17 by 1 or more of the following:

18 (i) A reimbursement agreement between the municipality and an
19 authority it established.

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

22 (iii) A resolution of the authority agreeing to make payments
23 to the incorporating unit.

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

26 (v) "Operations" means office maintenance, including salaries
27 and expenses of employees, office supplies, consultation fees,

1 design costs, and other expenses incurred in the daily management
2 of the authority and planning of its activities.

3 (w) "Other protected obligation" means:

4 (i) A qualified refunding obligation issued to refund an
5 obligation described in subparagraph (ii), (iii), or (iv), an
6 obligation that is not a qualified refunding obligation that is
7 issued to refund an eligible obligation, or a qualified refunding
8 obligation issued to refund an obligation described in this
9 subparagraph.

10 (ii) An obligation issued or incurred by an authority or by a
11 municipality on behalf of an authority after August 19, 1993, but
12 before December 31, 1994, to finance a project described in a tax
13 increment finance plan approved by the municipality in accordance
14 with this part before December 31, 1993, for which a contract for
15 final design is entered into by or on behalf of the municipality or
16 authority before March 1, 1994 or for which a written agreement
17 with a developer, titled preferred development agreement, was
18 entered into by or on behalf of the municipality or authority in
19 July 1993.

20 (iii) An obligation incurred by an authority or municipality
21 after August 19, 1993, to reimburse a party to a development
22 agreement entered into by a municipality or authority before August
23 19, 1993, for a project described in a tax increment financing plan
24 approved in accordance with this part before August 19, 1993, and
25 undertaken and installed by that party in accordance with the
26 development agreement.

27 (iv) An obligation incurred by the authority evidenced by or

1 to finance a contract to purchase real property within a
2 development area or a contract to develop that property within the
3 development area, or both, if all of the following requirements are
4 met:

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

6 (B) Before June 30, 1995, the authority enters a contract for
7 the development of the real property located within the development
8 area.

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

11 (I) The department of natural resources for site reclamation
12 of the real property.

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

15 (v) An ongoing management or professional services contract
16 with the governing body of a county which was entered into before
17 March 1, 1994 and which was preceded by a series of limited term
18 management or professional services contracts with the governing
19 body of the county, the last of which was entered into before
20 August 19, 1993.

21 (vi) A loan from a municipality to an authority if the loan
22 was approved by the legislative body of the municipality on April
23 18, 1994.

24 (vii) Funds expended to match a grant received by a
25 municipality on behalf of an authority for sidewalk improvements
26 from the Michigan department of transportation if the legislative
27 body of the municipality approved the grant application on April 5,

1 1993 and the grant was received by the municipality in June 1993.

2 (viii) For taxes captured in 1994, an obligation described in
3 this subparagraph issued or incurred to finance a project. An
4 obligation is considered issued or incurred to finance a project
5 described in this subparagraph only if all of the following are
6 met:

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

9 (B) The obligation was part of a development plan and the tax
10 increment financing plan was approved by a municipality on May 6,
11 1991.

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

15 (D) The authority or municipality captured school taxes during
16 1994.

17 (ix) An obligation incurred after July 31, 2012 by an
18 authority, municipality, or other governmental unit to pay for
19 costs associated with a catalyst development project.

20 (x) "Public facility" means a street, plaza, pedestrian mall,
21 and any improvements to a street, plaza, or pedestrian mall
22 including street furniture and beautification, park, parking
23 facility, recreational facility, right-of-way, structure, waterway,
24 bridge, lake, pond, canal, utility line or pipe, building, and
25 access routes to any of the foregoing, designed and dedicated to
26 use by the public generally, or used by a public agency. Public
27 facility includes an improvement to a facility used by the public

1 or a public facility as those terms are defined in section 1 of
2 1966 PA 1, MCL 125.1351, which improvement is made to comply with
3 the barrier free design requirements of the state construction code
4 promulgated under the Stille-DeRossett-Hale single state
5 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

6 Public facility also includes the acquisition, construction,
7 improvement, and operation of a building owned or leased by the
8 authority to be used as a retail business incubator.

9 (y) "Qualified refunding obligation" means an obligation
10 issued or incurred by an authority or by a municipality on behalf
11 of an authority to refund an obligation if 1 or more of the
12 following apply:

13 (i) The obligation is issued to refund a qualified refunding
14 obligation issued in November 1997 and any subsequent refundings of
15 that obligation issued before January 1, 2010 or the obligation is
16 issued to refund a qualified refunding obligation issued on May 15,
17 1997 and any subsequent refundings of that obligation issued before
18 January 1, 2010 in an authority in which 1 parcel or group of
19 parcels under common ownership represents 50% or more of the
20 taxable value captured within the tax increment finance district
21 and that will ultimately provide for at least a 40% reduction in
22 the taxable value of the property as part of a negotiated
23 settlement as a result of an appeal filed with the state tax
24 tribunal. Qualified refunding obligations issued under this
25 subparagraph are not subject to the requirements of section 611 of
26 the revised municipal finance act, 2001 PA 34, MCL 141.2611, if
27 issued before January 1, 2010. The duration of the development

1 program described in the tax increment financing plan relating to
2 the qualified refunding obligations issued under this subparagraph
3 is hereby extended to 1 year after the final date of maturity of
4 the qualified refunding obligations.

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

6 (A) The net present value of the principal and interest to be
7 paid on the refunding obligation, including the cost of issuance,
8 will be less than the net present value of the principal and
9 interest to be paid on the obligation being refunded, as calculated
10 using a method approved by the department of treasury.

11 (B) The net present value of the sum of the tax increment
12 revenues described in subdivision (cc) (ii) and the distributions
13 under section 213b to repay the refunding obligation will not be
14 greater than the net present value of the sum of the tax increment
15 revenues described in subdivision (cc) (ii) and the distributions
16 under section 213b to repay the obligation being refunded, as
17 calculated using a method approved by the department of treasury.

18 (iii) The obligation is issued to refund an other protected
19 obligation issued as a capital appreciation bond delivered to the
20 Michigan municipal bond authority on December 21, 1994 and any
21 subsequent refundings of that obligation issued before January 1,
22 2012. Qualified refunding obligations issued under this
23 subparagraph are not subject to the requirements of section 305(2),
24 (3), (5), and (6), section 501, section 503, or section 611 of the
25 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,
26 141.2503, and 141.2611, if issued before January 1, 2012. The
27 duration of the development program described in the tax increment

1 financing plan relating to the qualified refunding obligations
2 issued under this subparagraph is extended to 1 year after the
3 final date of maturity of the qualified refunding obligations. The
4 obligation may be payable through the year 2025 at an interest rate
5 not exceeding the maximum rate permitted by law, notwithstanding
6 the bond maturity dates contained in the notice of intent to issue
7 bonds published by the municipality. An obligation issued under
8 this subparagraph is a qualified refunding obligation only to the
9 extent that revenues described in subdivision (cc) (ii) and
10 distributions under section 213b to repay the qualified refunding
11 obligation do not exceed \$750,000.00.

12 (iv) The obligation is issued to refund a qualified refunding
13 obligation issued on February 13, 2008, and any subsequent
14 refundings of that obligation, issued before December 31, 2018.
15 Qualified refunding obligations issued under this subparagraph are
16 not subject to the requirements of section 305(2), (3), (5), and
17 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA
18 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of
19 the development program described in the tax increment financing
20 plan relating to the qualified refunding obligations issued under
21 this subparagraph is extended to 1 year after the final date of
22 maturity of the qualified refunding obligations. Revenues described
23 in subdivision (cc) (ii) and distributions made under section 213b
24 in excess of the amount needed for current year debt service on an
25 obligation issued under this subparagraph may be paid to the
26 authority to the extent necessary to pay future years' debt service
27 on the obligation as determined by the board.

1 (z) "Qualified township" means a township that meets all of
2 the following requirements:

3 (i) Was not eligible to create an authority prior to January
4 3, 2005.

5 (ii) Adjoins a municipality that previously created an
6 authority.

7 (iii) Along with the adjoining municipality that previously
8 created an authority, is a member of the same joint planning
9 commission under the joint municipal planning act, 2003 PA 226, MCL
10 125.131 to 125.143.

11 (aa) "Specific local tax" means a tax levied under 1974 PA
12 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978
13 PA 255, MCL 207.651 to 207.668, the technology park development
14 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL
15 211.181 to 211.182. The initial assessed value or current assessed
16 value of property subject to a specific local tax shall be the
17 quotient of the specific local tax paid divided by the ad valorem
18 millage rate. However, after 1993, the state tax commission shall
19 prescribe the method for calculating the initial assessed value and
20 current assessed value of property for which a specific local tax
21 was paid in lieu of a property tax.

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

24 (cc) "Tax increment revenues" means the amount of ad valorem
25 property taxes and specific local taxes attributable to the
26 application of the levy of all taxing jurisdictions upon the
27 captured assessed value of real and personal property in the

1 development area, subject to the following requirements:

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

9 (ii) Tax increment revenues include ad valorem property taxes
10 and specific local taxes attributable to the application of the
11 levy of the state pursuant to the state education tax act, 1993 PA
12 331, MCL 211.901 to 211.906, and local or intermediate school
13 districts upon the captured assessed value of real and personal
14 property in the development area in an amount equal to the amount
15 necessary, without regard to subparagraph (i), to repay eligible
16 advances, eligible obligations, and other protected obligations.

17 (iii) Tax increment revenues do not include any of the
18 following:

19 (A) Ad valorem property taxes attributable either to a portion
20 of the captured assessed value shared with taxing jurisdictions
21 within the jurisdictional area of the authority or to a portion of
22 value of property that may be excluded from captured assessed value
23 or specific local taxes attributable to such ad valorem property
24 taxes.

25 (B) Ad valorem property taxes excluded by the tax increment
26 financing plan of the authority from the determination of the
27 amount of tax increment revenues to be transmitted to the authority

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

3 (C) Ad valorem property taxes exempted from capture under
4 section 203(3) or specific local taxes attributable to such ad
5 valorem property taxes.

6 (D) Ad valorem property taxes levied under 1 or more of the
7 following or specific local taxes attributable to those ad valorem
8 property taxes:

9 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
10 to 123.1183.

11 (II) The art institute authorities act, 2010 PA 296, MCL
12 123.1201 to 123.1229.

13 (III) Except as otherwise provided in section 203(3), ad
14 valorem property taxes or specific local taxes attributable to
15 those ad valorem property taxes levied for a separate millage for
16 public library purposes approved by the electors after December 31,
17 2016.

18 (iv) The amount of tax increment revenues authorized to be
19 included under subparagraph (ii) or (v), and required to be
20 transmitted to the authority under section 214(1), from ad valorem
21 property taxes and specific local taxes attributable to the
22 application of the levy of the state education tax act, 1993 PA
23 331, MCL 211.901 to 211.906, a local school district or an
24 intermediate school district upon the captured assessed value of
25 real and personal property in a development area shall be
26 determined separately for the levy by the state, each school
27 district, and each intermediate school district as the product of

1 sub-subparagraphs (A) and (B):

2 (A) The percentage that the total ad valorem taxes and
3 specific local taxes available for distribution by law to the
4 state, local school district, or intermediate school district,
5 respectively, bears to the aggregate amount of ad valorem millage
6 taxes and specific taxes available for distribution by law to the
7 state, each local school district, and each intermediate school
8 district.

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

12 (v) Tax increment revenues include ad valorem property taxes
13 and specific local taxes, in an annual amount and for each year
14 approved by the state treasurer, attributable to the levy by this
15 state under the state education tax act, 1993 PA 331, MCL 211.901
16 to 211.906, and by local or intermediate school districts, upon the
17 captured assessed value of real and personal property in the
18 development area of an authority established in a city with a
19 population of 600,000 or more to pay for, or reimburse an advance
20 for, not more than \$8,000,000.00 for the demolition of buildings or
21 structures on public or privately owned property within a
22 development area that commences in 2005, or to pay the annual
23 principal of or interest on an obligation, the terms of which are
24 approved by the state treasurer, issued by an authority, or by a
25 city on behalf of an authority, to pay not more than \$8,000,000.00
26 of the costs to demolish buildings or structures on public or
27 privately owned property within a development area that commences

1 in 2005.

2 (vi) Tax increment revenues include ad valorem property taxes
3 and specific local taxes attributable to the levy by this state
4 under the state education tax act, 1993 PA 331, MCL 211.201 to
5 211.906, and by local or intermediate school districts which were
6 levied on or after July 1, 2010, upon the captured assessed value
7 of real and personal property in the development area of an
8 authority established in a city with a population of 600,000 or
9 more to pay for, or reimburse an advance for, costs associated with
10 the land acquisition, preliminary site work, and construction of a
11 catalyst development project.

12 Sec. 201a. The legislature finds all of the following:

13 (a) That there exists in this state conditions of property
14 value deterioration detrimental to the state economy and the
15 economic growth of the state and its local units of government.

16 (b) That government programs are desirable and necessary to
17 eliminate the causes of property value deterioration thereby
18 benefiting the economic growth of the state.

19 (c) That it is appropriate to finance these government
20 programs by means available to the state and local units of
21 government in the state, including tax increment financing.

22 (d) That tax increment financing is a government financing
23 program that contributes to economic growth and development by
24 dedicating a portion of the increase in the tax base resulting from
25 economic growth and development to facilities, structures, or
26 improvements within a development area thereby facilitating
27 economic growth and development.

1 (e) That it is necessary for the legislature to exercise its
2 power to legislate tax increment financing as authorized in this
3 part and in the exercise of this power to mandate the transfer of
4 tax increment revenues by city, village, township, school district,
5 and county treasurers to authorities created under this part in
6 order to effectuate the legislative government programs to
7 eliminate property value deterioration and to promote economic
8 growth.

9 (f) That halting property value deterioration and promoting
10 economic growth in the state are essential governmental functions
11 and constitute essential public purposes.

12 (g) That economic development strengthens the tax base upon
13 which local units of government rely and that government programs
14 to eliminate property value deterioration benefit local units of
15 government and are for the use of the local units of government.

16 (h) That the provisions of this part are enacted to provide a
17 means for local units of government to eliminate property value
18 deterioration and to promote economic growth in the communities
19 served by those local units of government.

20 Sec. 202. (1) Except as otherwise provided in this subsection,
21 a municipality may establish 1 authority. If, before November 1,
22 1985, a municipality establishes more than 1 authority, those
23 authorities may continue to exist as separate authorities. Under
24 the conditions described in section 203a, a municipality may have
25 more than 1 authority within that municipality's boundaries. A
26 parcel of property shall not be included in more than 1 authority
27 created by this part.

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

6 Sec. 203. (1) When the governing body of a municipality
7 determines that it is necessary for the best interests of the
8 public to halt property value deterioration and increase property
9 tax valuation where possible in its business district, to eliminate
10 the causes of that deterioration, and to promote economic growth,
11 the governing body may, by resolution, declare its intention to
12 create and provide for the operation of an authority.

13 (2) In the resolution of intent, the governing body shall set
14 a date for the holding of a public hearing on the adoption of a
15 proposed ordinance creating the authority and designating the
16 boundaries of the downtown district. Notice of the public hearing
17 shall be published twice in a newspaper of general circulation in
18 the municipality, not less than 20 or more than 40 days before the
19 date of the hearing. Not less than 20 days before the hearing, the
20 governing body proposing to create the authority shall also mail
21 notice of the hearing to the property taxpayers of record in the
22 proposed district and for a public hearing to be held after
23 February 15, 1994 to the governing body of each taxing jurisdiction
24 levying taxes that would be subject to capture if the authority is
25 established and a tax increment financing plan is approved.
26 Beginning June 1, 2005, the notice of hearing within the time frame
27 described in this subsection shall be mailed by certified mail to

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

18 (3) Not more than 60 days after a public hearing held after
19 February 15, 1994, the governing body of a taxing jurisdiction
20 levying ad valorem property taxes that would otherwise be subject
21 to capture may exempt its taxes from capture by adopting a
22 resolution to that effect and filing a copy with the clerk of the
23 municipality proposing to create the authority. The resolution
24 takes effect when filed with that clerk and remains effective until
25 a copy of a resolution rescinding that resolution is filed with
26 that clerk. If a separate millage for public library purposes was
27 levied before January 1, 2017, and all obligations and other

1 protected obligations of the authority are paid, then the levy is
2 exempt from capture under this part, unless the library board or
3 commission allows all or a portion of its taxes levied to be
4 included as tax increment revenues and subject to capture under
5 this part under the terms of a written agreement between the
6 library board or commission and the authority. The written
7 agreement shall be filed with the clerk of the municipality.
8 However, if a separate millage for public library purposes was
9 levied before January 1, 2017, and the authority alters or amends
10 the boundaries of a downtown district or extends the duration of
11 the existing finance plan, then the library board or commission
12 may, not later than 60 days after a public hearing is held under
13 this subsection, exempt all or a portion of its taxes from capture
14 by adopting a resolution to that effect and filing a copy with the
15 clerk of the municipality that created the authority. For ad
16 valorem property taxes or specific local taxes attributable to
17 those ad valorem property taxes levied for a separate millage for
18 public library purposes approved by the electors after December 31,
19 2016, a library board or commission may allow all or a portion of
20 its taxes levied to be included as tax increment revenues and
21 subject to capture under this part under the terms of a written
22 agreement between the library board or commission and the
23 authority. The written agreement shall be filed with the clerk of
24 the municipality. However, if the library was created under section
25 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
26 under 1869 LA 233, then any action of the library board or
27 commission under this subsection shall have the concurrence of the

1 chief executive officer of the city that created the library to be
2 effective, and, if the action of the library board or commission
3 involves any bond issued by this state or a state agency, the
4 concurrence of the state treasurer.

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. 203a. If a downtown district is part of an area annexed
16 to or consolidated with another municipality, the authority
17 managing that district shall become an authority of the annexing or
18 consolidated municipality. Obligations of that authority incurred
19 under a development or tax increment plan, agreements related to a
20 development or tax increment plan, and bonds issued under this part
21 shall remain in effect following the annexation or consolidation.

22 Sec. 203b. (1) An ordinance enacted by a municipality that has
23 a population of less than 50,000 establishing an authority,
24 creating a district, or approving a development plan or tax
25 increment financing plan, or an amendment to an authority,
26 district, or plan, and all actions taken under that ordinance,
27 including the issuance of bonds, are ratified and validated

1 notwithstanding that notice for the public hearing on the
2 establishment of the authority, creation of the district, or
3 approval of the development plan or tax increment financing plan,
4 or on the amendment, was not published, posted, or mailed at least
5 20 days before the hearing, if the notice was published or posted
6 at least 15 days before the hearing or the authority was
7 established in 1984 by a village that filed the ordinance with the
8 secretary of state not later than March, 1986. This section applies
9 only to an ordinance adopted by a municipality before February 1,
10 1991, and shall include any bonds or amounts to be used by the
11 authority to pay the principal of and interest on bonds that have
12 been issued or that are to be issued by the authority, the
13 incorporating municipality, or a county on behalf of the
14 incorporating municipality. An authority for which an ordinance or
15 amendment to the ordinance establishing the authority has been
16 published before February 1, 1991 is considered for purposes of
17 section 203(4) to have promptly filed the ordinance or amendment to
18 the ordinance with the secretary of state if the ordinance or
19 amendment to the ordinance is filed with the secretary of state
20 before October 1, 1991. As used in this section, "notice was
21 published" means publication of the notice occurred at least once.

22 (2) A development plan and tax increment financing plan
23 approved by a resolution adopted by the village council of a
24 village having a population of less than 3,000 before June 15, 1988
25 rather than by adoption of an ordinance is ratified and validated,
26 if an amendment to the plans was adopted by the village council in
27 compliance with sections 18 and 19.

1 (3) A development plan and tax increment financing plan
2 approved by a resolution adopted by the village council of a
3 village having a population of less than 7,000 before June 1, 1998
4 rather than by adoption of an ordinance is ratified and validated
5 if an amendment to the plans was adopted by the village council in
6 compliance with sections 18 and 19.

7 Sec. 203c. The validity of the proceedings or findings
8 establishing an authority, or of the procedure, adequacy of notice,
9 or findings with respect to the approval of a development plan or
10 tax increment financing plan is conclusive with respect to the
11 capture of tax increment revenues for an other protected obligation
12 that is a bond issued after October 1, 1994.

13 Sec. 203d. An ordinance enacted by a municipality that has a
14 population of greater than 1,000 and less than 2,000 establishing
15 an authority, creating a district, or approving a development plan
16 or tax increment financing plan, or an amendment to an authority,
17 district, or plan, and all actions taken or to be taken under that
18 ordinance, including the issuance of bonds, are ratified and
19 validated notwithstanding that notice for the public hearing on the
20 establishment of the authority, creation of the district, or
21 approval of the development plan or tax increment financing plan,
22 or on the amendment, was not published, posted, or mailed at least
23 20 days before the hearing, provided that the notice was either
24 published or posted at least 10 days before the hearing or that the
25 authority was established in 1990 by a municipality that filed the
26 ordinance with the secretary of state not later than July 1991.
27 This section applies only to an ordinance or an amendment adopted

1 by a municipality before January 1, 1999 and shall include any
2 bonds or amounts to be used by the authority to pay the principal
3 of and interest on bonds that have been issued or that are to be
4 issued by the authority or the incorporating municipality. An
5 authority for which an ordinance or amendment to the ordinance
6 establishing the authority has been published before February 1,
7 1991 is considered for purposes of section 203(3) to have promptly
8 filed the ordinance or amendment to the ordinance with the
9 secretary of state if the ordinance or amendment to the ordinance
10 is filed with the secretary of state before December 31, 2002. The
11 validity of the proceedings or findings establishing an authority
12 described in this section, or of the procedure, adequacy of notice,
13 or findings with respect to the approval of a development plan or
14 tax increment financing plan for an authority described in this
15 section is conclusive with respect to the capture of tax increment
16 revenues for a bond issued after June 1, 2002 and before June 1,
17 2006. As used in this section, "notice was either published or
18 posted" means either publication or posting of the notice occurred
19 at least once.

20 Sec. 204. (1) Except as provided in subsections (7), (8), and
21 (9), an authority shall be under the supervision and control of a
22 board consisting of the chief executive officer of the municipality
23 and not less than 8 or more than 12 members as determined by the
24 governing body of the municipality. Members shall be appointed by
25 the chief executive officer of the municipality, subject to
26 approval by the governing body of the municipality. Not less than a
27 majority of the members shall be persons having an interest in

1 property located in the downtown district or officers, members,
2 trustees, principals, or employees of a legal entity having an
3 interest in property located in the downtown district. Not less
4 than 1 of the members shall be a resident of the downtown district,
5 if the downtown district has 100 or more persons residing within
6 it. Of the members first appointed, an equal number of the members,
7 as near as is practicable, shall be appointed for 1 year, 2 years,
8 3 years, and 4 years. A member shall hold office until the member's
9 successor is appointed. Thereafter, each member shall serve for a
10 term of 4 years. An appointment to fill a vacancy shall be made by
11 the chief executive officer of the municipality for the unexpired
12 term only. Members of the board shall serve without compensation,
13 but shall be reimbursed for actual and necessary expenses. The
14 chairperson of the board shall be elected by the board. The rules
15 of procedure or the bylaws of the authority may provide that a
16 person be appointed to the board in his or her capacity as a public
17 official, whether appointed or elected. The rules of procedure or
18 bylaws may also provide that the public official's term shall
19 expire upon expiration of his or her service as a public official.
20 In addition, the public official's membership on the board expires
21 on his or her resignation from office as a public official.

22 (2) Before assuming the duties of office, a member shall
23 qualify by taking and subscribing to the constitutional oath of
24 office.

25 (3) The business which the board may perform shall be
26 conducted at a public meeting of the board held in compliance with
27 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public

1 notice of the time, date, and place of the meeting shall be given
2 in the manner required by the open meetings act, 1976 PA 267, MCL
3 15.261 to 15.275. The board shall adopt rules consistent with the
4 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its
5 procedure and the holding of regular meetings, subject to the
6 approval of the governing body. Special meetings may be held if
7 called in the manner provided in the rules of the board.

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

12 (5) All expense items of the authority shall be publicized
13 monthly and the financial records shall always be open to the
14 public.

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

20 (7) By resolution of its governing body, a municipality having
21 more than 1 authority may establish a single board to govern all
22 authorities in the municipality. The governing body may designate
23 the board of an existing authority as the board for all authorities
24 or may establish by resolution a new board in the same manner as
25 provided in subsection (1). A member of a board governing more than
26 1 authority may be a resident of or have an interest in property in
27 any of the downtown districts controlled by the board in order to

1 meet the requirements of this section.

2 (8) By ordinance, the governing body of a municipality that
3 has a population of less than 5,000 may have the municipality's
4 planning commission created pursuant to former 1931 PA 285 or the
5 Michigan planning enabling act, 2008 PA 33, MCL 125.3801 to
6 125.3885, serve as the board provided for in subsection (1).

7 (9) If a municipality enters into an agreement with a
8 qualified township under section 203(7), the membership of the
9 board may be modified by the interlocal agreement described in
10 section 203(7).

11 Sec. 205. (1) The board may employ and fix the compensation of
12 a director, subject to the approval of the governing body of the
13 municipality. The director shall serve at the pleasure of the
14 board. A member of the board is not eligible to hold the position
15 of director. Before entering upon the duties of his or her office,
16 the director shall take and subscribe to the constitutional oath,
17 and furnish bond, by posting a bond in the penal sum determined in
18 the ordinance establishing the authority payable to the authority
19 for use and benefit of the authority, approved by the board, and
20 filed with the municipal clerk. The premium on the bond shall be
21 deemed an operating expense of the authority, payable from funds
22 available to the authority for expenses of operation. The director
23 shall be the chief executive officer of the authority. Subject to
24 the approval of the board, the director shall supervise, and be
25 responsible for, the preparation of plans and the performance of
26 the functions of the authority in the manner authorized by this
27 part. The director shall attend the meetings of the board, and

1 shall render to the board and to the governing body of the
2 municipality a regular report covering the activities and financial
3 condition of the authority. If the director is absent or disabled,
4 the board may designate a qualified person as acting director to
5 perform the duties of the office. Before entering upon the duties
6 of his or her office, the acting director shall take and subscribe
7 to the oath, and furnish bond, as required of the director. The
8 director shall furnish the board with information or reports
9 governing the operation of the authority as the board requires.

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

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

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

27 (5) The board may employ other personnel deemed necessary by

1 the board.

2 Sec. 206. The employees of an authority shall be eligible to
3 participate in municipal retirement and insurance programs of the
4 municipality as if they were civil service employees except that
5 the employees of an authority are not civil service employees.

6 Sec. 207. (1) The board may:

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

9 (b) Study and analyze the impact of metropolitan growth upon
10 the downtown district.

11 (c) Plan and propose the construction, renovation, repair,
12 remodeling, rehabilitation, restoration, preservation, or
13 reconstruction of a public facility, an existing building, or a
14 multiple-family dwelling unit which may be necessary or appropriate
15 to the execution of a plan which, in the opinion of the board, aids
16 in the economic growth of the downtown district.

17 (d) Plan, propose, and implement an improvement to a public
18 facility within the development area to comply with the barrier
19 free design requirements of the state construction code promulgated
20 under the Stille-DeRossett-Hale single state construction code act,
21 1972 PA 230, MCL 125.1501 to 125.1531.

22 (e) Develop long-range plans, in cooperation with the agency
23 which is chiefly responsible for planning in the municipality,
24 designed to halt the deterioration of property values in the
25 downtown district and to promote the economic growth of the
26 downtown district, and take such steps as may be necessary to
27 persuade property owners to implement the plans to the fullest

1 extent possible.

2 (f) Implement any plan of development in the downtown district
3 necessary to achieve the purposes of this part, in accordance with
4 the powers of the authority as granted by this part.

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

7 (h) Acquire by purchase or otherwise, on terms and conditions
8 and in a manner the authority considers proper or own, convey, or
9 otherwise dispose of, or lease as lessor or lessee, land and other
10 property, real or personal, or rights or interests in property,
11 which the authority determines is reasonably necessary to achieve
12 the purposes of this part, and to grant or acquire licenses,
13 easements, and options with respect to that property.

14 (i) Improve land and construct, reconstruct, rehabilitate,
15 restore and preserve, equip, improve, maintain, repair, and operate
16 any building, including multiple-family dwellings, and any
17 necessary or desirable appurtenances to that property, within the
18 downtown district for the use, in whole or in part, of any public
19 or private person or corporation, or a combination of them.

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

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

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

1 (m) Acquire and construct public facilities.

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

4 (o) Contract for broadband service and wireless technology
5 service in the downtown district.

6 (p) Operate and perform all duties and exercise all
7 responsibilities described in this section in a qualified township
8 if the qualified township has entered into an agreement with the
9 municipality under section 203(7).

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

15 (r) Create, operate, and fund retail business incubators in
16 the downtown district.

17 (2) If it is the express determination of the board to create,
18 operate, or fund a retail business incubator in the downtown
19 district, the board shall give preference to tenants who will
20 provide goods or services that are not available or that are
21 underserved in the downtown area. If the board creates, operates,
22 or funds retail business incubators in the downtown district, the
23 board and each tenant who leases space in a retail business
24 incubator shall enter into a written contract that includes, but is
25 not limited to, all of the following:

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

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

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

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

7 (e) The requirement that the tenant participate in basic
8 management classes, business seminars, or other business education
9 programs offered by the authority, the local chamber of commerce,
10 local community colleges, or institutions of higher education, as
11 determined by the board.

12 Sec. 208. If a board created under this part serves as the
13 planning commission under the Michigan planning enabling act, 2008
14 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
15 commission business in its agenda.

16 Sec. 209. The authority shall be deemed an instrumentality of
17 a political subdivision for purposes of 1972 PA 227, MCL 213.321 to
18 213.332.

19 Sec. 210. A municipality may take private property under 1911
20 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to the
21 authority, and may transfer the property to the authority for use
22 in an approved development, on terms and conditions it deems
23 appropriate, and the taking, transfer, and use shall be considered
24 necessary for public purposes and for the benefit of the public.

25 Sec. 211. (1) The activities of the authority shall be
26 financed from 1 or more of the following sources:

27 (a) Donations to the authority for the performance of its

1 functions.

2 (b) Proceeds of a tax imposed pursuant to section 212.

3 (c) Money borrowed and to be repaid as authorized by sections
4 213 and 213a.

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

9 (e) Proceeds of a tax increment financing plan, established
10 under sections 214 to 216.

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

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

17 (h) Money obtained pursuant to section 213b.

18 (i) Revenue transferred pursuant to section 11a of chapter 2
19 of the city income tax act, 1964 PA 284, MCL 141.611a.

20 (j) Revenue transferred pursuant to section 11b of chapter 2
21 of the city income tax act, 1964 PA 284, MCL 141.611b.

22 (2) Money received by the authority and not covered under
23 subsection (1) shall immediately be deposited to the credit of the
24 authority, subject to disbursement pursuant to this part. Except as
25 provided in this part, the municipality shall not obligate itself,
26 nor shall it ever be obligated to pay any sums from public funds,
27 other than money received by the municipality pursuant to this

1 section, for or on account of the activities of the authority.

2 Sec. 212. (1) An authority with the approval of the municipal
3 governing body may levy an ad valorem tax on the real and tangible
4 personal property not exempt by law and as finally equalized in the
5 downtown district. The tax shall not be more than 1 mill if the
6 downtown district is in a municipality having a population of
7 1,000,000 or more, or not more than 2 mills if the downtown
8 district is in a municipality having a population of less than
9 1,000,000. The tax shall be collected by the municipality creating
10 the authority levying the tax. The municipality shall collect the
11 tax at the same time and in the same manner as it collects its
12 other ad valorem taxes. The tax shall be paid to the treasurer of
13 the authority and credited to the general fund of the authority for
14 purposes of the authority.

15 (2) The municipality may at the request of the authority
16 borrow money and issue its notes under the revised municipal
17 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
18 of collection of the ad valorem tax authorized in this section.

19 Sec. 213. The authority may borrow money and issue its
20 negotiable revenue bonds under the revenue bond act of 1933, 1933
21 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
22 authority shall not except as hereinafter provided be deemed a debt
23 of the municipality or the state. The municipality by majority vote
24 of the members of its governing body may pledge its full faith and
25 credit to support the authority's revenue bonds.

26 Sec. 213a. (1) The authority may with approval of the local
27 governing body borrow money and issue its revenue bonds or notes to

1 finance all or part of the costs of acquiring or constructing
2 property in connection with the implementation of a development
3 plan in the downtown district or to refund or refund in advance
4 bonds or notes issued pursuant to this section. The costs which may
5 be financed by the issuance of revenue bonds or notes may include
6 the cost of purchasing, acquiring, constructing, improving,
7 enlarging, extending, or repairing property in connection with the
8 implementation of a development plan in the downtown district; any
9 engineering, architectural, legal, accounting, or financial
10 expenses; the costs necessary or incidental to the borrowing of
11 money; interest on the bonds or notes during the period of
12 construction; a reserve for payment of principal and interest on
13 the bonds or notes; and a reserve for operation and maintenance
14 until sufficient revenues have developed. The authority may secure
15 the bonds and notes by mortgage, assignment, or pledge of the
16 property and any money, revenues, or income received in connection
17 therewith.

18 (2) A pledge made by the authority shall be valid and binding
19 from the time the pledge is made. The money or property pledged by
20 the authority immediately shall be subject to the lien of the
21 pledge without a physical delivery, filing, or further act. The
22 lien of such a pledge shall be valid and binding as against parties
23 having claims of any kind in tort, contract, or otherwise, against
24 the authority, irrespective of whether the parties have notice of
25 the lien. Neither the resolution, the trust agreement, nor any
26 other instrument by which a pledge is created need be filed or
27 recorded.

1 (3) Bonds or notes issued pursuant to this section shall be
2 exempt from all taxation in this state except inheritance and
3 transfer taxes, and the interest on the bonds or notes shall be
4 exempt from all taxation in this state, notwithstanding that the
5 interest may be subject to federal income tax.

6 (4) The municipality shall not be liable on bonds or notes of
7 the authority issued pursuant to this section and the bonds or
8 notes shall not be a debt of the municipality. The bonds or notes
9 shall contain on their face a statement to that effect.

10 (5) The bonds and notes of the authority may be invested in by
11 all public officers, state agencies and political subdivisions,
12 insurance companies, banks, savings and loan associations,
13 investment companies, and fiduciaries and trustees, and may be
14 deposited with and received by all public officers and the agencies
15 and political subdivisions of this state for any purpose for which
16 the deposit of bonds is authorized.

17 Sec. 213b. (1) If the amount of tax increment revenues lost as
18 a result of the reduction of taxes levied by local school districts
19 for school operating purposes required by the millage limitations
20 under section 1211 of the school code of 1976, 1976 PA 451, MCL
21 380.1211, reduced by the amount of tax increment revenues received
22 from the capture of taxes levied under or attributable to the state
23 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
24 the tax increment revenues received in a fiscal year by an
25 authority under section 215 to be insufficient to repay an eligible
26 advance or to pay an eligible obligation, the legislature shall
27 appropriate and distribute to the authority the amount described in

1 subsection (5).

2 (2) Not less than 30 days before the first day of a fiscal
3 year, an authority eligible to retain tax increment revenues from
4 taxes levied by a local or intermediate school district or this
5 state or to receive a distribution under this section for that
6 fiscal year shall file a claim with the department of treasury. The
7 claim shall include the following information:

8 (a) The property tax millage rates levied in 1993 by local
9 school districts within the jurisdictional area of the authority
10 for school operating purposes.

11 (b) The property tax millage rates expected to be levied by
12 local school districts within the jurisdictional area of the
13 authority for school operating purposes for that fiscal year.

14 (c) The tax increment revenues estimated to be received by the
15 authority for that fiscal year based upon actual property tax
16 levies of all taxing jurisdictions within the jurisdictional area
17 of the authority.

18 (d) The tax increment revenues the authority estimates it
19 would have received for that fiscal year if property taxes were
20 levied by local school districts within the jurisdictional area of
21 the authority for school operating purposes at the millage rates
22 described in subdivision (a) and if no property taxes were levied
23 by this state under the state education tax act, 1993 PA 331, MCL
24 211.901 to 211.906.

25 (e) A list and documentation of eligible obligations and
26 eligible advances and the payments due on each of those eligible
27 obligations or eligible advances in that fiscal year, and the total

1 amount of all the payments due on those eligible obligations and
2 eligible advances in that fiscal year.

3 (f) The amount of money, other than tax increment revenues,
4 estimated to be received in that fiscal year by the authority that
5 is primarily pledged to, and to be used for, the payment of an
6 eligible obligation or the repayment of an eligible advance. That
7 amount shall not include excess tax increment revenues of the
8 authority that are permitted by law to be retained by the authority
9 for purposes that further the development program. However, that
10 amount shall include money to be obtained from sources authorized
11 by law, which law is enacted on or after December 1, 1993, for use
12 by the municipality or authority to finance a development project.

13 (g) The amount of a distribution received pursuant to this
14 part for a fiscal year in excess of or less than the distribution
15 that would have been required if calculated upon actual tax
16 increment revenues received for that fiscal year.

17 (h) A list and documentation of other protected obligations
18 and the payments due on each of those other protected obligations
19 in that fiscal year, and the total amount of all the payments due
20 on those other protected obligations in that fiscal year.

21 (3) For the fiscal year that commences after September 30,
22 1993 and before October 1, 1994, an authority may make a claim with
23 all information required by subsection (2) at any time after March
24 15, 1994.

25 (4) After review and verification of claims submitted pursuant
26 to this section, amounts appropriated by the state in compliance
27 with this part shall be distributed as 2 equal payments on March 1

1 and September 1 after receipt of a claim. An authority shall
2 allocate a distribution it receives for an eligible obligation
3 issued on behalf of a municipality to the municipality.

4 (5) Subject to subsections (6) and (7), the aggregate amount
5 to be appropriated and distributed pursuant to this section to an
6 authority shall be the sum of the amounts determined pursuant to
7 subdivisions (a) and (b) minus the amount determined pursuant to
8 subdivision (c), as follows:

9 (a) The amount by which the tax increment revenues the
10 authority would have received for the fiscal year, excluding taxes
11 exempt under section 7ff of the general property tax act, 1893 PA
12 206, MCL 211.7ff, if property taxes were levied by local school
13 districts for school operating purposes at the millage rates
14 described in subsection (2)(a) and if no property taxes were levied
15 under the state education tax act, 1993 PA 331, MCL 211.901 to
16 211.906, exceed the tax increment revenues the authority actually
17 received for the fiscal year.

18 (b) A shortfall required to be reported pursuant to subsection
19 (2)(g) that had not previously increased a distribution.

20 (c) An excess amount required to be reported pursuant to
21 subsection (2)(g) that had not previously decreased a distribution.

22 (6) The amount distributed under subsection (5) shall not
23 exceed the difference between the amount described in subsection
24 (2)(e) and the sum of the amounts described in subsection (2)(c)
25 and (f).

26 (7) If, based upon the tax increment financing plan in effect
27 on August 19, 1993, the payment due on eligible obligations or

1 eligible advances anticipates the use of excess prior year tax
2 increment revenues permitted by law to be retained by the
3 authority, and if the sum of the amounts described in subsection
4 (2)(c) and (f) plus the amount to be distributed under subsections
5 (5) and (6) is less than the amount described in subsection (2)(e),
6 the amount to be distributed under subsections (5) and (6) shall be
7 increased by the amount of the shortfall. However, the amount
8 authorized to be distributed pursuant to this section shall not
9 exceed that portion of the cumulative difference, for each
10 preceding fiscal year, between the amount that could have been
11 distributed pursuant to subsection (5) and the amount actually
12 distributed pursuant to subsections (5) and (6) and this
13 subsection.

14 (8) A distribution under this section replacing tax increment
15 revenues pledged by an authority or a municipality is subject to
16 the lien of the pledge, whether or not there has been physical
17 delivery of the distribution.

18 (9) Obligations for which distributions are made pursuant to
19 this section are not a debt or liability of this state; do not
20 create or constitute an indebtedness, liability, or obligation of
21 this state; and are not and do not constitute a pledge of the faith
22 and credit of this state.

23 (10) Not later than July 1 of each year, the authority shall
24 certify to the local tax collecting treasurer the amount of the
25 distribution required under subsection (5), calculated without
26 regard to the receipt of tax increment revenues attributable to
27 local or intermediate school district taxes or attributable to

1 taxes levied under the state education tax act, 1993 PA 331, MCL
2 211.901 to 211.906.

3 (11) Calculations of distributions under this section and
4 claims reports required to be made under subsection (2) shall be
5 made on the basis of each development area of the authority.

6 (12) The state tax commission may provide that the
7 reimbursement calculations under this section and the calculation
8 of allowable capture of school taxes shall be made for each
9 calendar year's tax increment revenues using a 12-month debt
10 payment period used by the authority and approved by the state tax
11 commission.

12 Sec. 213c. (1) If the amount of tax increment revenues lost as
13 a result of the personal property tax exemptions provided by
14 section 1211(4) of the revised school code, 1976 PA 451, MCL
15 380.1211, section 3 of the state education tax act, 1993 PA 331,
16 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
17 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
18 reduce the allowable school tax capture received in a fiscal year,
19 then, notwithstanding any other provision of this part, the
20 authority, with approval of the department of treasury under
21 subsection (3), may request the local tax collecting treasurer to
22 retain and pay to the authority taxes levied under the state
23 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
24 for the following:

- 25 (a) To repay an eligible advance.
- 26 (b) To repay an eligible obligation.
- 27 (c) To repay an other protected obligation.

1 (2) Not later than June 15, 2008, not later than September 30,
2 2009, and not later than June 1 of each subsequent year, except for
3 2011, not later than June 15, an authority eligible under
4 subsection (1) to have taxes levied under the state education tax
5 act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the
6 authority under this section, shall apply for approval with the
7 department of treasury. The application for approval shall include
8 the following information:

9 (a) The property tax millage rates expected to be levied by
10 local school districts within the jurisdictional area of the
11 authority for school operating purposes for that fiscal year.

12 (b) The tax increment revenues estimated to be received by the
13 authority for that fiscal year based upon actual property tax
14 levies of all taxing jurisdictions within the jurisdictional area
15 of the authority.

16 (c) The tax increment revenues the authority estimates it
17 would have received for that fiscal year if the personal property
18 tax exemptions described in subsection (1) were not in effect.

19 (d) A list of eligible obligations, eligible advances, and
20 other protected obligations, the payments due on each of those in
21 that fiscal year, and the total amount of all the payments due on
22 all of those in that fiscal year.

23 (e) The amount of money, other than tax increment revenues,
24 estimated to be received in that fiscal year by the authority that
25 is primarily pledged to, and to be used for, the payment of an
26 eligible obligation, the repayment of an eligible advance, or the
27 payment of an other protected obligation. That amount shall not

1 include excess tax increment revenues of the authority that are
2 permitted by law to be retained by the authority for purposes that
3 further the development program. However, that amount shall include
4 money to be obtained from sources authorized by law, which law is
5 enacted on or after December 1, 1993, for use by the municipality
6 or authority to finance a development plan.

7 (f) The amount of a distribution received pursuant to this
8 part for a fiscal year in excess of or less than the distribution
9 that would have been required if calculated upon actual tax
10 increment revenues received for that fiscal year.

11 (3) Not later than August 15, 2008; for 2009, not later than
12 February 3, 2010; for 2011 only, not later than 30 days after the
13 effective date of the amendatory act that amended this sentence;
14 and not later than August 15 for 2010, 2012, and each subsequent
15 year, based on the calculations under subsection (5), the
16 department of treasury shall approve, modify, or deny the
17 application for approval to have taxes levied under the state
18 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
19 and paid to the authority under this section. If the application
20 for approval contains the information required under subsection
21 (2)(a) through (f) and appears to be in substantial compliance with
22 the provisions of this section, then the department of treasury
23 shall approve the application. If the application is denied by the
24 department of treasury, then the department of treasury shall
25 provide the opportunity for a representative of the authority to
26 discuss the denial within 21 days after the denial occurs and shall
27 sustain or modify its decision within 30 days after receiving

1 information from the authority. If the application for approval is
2 approved or modified by the department of treasury, the local tax
3 collecting treasurer shall retain and pay to the authority the
4 amount described in subsection (5) as approved by the department.
5 If the department of treasury denies the authority's application
6 for approval, the local tax collecting treasurer shall not retain
7 or pay to the authority the taxes levied under the state education
8 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
9 department does not prohibit a subsequent audit of taxes retained
10 in accordance with the procedures currently authorized by law.

11 (4) Each year the legislature shall appropriate and distribute
12 an amount sufficient to pay each authority the following:

13 (a) If the amount to be retained and paid under subsection (3)
14 is less than the amount calculated under subsection (5), the
15 difference between those amounts.

16 (b) If the application for approval is denied by the
17 department of treasury, an amount verified by the department equal
18 to the amount calculated under subsection (5).

19 (5) Subject to subsection (6), the aggregate amount under this
20 section shall be the sum of the amounts determined under
21 subdivisions (a) and (b) minus the amount determined under
22 subdivision (c), as follows:

23 (a) The amount by which the tax increment revenues the
24 authority would have received and retained for the fiscal year,
25 excluding taxes exempt under section 7ff of the general property
26 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
27 exemptions described in subsection (1) were not in effect, exceed

1 the tax increment revenues the authority actually received for the
2 fiscal year.

3 (b) A shortfall required to be reported under subsection
4 (2)(f) that had not previously increased a distribution.

5 (c) An excess amount required to be reported under subsection
6 (2)(f) that had not previously decreased a distribution.

7 (6) A distribution or taxes retained under this section
8 replacing tax increment revenues pledged by an authority or a
9 municipality are subject to any lien of the pledge described in
10 subsection (1), whether or not there has been physical delivery of
11 the distribution.

12 (7) Obligations for which distributions are made under this
13 section are not a debt or liability of this state; do not create or
14 constitute an indebtedness, liability, or obligation of this state;
15 and are not and do not constitute a pledge of the faith and credit
16 of this state.

17 (8) Not later than September 15 of each year, the authority
18 shall provide a copy of the application for approval approved by
19 the department of treasury to the local tax collecting treasurer
20 and provide the amount of the taxes retained and paid to the
21 authority under subsection (5).

22 (9) Calculations of amounts retained and paid and
23 appropriations to be distributed under this section shall be made
24 on the basis of each development area of the authority.

25 (10) The state tax commission may provide that the
26 reimbursement calculations under this section and the calculation
27 of allowable capture of school taxes shall be made for each

1 calendar year's tax increment revenues using a 12-month debt
2 payment period used by the authority and approved by the state tax
3 commission.

4 (11) It is the intent of the legislature that, to the extent
5 that the total amount of taxes levied under the state education tax
6 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
7 retained under this section and section 411b, section 15a of the
8 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
9 and section 312b, exceeds the difference of the total school aid
10 fund revenue for the tax year minus the estimated amount of revenue
11 the school aid fund would have received for the tax year had the
12 tax exemptions described in subsection (1) and the earmark created
13 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
14 208.1515, not taken effect, the general fund shall reimburse the
15 school aid fund the difference.

16 Sec. 214. (1) When the authority determines that it is
17 necessary for the achievement of the purposes of this part, the
18 authority shall prepare and submit a tax increment financing plan
19 to the governing body of the municipality. The plan shall include a
20 development plan as provided in section 217, a detailed explanation
21 of the tax increment procedure, the maximum amount of bonded
22 indebtedness to be incurred, and the duration of the program, and
23 shall be in compliance with section 215. The plan shall contain a
24 statement of the estimated impact of tax increment financing on the
25 assessed values of all taxing jurisdictions in which the
26 development area is located. The plan may provide for the use of
27 part or all of the captured assessed value, but the portion

1 intended to be used by the authority shall be clearly stated in the
2 tax increment financing plan. The authority or municipality may
3 exclude from captured assessed value growth in property value
4 resulting solely from inflation. The plan shall set forth the
5 method for excluding growth in property value resulting solely from
6 inflation.

7 (2) The percentage of taxes levied for school operating
8 purposes that is captured and used by the tax increment financing
9 plan shall not be greater than the plan's percentage capture and
10 use of taxes levied by a municipality or county for operating
11 purposes. For purposes of the previous sentence, taxes levied by a
12 county for operating purposes include only millage allocated for
13 county or charter county purposes under the property tax limitation
14 act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this
15 subsection, tax increment revenues used to pay bonds issued by a
16 municipality under section 216(1) shall be considered to be used by
17 the tax increment financing plan rather than shared with the
18 municipality. The limitation of this subsection does not apply to
19 the portion of the captured assessed value shared pursuant to an
20 agreement entered into before 1989 with a county or with a city in
21 which an enterprise zone is approved under section 13 of the
22 enterprise zone act, 1985 PA 224, MCL 125.2113.

23 (3) Approval of the tax increment financing plan shall be
24 pursuant to the notice, hearing, and disclosure provisions of
25 section 218. If the development plan is part of the tax increment
26 financing plan, only 1 hearing and approval procedure is required
27 for the 2 plans together.

1 (4) Before the public hearing on the tax increment financing
2 plan, the governing body shall provide a reasonable opportunity to
3 the taxing jurisdictions levying taxes subject to capture to meet
4 with the governing body. The authority shall fully inform the
5 taxing jurisdictions of the fiscal and economic implications of the
6 proposed development area. The taxing jurisdictions may present
7 their recommendations at the public hearing on the tax increment
8 financing plan. The authority may enter into agreements with the
9 taxing jurisdictions and the governing body of the municipality in
10 which the development area is located to share a portion of the
11 captured assessed value of the district.

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

16 (6) Under a tax increment financing plan that includes a
17 catalyst development project, an authority may pledge available tax
18 increment revenues of the authority as security for any bonds
19 issued to develop and construct a catalyst development project.

20 Sec. 215. (1) The municipal and county treasurers shall
21 transmit to the authority tax increment revenues.

22 (2) The authority shall expend the tax increment revenues
23 received for the development program only pursuant to the tax
24 increment financing plan. Surplus funds shall revert
25 proportionately to the respective taxing bodies. These revenues
26 shall not be used to circumvent existing property tax limitations.
27 The governing body of the municipality may abolish the tax

1 increment financing plan when it finds that the purposes for which
2 it was established are accomplished. However, the tax increment
3 financing plan shall not be abolished, allowed to expire, or
4 otherwise terminate until the principal of, and interest on, bonds
5 issued pursuant to section 216 have been paid or funds sufficient
6 to make the payment have been segregated.

7 Sec. 216. (1) The municipality may by resolution of its
8 governing body authorize, issue, and sell general obligation bonds
9 subject to the limitations set forth in this subsection to finance
10 the development program of the tax increment financing plan and
11 shall pledge its full faith and credit for the payment of the
12 bonds. The municipality may pledge as additional security for the
13 bonds any money received by the authority or the municipality
14 pursuant to section 211. The bonds are subject to the revised
15 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before
16 the municipality may authorize the borrowing, the authority shall
17 submit an estimate of the anticipated tax increment revenues and
18 other revenue available under section 211 to be available for
19 payment of principal and interest on the bonds, to the governing
20 body of the municipality. This estimate shall be approved by the
21 governing body of the municipality by resolution adopted by
22 majority vote of the members of the governing body in the
23 resolution authorizing the bonds. If the governing body of the
24 municipality adopts the resolution authorizing the bonds, the
25 estimate of the anticipated tax increment revenues and other
26 revenue available under section 211 to be available for payment of
27 principal and interest on the bonds shall be conclusive for

1 purposes of this section. The bonds issued under this subsection
2 shall be considered a single series for the purposes of the revised
3 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2801.

4 (2) By resolution of its governing body, the authority may
5 authorize, issue, and sell tax increment bonds subject to the
6 limitations set forth in this subsection to finance the development
7 program of the tax increment financing plan. The tax increment
8 bonds issued by the authority under this subsection shall pledge
9 solely the tax increment revenues of a development area in which
10 the project is located or a development area from which tax
11 increment revenues may be used for this project, or both. In
12 addition or in the alternative, the bonds issued by the authority
13 pursuant to this subsection may be secured by any other revenues
14 identified in section 211 as sources of financing for activities of
15 the authority that the authority shall specifically pledge in the
16 resolution. However, the full faith and credit of the municipality
17 shall not be pledged to secure bonds issued pursuant to this
18 subsection. The bond issue may include a sum sufficient to pay
19 interest on the tax increment bonds until full development of tax
20 increment revenues from the project and also a sum to provide a
21 reasonable reserve for payment of principal and interest on the
22 bonds. The resolution authorizing the bonds shall create a lien on
23 the tax increment revenues and other revenues pledged by the
24 resolution that shall be a statutory lien and shall be a first lien
25 subject only to liens previously created. The resolution may
26 provide the terms upon which additional bonds may be issued of
27 equal standing and parity of lien as to the tax increment revenues

1 and other revenues pledged under the resolution. Bonds issued under
2 this subsection that pledge revenue received under section 211 for
3 repayment of the bonds are subject to the revised municipal finance
4 act, 2001 PA 34, MCL 141.2101 to 141.2821.

5 (3) Notwithstanding any other provision of this part, if the
6 state treasurer determines that an authority or municipality can
7 issue a qualified refunding obligation and the authority or
8 municipality does not make a good-faith effort to issue the
9 qualified refunding obligation as determined by the state
10 treasurer, the state treasurer may reduce the amount claimed by the
11 authority or municipality under section 213b by an amount equal to
12 the net present value saving that would have been realized had the
13 authority or municipality refunded the obligation or the state
14 treasurer may require a reduction in the capture of tax increment
15 revenues from taxes levied by a local or intermediate school
16 district or this state by an amount equal to the net present value
17 savings that would have been realized had the authority or
18 municipality refunded the obligation. This subsection does not
19 authorize the state treasurer to require the authority or
20 municipality to pledge security greater than the security pledged
21 for the obligation being refunded.

22 Sec. 217. (1) When a board decides to finance a project in the
23 downtown district by the use of revenue bonds as authorized in
24 section 213 or tax increment financing as authorized in sections
25 214, 215, and 216, it shall prepare a development plan.

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

27 (a) The designation of boundaries of the development area in

1 relation to highways, streets, streams, or otherwise.

2 (b) The location and extent of existing streets and other
3 public facilities within the development area, shall designate the
4 location, character, and extent of the categories of public and
5 private land uses then existing and proposed for the development
6 area, including residential, recreational, commercial, industrial,
7 educational, and other uses, and shall include a legal description
8 of the development area.

9 (c) A description of existing improvements in the development
10 area to be demolished, repaired, or altered, a description of any
11 repairs and alterations, and an estimate of the time required for
12 completion.

13 (d) The location, extent, character, and estimated cost of the
14 improvements including rehabilitation contemplated for the
15 development area and an estimate of the time required for
16 completion.

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

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

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

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

26 (i) An estimate of the cost of the development, a statement of
27 the proposed method of financing the development, and the ability

1 of the authority to arrange the financing.

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

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

13 (l) Estimates of the number of persons residing in the
14 development area and the number of families and individuals to be
15 displaced. If occupied residences are designated for acquisition
16 and clearance by the authority, a development plan shall include a
17 survey of the families and individuals to be displaced, including
18 their income and racial composition, a statistical description of
19 the housing supply in the community, including the number of
20 private and public units in existence or under construction, the
21 condition of those units in existence, the number of owner-occupied
22 and renter-occupied units, the annual rate of turnover of the
23 various types of housing and the range of rents and sale prices, an
24 estimate of the total demand for housing in the community, and the
25 estimated capacity of private and public housing available to
26 displaced families and individuals.

27 (m) A plan for establishing priority for the relocation of

1 persons displaced by the development in any new housing in the
2 development area.

3 (n) Provision for the costs of relocating persons displaced by
4 the development and financial assistance and reimbursement of
5 expenses, including litigation expenses and expenses incident to
6 the transfer of title, in accordance with the standards and
7 provisions of the federal uniform relocation assistance and real
8 property acquisition policies act of 1970, Public Law 91-646, 42
9 USC 4601.

10 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
11 213.332.

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

14 Sec. 218. (1) The governing body, before adoption of an
15 ordinance approving or amending a development plan or approving or
16 amending a tax increment financing plan, shall hold a public
17 hearing on the development plan. Notice of the time and place of
18 the hearing shall be given by publication twice in a newspaper of
19 general circulation designated by the municipality, the first of
20 which shall be not less than 20 days before the date set for the
21 hearing. Notice of the hearing shall be posted in at least 20
22 conspicuous and public places in the downtown district not less
23 than 20 days before the hearing. Notice shall also be mailed to all
24 property taxpayers of record in the downtown district not less than
25 20 days before the hearing. Beginning June 1, 2005, the notice of
26 hearing within the time frame described in this subsection shall be
27 mailed by certified mail to the governing body of each taxing

1 jurisdiction levying taxes that would be subject to capture if the
2 development plan or the tax increment financing plan is approved or
3 amended.

4 (2) Notice of the time and place of hearing on a development
5 plan shall contain: a description of the proposed development area
6 in relation to highways, streets, streams, or otherwise; a
7 statement that maps, plats, and a description of the development
8 plan, including the method of relocating families and individuals
9 who may be displaced from the area, are available for public
10 inspection at a place designated in the notice, and that all
11 aspects of the development plan will be open for discussion at the
12 public hearing; and other information that the governing body
13 considers appropriate. At the time set for hearing, the governing
14 body shall provide an opportunity for interested persons to be
15 heard and shall receive and consider communications in writing with
16 reference to the development plan. The hearing shall provide the
17 fullest opportunity for expression of opinion, for argument on the
18 merits, and for introduction of documentary evidence pertinent to
19 the development plan. The governing body shall make and preserve a
20 record of the public hearing, including all data presented thereat.

21 Sec. 219. (1) The governing body after a public hearing on the
22 development plan or the tax increment financing plan, or both, with
23 notice of the hearing given in accordance with section 218, shall
24 determine whether the development plan or tax increment financing
25 plan constitutes a public purpose. If it determines that the
26 development plan or tax increment financing plan constitutes a
27 public purpose, it shall then approve or reject the plan, or

1 approve it with modification, by ordinance based on the following
2 considerations:

3 (a) The findings and recommendations of a development area
4 citizens council, if a development area citizens council was
5 formed.

6 (b) The plan meets the requirements set forth in section
7 217(2).

8 (c) The proposed method of financing the development is
9 feasible and the authority has the ability to arrange the
10 financing.

11 (d) The development is reasonable and necessary to carry out
12 the purposes of this part.

13 (e) The land included within the development area to be
14 acquired is reasonably necessary to carry out the purposes of the
15 plan and of this part in an efficient and economically satisfactory
16 manner.

17 (f) The development plan is in reasonable accord with the
18 master plan of the municipality.

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

21 (h) Changes in zoning, streets, street levels, intersections,
22 and utilities are reasonably necessary for the project and for the
23 municipality.

24 (2) Amendments to an approved development plan or tax
25 increment plan must be submitted by the authority to the governing
26 body for approval or rejection.

27 (3) Proposed amendments made to an approved development plan

1 to incorporate a catalyst development project plan shall be
2 submitted by the authority to the Michigan strategic fund for
3 approval or rejection of that part of the plan relating to the
4 catalyst development project. Amendments not approved or rejected
5 under this subsection by the Michigan strategic fund within 45 days
6 of submission for approval shall be considered approved.

7 Sec. 220. A person to be relocated under this part shall be
8 given not less than 90 days' written notice to vacate unless
9 modified by court order for good cause.

10 Sec. 221. (1) If a proposed development area has residing
11 within it 100 or more residents, a development area citizens
12 council shall be established at least 90 days before the public
13 hearing on the development or tax increment financing plan. The
14 development area citizens council shall be established by the
15 governing body and shall consist of not less than 9 members. The
16 members of the development area citizens council shall be residents
17 of the development area and shall be appointed by the governing
18 body. A member of a development area citizens council shall be at
19 least 18 years of age.

20 (2) A development area citizens council shall be
21 representative of the development area.

22 Sec. 222. A development area citizens council established
23 pursuant to this part shall act an advisory body to the authority
24 and the governing body in the adoption of the development or tax
25 increment financing plans.

26 Sec. 223. Periodically a representative of the authority
27 responsible for preparation of a development or tax increment

1 financing plan within the development area shall consult with and
2 advise the development area citizens council regarding the aspects
3 of a development plan, including the development of new housing for
4 relocation purposes located either inside or outside of the
5 development area. The consultation shall begin before any final
6 decisions by the authority and the governing body regarding a
7 development or tax increment financing plan. The consultation shall
8 continue throughout the preparation and implementation of the
9 development or tax increment financing plan.

10 Sec. 224. (1) Meetings of the development area citizens
11 council shall be open to the public. Notice of the time and place
12 of the meetings shall be given by publication in a newspaper of
13 general circulation not less than 5 days before the dates set for
14 meetings of the development area citizens council. A person present
15 at those meetings shall have reasonable opportunity to be heard.

16 (2) A record of the meetings of a development area citizens
17 council, including information and data presented, shall be
18 maintained by the council.

19 (3) A development area citizens council may request of and
20 receive from the authority information and technical assistance
21 relevant to the preparation of the development plan for the
22 development area.

23 (4) Failure of a development area citizens council to organize
24 or to consult with and be advised by the authority, or failure to
25 advise the governing body, as provided in this part, shall not
26 preclude the adoption of a development plan by a municipality if
27 the municipality complies with the other provisions of this part.

1 Sec. 225. In a development area where a citizens district
2 council established according to 1945 PA 344, MCL 125.71 to 125.84,
3 already exists the governing body may designate it as the
4 development area citizens council authorized by this part.

5 Sec. 226. Within 20 days after the public hearing on a
6 development or tax increment financing plan, the development area
7 citizens council shall notify the governing body, in writing, of
8 its findings and recommendations concerning a proposed development
9 plan.

10 Sec. 227. A development area citizens council may not be
11 required and, if formed, may be dissolved in any of the following
12 situations:

13 (a) On petition of not less than 20% of the adult resident
14 population of the development area by the last federal decennial or
15 municipal census, a governing body, after public hearing with
16 notice thereof given in accordance with section 218 and by a 2/3
17 vote, may adopt an ordinance for the development area to eliminate
18 the necessity of a development area citizens council.

19 (b) When there are less than 18 residents, real property
20 owners, or representatives of establishments located in the
21 development area eligible to serve on the development area citizens
22 council.

23 (c) Upon termination of the authority by ordinance of the
24 governing body.

25 Sec. 228. (1) The director of the authority shall prepare and
26 submit for the approval of the board a budget for the operation of
27 the authority for the ensuing fiscal year. The budget shall be

1 prepared in the manner and contain the information required of
2 municipal departments. Before the budget may be adopted by the
3 board, it shall be approved by the governing body of the
4 municipality. Funds of the municipality shall not be included in
5 the budget of the authority except those funds authorized in this
6 part or by the governing body of the municipality.

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

12 Sec. 228a. Beginning January 1, 2010, the authority shall be
13 exempt from all taxation on its earnings or property. Instruments
14 of conveyance from an authority are exempt from transfer taxes
15 under 1966 PA 134, MCL 207.501 to 207.513, and the state real
16 estate transfer tax act, 1993 PA 330, MCL 207.521 to 207.537.

17 Sec. 229. (1) A public facility, building, or structure that
18 is determined by the municipality to have significant historical
19 interests shall be preserved in a manner as considered necessary by
20 the municipality in accordance with laws relative to the
21 preservation of historical sites. The preservation of facilities,
22 buildings, or structures determined to be historic sites by a
23 municipality shall include, at a minimum, equipping the historic
24 site with a fire alarm system.

25 (2) An authority shall refer all proposed changes to the
26 exterior of sites listed on the state register of historic sites
27 and the national register of historic places to the applicable

1 historic district commission created under the local historic
2 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
3 state housing development authority for review.

4 Sec. 230. (1) An authority that has completed the purposes for
5 which it was organized shall be dissolved by ordinance of the
6 governing body. The property and assets of the authority remaining
7 after the satisfaction of the obligations of the authority belong
8 to the municipality.

9 (2) An authority established under this part before December
10 31, 1988, that is dissolved by ordinance of the governing body
11 before September 30, 1990 and that is reinstated by ordinance of
12 the governing body after notice and public hearing as provided in
13 section 203(2) shall not be invalidated pursuant to a claim that,
14 based upon the standards set forth in section 203(1), a governing
15 body improperly determined that the necessary conditions existed
16 for the reinstatement of an authority under this part if at the
17 time the governing body established the authority the governing
18 body determined or could have determined that the necessary
19 conditions existed for the establishment of an authority under this
20 part or could have determined that establishment of an authority
21 under this part would serve to promote economic growth and
22 notwithstanding that the boundaries of the downtown district are
23 altered at the time of reinstatement of the authority.

24 (3) In the resolution of intent, the municipality shall set a
25 date for the holding of a public hearing on the adoption of a
26 proposed ordinance reinstating the authority. The procedure for
27 publishing the notice of hearing, holding the hearing, and adopting

1 the ordinance reinstating the authority shall be as provided in
2 section 203(2), (4), and (5).

3 (4) The validity of the proceedings, findings, and
4 determinations reinstating an authority shall be conclusive unless
5 contested in a court of competent jurisdiction within 60 days after
6 the last of the following occurs:

7 (a) Publication of the ordinance reinstating the authority as
8 adopted.

9 (b) Filing of the ordinance reinstating the authority with the
10 secretary of state.

11 (c) May 27, 1993.

12 PART 3

13 TAX INCREMENT FINANCE AUTHORITIES

14 Sec. 301. As used in this part:

15 (a) "Advance" means a transfer of funds made by a municipality
16 to an authority or to another person on behalf of the authority.
17 Evidence of the intent to repay an advance is required and may
18 include, but is not limited to, an executed agreement to repay,
19 provisions contained in a tax increment financing plan approved
20 before the advance or before August 14, 1993, or a resolution of
21 the authority or the municipality.

22 (b) "Assessed value" means 1 of the following:

23 (i) For valuations made before January 1, 1995, the state
24 equalized valuation as determined under the general property tax
25 act, 1893 PA 206, MCL 211.1 to 211.155.

26 (ii) For valuations made after December 31, 1994, taxable
27 value as determined under section 27a of the general property tax

1 act, 1893 PA 206, MCL 211.27a.

2 (c) "Authority" means a tax increment finance authority
3 created under this part.

4 (d) "Authority district" means that area within which an
5 authority exercises its powers and within which 1 or more
6 development areas may exist.

7 (e) "Board" means the governing body of an authority.

8 (f) "Captured assessed value" means the amount in any 1 year
9 by which the current assessed value of the development area,
10 including the assessed value of property for which specific local
11 taxes are paid in lieu of property taxes as determined in
12 subdivision (w), exceeds the initial assessed value. The state tax
13 commission shall prescribe the method for calculating captured
14 assessed value.

15 (g) "Chief executive officer" means the mayor or city manager
16 of a city, the president of a village, or the supervisor of a
17 township.

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

20 (i) "Development area citizens council" or "council" means
21 that advisory body established pursuant to section 20.

22 (j) "Development plan" means that information and those
23 requirements for a development set forth in section 16.

24 (k) "Development program" means the implementation of the
25 development plan.

26 (l) "Eligible advance" means an advance made before August 19,
27 1993.

1 (m) "Eligible obligation" means an obligation issued or
2 incurred by an authority or by a municipality on behalf of an
3 authority before August 19, 1993 and its subsequent refunding by a
4 qualified refunding obligation. Eligible obligation includes an
5 authority's written agreement entered into before August 19, 1993
6 to pay an obligation issued after August 18, 1993 and before
7 December 31, 1996 by another entity on behalf of the authority.
8 Eligible obligation also includes an ongoing management contract or
9 contract for professional services or development services that was
10 entered into by the authority or a municipality on behalf of the
11 authority in 1991, and related similar written agreements executed
12 before 1984, if the 1991 agreement both provides for automatic
13 annual renewal and incorporates by reference the prior related
14 agreements; however, receipt by an authority of tax increment
15 revenues authorized under subdivision (aa)(ii) in order to pay
16 costs arising under those contracts shall be limited to:

17 (i) For taxes levied before July 1, 2005, the amount permitted
18 to be received by an authority for an eligible obligation as
19 provided in this part.

20 (ii) For taxes levied after June 30, 2005 and before July 1,
21 2006, \$3,000,000.00.

22 (iii) For taxes levied after June 30, 2006 and before July 1,
23 2007, \$3,000,000.00.

24 (iv) For taxes levied after June 30, 2007 and before July 1,
25 2008, \$3,000,000.00.

26 (v) For taxes levied after June 30, 2008 and before July 1,
27 2009, \$3,000,000.00.

1 (vi) For taxes levied after June 30, 2009 and before July 1,
2 2010, \$3,000,000.00.

3 (vii) For taxes levied after June 30, 2010 and before July 1,
4 2011, \$2,650,000.00.

5 (viii) For taxes levied after June 30, 2011 and before July 1,
6 2012, \$2,400,000.00.

7 (ix) For taxes levied after June 30, 2012 and before July 1,
8 2013, \$2,125,000.00.

9 (x) For taxes levied after June 30, 2013 and before July 1,
10 2014, \$1,500,000.00.

11 (xi) For taxes levied after June 30, 2014 and before July 1,
12 2015, \$1,150,000.00.

13 (xii) For taxes levied after June 30, 2015, \$0.00.

14 (n) "Fiscal year" means the fiscal year of the authority.

15 (o) "Governing body" means the elected body of a municipality
16 having legislative powers.

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

1 of property for which a specific tax was paid in lieu of a property
2 tax shall be determined as provided in subdivision (w).

3 (q) "Municipality" means a city.

4 (r) "Obligation" means a written promise to pay, whether
5 evidenced by a contract, agreement, lease, sublease, bond, or note,
6 or a requirement to pay imposed by law. An obligation does not
7 include a payment required solely because of default upon an
8 obligation, employee salaries, or consideration paid for the use of
9 municipal offices. An obligation does not include those bonds that
10 have been economically defeased by refunding bonds issued under
11 this part. Obligation includes, but is not limited to, the
12 following:

13 (i) A requirement to pay proceeds derived from ad valorem
14 property taxes or taxes levied in lieu of ad valorem property
15 taxes.

16 (ii) A management contract or a contract for professional
17 services.

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

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

24 (v) A letter of credit, paying agent, transfer agent, bond
25 registrar, or trustee fee associated with a contract, agreement,
26 bond, or note.

27 (s) "On behalf of an authority", in relation to an eligible

1 advance made by a municipality, or an eligible obligation or other
2 protected obligation issued or incurred by a municipality, means in
3 anticipation that an authority would transfer tax increment
4 revenues or reimburse the municipality from tax increment revenues
5 in an amount sufficient to fully make payment required by the
6 eligible advance made by a municipality, or the eligible obligation
7 or other protected obligation issued or incurred by the
8 municipality, if the anticipation of the transfer or receipt of tax
9 increment revenues from the authority is pursuant to or evidenced
10 by 1 or more of the following:

11 (i) A reimbursement agreement between the municipality and an
12 authority it established.

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

15 (iii) A resolution of the authority agreeing to make payments
16 to the incorporating unit.

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

19 (t) "Other protected obligation" means:

20 (i) A qualified refunding obligation issued to refund an
21 obligation described in subparagraph (ii) or (iii), an obligation
22 that is not a qualified refunding obligation that is issued to
23 refund an eligible obligation, or a qualified refunding obligation
24 issued to refund an obligation described in this subparagraph.

25 (ii) An obligation issued or incurred by an authority or by a
26 municipality on behalf of an authority after August 19, 1993, but
27 before December 31, 1994, to finance a project described in a tax

1 increment finance plan approved by the municipality in accordance
2 with this part before December 31, 1993, for which a contract for
3 final design is entered into by the municipality or authority
4 before March 1, 1994.

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

12 (iv) An obligation issued or incurred by an authority or by a
13 municipality on behalf of an authority to implement a project
14 described in a tax increment finance plan approved by the
15 municipality in accordance with this part before August 19, 1993,
16 that is located on land owned by a public university on the date
17 the tax increment financing plan is approved, and for which a
18 contract for final design is entered into before December 31, 1993.

19 (v) An ongoing management or professional services contract
20 with the governing body of a county which was entered into before
21 March 1, 1994 and which was preceded by a series of limited term
22 management or professional services contracts with the governing
23 body of the county, the last of which was entered into before
24 August 19, 1993.

25 (vi) An obligation issued or incurred by a municipality under
26 a contract executed on December 19, 1994 as subsequently amended
27 between the municipality and the authority to implement a project

1 described in a tax increment finance plan approved by the
2 municipality under this part before August 19, 1993 for which a
3 contract for final design was entered into by the municipality
4 before March 1, 1994 provided that final payment by the
5 municipality is made on or before December 31, 2001.

6 (vii) An obligation issued or incurred by an authority or by a
7 municipality on behalf of an authority that meets all of the
8 following qualifications:

9 (A) The obligation is issued or incurred to finance a project
10 described in a tax increment financing plan approved before August
11 19, 1993 by a municipality in accordance with this part.

12 (B) The obligation qualifies as an other protected obligation
13 under subparagraph (ii) and was issued or incurred by the authority
14 before December 31, 1994 for the purpose of financing the project.

15 (C) A portion of the obligation issued or incurred by the
16 authority before December 31, 1994 for the purpose of financing the
17 project was retired prior to December 31, 1996.

18 (D) The obligation does not exceed the dollar amount of the
19 portion of the obligation retired prior to December 31, 1996.

20 (viii) An obligation incurred by an authority that meets both
21 of the following qualifications:

22 (A) The obligation is a contract of lease originally executed
23 on December 20, 1994 between the municipality and the authority to
24 partially implement the authority's development plan and tax
25 increment financing plan.

26 (B) The obligation qualifies as an obligation under
27 subparagraph (ii). The obligation described in this subparagraph

1 may be amended to extend cash rental payments for a period not to
2 exceed 30 years through the year 2039. The duration of the
3 development plan and tax increment financing plan described in this
4 subparagraph is extended to 1 year after the final date that the
5 extended cash rental payments are due.

6 (u) "Public facility" means 1 or more of the following:

7 (i) A street, plaza, or pedestrian mall, and any improvements
8 to a street, plaza, boulevard, alley, or pedestrian mall, including
9 street furniture and beautification, park, parking facility,
10 recreation facility, playground, school, library, public
11 institution or administration building, right of way, structure,
12 waterway, bridge, lake, pond, canal, utility line or pipeline,
13 transit-oriented development, transit-oriented facility, and other
14 similar facilities and necessary easements of these facilities
15 designed and dedicated to use by the public generally or used by a
16 public agency. As used in this subparagraph, public institution or
17 administration building includes, but is not limited to, a police
18 station, fire station, court building, or other public safety
19 facility.

20 (ii) The acquisition and disposal of real and personal
21 property or interests in real and personal property, demolition of
22 structures, site preparation, relocation costs, building
23 rehabilitation, and all associated administrative costs, including,
24 but not limited to, architect's, engineer's, legal, and accounting
25 fees as contained in the resolution establishing the district's
26 development plan.

27 (iii) An improvement to a facility used by the public or a

1 public facility as those terms are defined in section 1 of 1966 PA
2 1, MCL 125.1351, which improvement is made to comply with the
3 barrier free design requirements of the state construction code
4 promulgated under the Stille-DeRossett-Hale single state
5 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

6 (v) "Qualified refunding obligation" means an obligation
7 issued or incurred by an authority or by a municipality on behalf
8 of an authority to refund an obligation if 1 of the following
9 applies:

10 (i) The refunding obligation meets both of the following:

11 (A) The net present value of the principal and interest to be
12 paid on the refunding obligation, including the cost of issuance,
13 will be less than the net present value of the principal and
14 interest to be paid on the obligation being refunded, as calculated
15 using a method approved by the department of treasury.

16 (B) The net present value of the sum of the tax increment
17 revenues described in subdivision (aa)(ii) and the distributions
18 under section 12a to repay the refunding obligation will not be
19 greater than the net present value of the sum of the tax increment
20 revenues described in subdivision (aa)(ii) and the distributions
21 under section 312a to repay the obligation being refunded, as
22 calculated using a method approved by the department of treasury.

23 (ii) The refunding obligation is a tax increment refunding
24 bond issued to refund a refunding bond that is an other protected
25 obligation issued as a capital appreciation bond delivered to the
26 Michigan municipal bond authority on December 21, 1994, or bonds
27 issued to refund that bond, and the authority, by resolution of its

1 board, authorized issuance of the refunding obligation before
2 December 31, 2019 with a final maturity not later than 2039. The
3 municipality by majority vote of the members of its governing body
4 may pledge its full faith and credit for the payment of the
5 principal of and interest on the refunding obligation. A refunding
6 obligation issued under this subparagraph is not subject to the
7 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611
8 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,
9 141.2501, 141.2503, and 141.2611. The duration of the development
10 plan and the tax increment financing plan relating to the refunding
11 obligations described in this subparagraph is extended to 1 year
12 after the final date of maturity of the refunding obligation.

13 (w) "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, and 1953 PA 189, MCL 211.181
17 to 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 However, after 1993, the state tax commission shall prescribe the
21 method for calculating the initial assessed value and current
22 assessed value of property for which a specific local tax was paid
23 in lieu of a property tax.

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

26 (y) "Tax increment district" or "district" means that area to
27 which the tax increment finance plan pertains.

1 (z) "Tax increment financing plan" means that information and
2 those requirements set forth in sections 313 to 315.

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

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

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

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

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

1 value of property that may be excluded from captured assessed value
2 or specific local taxes attributable to such ad valorem property
3 taxes.

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

9 (C) Ad valorem property taxes levied under 1 or more of the
10 following or specific local taxes attributable to those ad valorem
11 property taxes:

12 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
13 to 123.1183.

14 (II) The art institute authorities act, 2010 PA 296, MCL
15 123.1201 to 123.1229.

16 (III) Except as otherwise provided in section 303(6), ad
17 valorem property taxes or specific local taxes attributable to
18 those ad valorem property taxes levied for a separate millage for
19 public library purposes approved by the electors after December 31,
20 2016.

21 (iv) The amount of tax increment revenues authorized to be
22 included under subparagraph (ii), and required to be transmitted to
23 the authority under section 314(1), from ad valorem property taxes
24 and specific local taxes attributable to the application of the
25 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
26 211.906, a local school district or an intermediate school district
27 upon the captured assessed value of real and personal property in a

1 development area shall be determined separately for the levy by the
2 state, each school district, and each intermediate school district
3 as the product of sub-subparagraphs (A) and (B):

4 (A) The percentage which the total ad valorem taxes and
5 specific local taxes available for distribution by law to the
6 state, local school district, or intermediate school district,
7 respectively, bear to the aggregate amount of ad valorem millage
8 taxes and specific taxes available for distribution by law to the
9 state, each local school district, and each intermediate school
10 district.

11 (B) The maximum amount of ad valorem property taxes and
12 specific local taxes considered tax increment revenues under
13 subparagraph (ii).

14 (bb) "Transit-oriented development" means infrastructure
15 improvements that are located within 1/2 mile of a transit station
16 or transit-oriented facility that promotes transit ridership or
17 passenger rail use as determined by the board and approved by the
18 municipality in which it is located.

19 (cc) "Transit-oriented facility" means a facility that houses
20 a transit station in a manner that promotes transit ridership or
21 passenger rail use.

22 Sec. 301a. This part shall be known and may be cited as "the
23 tax increment finance authority part".

24 Sec. 302. (1) A municipality may establish not more than 1
25 authority. An authority shall exercise its powers in all
26 development areas designated pursuant to this part.

27 (2) The authority shall be a public body corporate which may

1 sue and be sued in any court of this state. The authority possesses
2 all the powers necessary to carry out the purpose of its
3 incorporation. The enumeration of a power in this part shall not be
4 construed as a limitation upon the general powers of the authority.
5 The powers granted in this part to an authority may be exercised
6 notwithstanding that bonds are not issued by the authority.

7 Sec. 303. (1) If the governing body of a municipality
8 determines that it is in the best interests of the public to halt a
9 decline in property values, increase property tax valuation,
10 eliminate the causes of the decline in property values, and to
11 promote growth in an area in the municipality, the governing body
12 of that municipality may declare by resolution its intention to
13 create and provide for the operation of an authority.

14 (2) In the resolution of intent, the governing body shall set
15 a date for the holding of a public hearing on the adoption of a
16 proposed resolution creating the authority and designating the
17 boundaries of the authority district. Notice of the public hearing
18 shall be published twice in a newspaper of general circulation in
19 the municipality, not less than 20 nor more than 40 days before the
20 date of the hearing. Notice shall also be mailed to the property
21 taxpayers of record in the proposed authority district not less
22 than 20 days before the hearing. Beginning June 1, 2005, the notice
23 of hearing within the time frame described in this subsection shall
24 be mailed by certified mail to the governing body of each taxing
25 jurisdiction levying taxes that would be subject to capture if the
26 authority is established and a tax increment financing plan is
27 approved. Failure to receive the notice shall not invalidate these

1 proceedings. The notice shall state the date, time, and place of
2 the hearing, and shall describe the boundaries of the proposed
3 authority district. At that hearing, a citizen, taxpayer, or
4 property owner of the municipality has the right to be heard in
5 regard to the establishment of the authority and the boundaries of
6 the proposed authority district. The governing body of the
7 municipality shall not incorporate land into the authority district
8 not included in the description contained in the notice of public
9 hearing, but it may eliminate described lands from the authority
10 district in the final determination of the boundaries.

11 (3) After the public hearing, if the governing body intends to
12 proceed with the establishment of the authority, it shall adopt, by
13 majority vote of its members, a resolution establishing the
14 authority and designating the boundaries of the authority district
15 within which the authority shall exercise its powers. The adoption
16 of the resolution is subject to any applicable statutory or charter
17 provisions with respect to the approval or disapproval by the chief
18 executive or other officer of the municipality and the adoption of
19 a resolution over his or her veto. This resolution shall be filed
20 with the secretary of state promptly after its adoption and shall
21 be published at least once in a newspaper of general circulation in
22 the municipality.

23 (4) The governing body may alter or amend the boundaries of
24 the authority district to include or exclude lands from the
25 authority district in accordance with the same requirements
26 prescribed for adopting the resolution creating the authority.

27 (5) The validity of the proceedings establishing an authority

1 shall be conclusive unless contested in a court of competent
2 jurisdiction within 60 days after the last of the following takes
3 place:

4 (a) Publication of the resolution as adopted.

5 (b) Filing of the resolution with the secretary of state.

6 (6) If a separate millage for public library purposes was
7 levied before January 1, 2017, and all obligations and other
8 protected obligations of the authority are paid, then the levy is
9 exempt from capture under this part, unless the library board or
10 commission allows all or a portion of its taxes levied to be
11 included as tax increment revenues and subject to capture under
12 this part under the terms of a written agreement between the
13 library board or commission and the authority. The written
14 agreement shall be filed with the clerk of the municipality.
15 However, if a separate millage for public library purposes was
16 levied before January 1, 2017, and the authority alters or amends
17 the boundaries of the authority district or extends the duration of
18 the existing finance plan, then the library board or commission
19 may, not later than 60 days after a public hearing is held under
20 this subsection, exempt all or a portion of its taxes from capture
21 by adopting a resolution to that effect and filing a copy with the
22 clerk of the municipality that created the authority. For ad
23 valorem property taxes or specific local taxes attributable to
24 those ad valorem property taxes levied for a separate millage for
25 public library purposes approved by the electors after December 31,
26 2016, a library board or commission may allow all or a portion of
27 its taxes levied to be included as tax increment revenues and

1 subject to capture under this part under the terms of a written
2 agreement between the library board or commission and the
3 authority. The written agreement shall be filed with the clerk of
4 the municipality. However, if the library was created under section
5 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
6 under 1869 LA 233, then any action of the library board or
7 commission under this subsection shall have the concurrence of the
8 chief executive officer of the city that created the library to be
9 effective.

10 Sec. 304. (1) The authority shall be under the supervision and
11 control of a board chosen by the governing body which may by
12 majority vote designate any 1 of the following to constitute the
13 board:

14 (a) The board of directors of the economic development
15 corporation of the municipality established pursuant to the
16 economic development corporations act, 1974 PA 338, MCL 125.1601 to
17 125.1636.

18 (b) The trustees of the board of a downtown development
19 authority established pursuant to part 2.

20 (c) The trustees of the board of an urban redevelopment
21 corporation established pursuant to the urban redevelopment
22 corporations law, 1941 PA 250, MCL 125.901 to 125.922.

23 (d) The members of the commission established pursuant to 1945
24 PA 344, MCL 125.71 to 125.84.

25 (e) In a municipality that has a population of less than
26 5,000, the planning commission of the municipality established
27 pursuant to Michigan planning enabling act, 2008 PA 33, MCL

1 125.3801 to 125.3885.

2 (f) Not less than 7 nor more than 13 persons appointed by the
3 chief executive officer of the municipality subject to the approval
4 of the governing body. Of the members appointed, an equal number,
5 as near as practicable, shall be appointed for 1 year, 2 years, 3
6 years, and 4 years. A member shall hold office until the member's
7 successor is appointed. Thereafter, each member shall serve for a
8 term of 4 years. An appointment to fill a vacancy shall be made by
9 the chief executive officer of the municipality for the unexpired
10 term only. Members of the board shall serve without compensation,
11 but shall be reimbursed for actual and necessary expenses.

12 (2) The chairperson of the board shall be elected by the
13 board.

14 (3) Before assuming the duties of office, a member shall
15 qualify by taking and subscribing to the constitutional oath of
16 office.

17 (4) The board shall adopt rules governing its procedure and
18 the holding of regular meetings, subject to the approval of the
19 governing body. Special meetings may be held when called in the
20 manner provided in the rules of the board. Meetings of the board
21 shall be open to the public, in accordance with the open meetings
22 act, 1976 PA 267, MCL 15.261 to 15.275.

23 (5) Pursuant to notice and an opportunity to be heard, a
24 member of the board appointed pursuant to subsection (1)(f) may be
25 removed before the expiration of his or her term for cause by the
26 governing body. Removal of a member is subject to the review by the
27 circuit court.

1 (6) All expense items of the authority shall be publicized
2 annually and the financial records shall be open to the public
3 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
4 to 15.246.

5 Sec. 305. (1) The board may employ and fix the compensation of
6 a director, subject to the approval of the governing body. The
7 director shall serve at the pleasure of the board. A member of the
8 board is not eligible to hold the position of director. Before
9 entering upon the duties of the office, the director shall take and
10 subscribe to the constitutional oath and furnish bond by posting a
11 bond in the penal sum determined in the resolution establishing the
12 authority, payable to the authority for use and benefit of the
13 authority, approved by the board, and filed with the clerk of the
14 municipality. The premium on the bond shall be considered an
15 operating expense of the authority, payable from funds available to
16 the authority for expenses of operation. The director shall be the
17 chief executive office of the authority. Subject to the approval of
18 the board, the director shall supervise and be responsible for the
19 preparation of plans and the performance of the functions of the
20 authority in the manner authorized by this part. The director shall
21 attend the meetings of the board and shall render to the board and
22 to the governing body a regular report covering the activities and
23 financial condition of the authority. If the director is absent or
24 disabled, the board may designate a qualified person as acting
25 director to perform the duties of the office. Before entering upon
26 the duties of the office, the acting director shall take and
27 subscribe to the constitutional oath and furnish bond as required

1 of the director. The director shall furnish the board with
2 information or reports governing the operation of the authority as
3 the board requires.

4 (2) The board may appoint or employ and fix the compensation
5 of a treasurer who shall keep the financial records of the
6 authority, and who, together with the director, if a director is
7 appointed, shall approve all vouchers for the expenditure of funds
8 of the authority. The treasurer shall perform such other duties as
9 may be delegated by the board and shall furnish bond in an amount
10 as prescribed by the board.

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

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

21 (5) The board may employ other personnel considered necessary
22 by the board.

23 (6) The employees of an authority may be eligible to
24 participate in municipal retirement and insurance programs of the
25 municipality as if they were civil service employees on the same
26 basis as civil service employees.

27 Sec. 307. The board may:

1 (a) Prepare an analysis of economic changes taking place in
2 the municipality and its environs as those changes relate to urban
3 deterioration in the development areas.

4 (b) Study and analyze the impact of growth upon development
5 areas.

6 (c) Plan and propose the construction, renovation, repair,
7 remodeling, rehabilitation, restoration, preservation, or
8 reconstruction of a public facility, an existing building, or a
9 multiple family dwelling unit which may be necessary or appropriate
10 to the execution of a plan which, in the opinion of the board, aids
11 in the revitalization and growth of the development area.

12 (d) Plan, propose, and implement an improvement to a public
13 facility within the development area to comply with the barrier
14 free design requirements of the state construction code promulgated
15 under the Stille-Derossett-Hale single state construction code act,
16 1972 PA 230, MCL 125.1501 to 125.1531.

17 (e) Develop long-range plans, in cooperation with the agency
18 which is chiefly responsible for planning in the municipality,
19 designed to halt the decline of property values and to promote the
20 growth of the development area, and take such steps as may be
21 necessary to implement the plans to the fullest extent possible.

22 (f) Implement any plan of development in a development area
23 necessary to achieve the purposes of this part, in accordance with
24 the powers of the authority as granted by this part.

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

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

1 and in a manner the authority considers proper, own, convey,
2 demolish, relocate, rehabilitate, or otherwise dispose of, or lease
3 as lessor or lessee, land and other property, real or personal, or
4 rights or interests therein, which the authority determines is
5 reasonably necessary to achieve the purposes of this part, and to
6 grant or acquire licenses, easements, and options with respect
7 thereto.

8 (i) Improve land, prepare sites for buildings, including the
9 demolition of existing structures and construct, reconstruct,
10 rehabilitate, restore, and preserve, equip, improve, maintain,
11 repair, and operate any building, including any type of housing,
12 and any necessary or desirable appurtenances thereto, within the
13 development area for the use, in whole or in part, of any public or
14 private person or corporation, or a combination thereof.

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

20 (k) Lease any building or property or part of a building or
21 property under its control.

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

24 (m) Acquire and construct public facilities.

25 (n) Incur costs in connection with the performance of its
26 authorized functions, including but not limited to, administrative
27 costs, and architects, engineers, legal, and accounting fees.

1 Sec. 308. If a board created under this part serves as the
2 planning commission under the Michigan planning enabling act, 2008
3 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
4 commission business in its agenda.

5 Sec. 309. The authority shall be considered an instrumentality
6 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
7 to 213.332.

8 Sec. 310. A municipality may take private property under 1980
9 PA 87, MCL 213.51 to 213.77 for the purpose of transfer to the
10 authority, and may transfer the property to the authority for use
11 as authorized in the development program, on terms and conditions
12 it considers appropriate. The taking, transfer, and use shall be
13 considered necessary for public purposes and for the benefit of the
14 public.

15 Sec. 311. The activities of the authority shall be financed
16 from 1 or more of the following sources:

17 (a) Contributions to the authority for the performance of its
18 functions.

19 (b) Revenues from any property, building, or facility owned,
20 leased, licensed, or operated by the authority or under its
21 control, subject to the limitations imposed upon the authority by
22 trusts or other agreements.

23 (c) Tax increment revenues received pursuant to a tax
24 increment financing plan established under sections 313 to 315.

25 (d) Proceeds of tax increment bonds issued pursuant to section
26 315.

27 (e) Proceeds of revenue bonds issued pursuant to section 312.

1 (f) Money obtained from any other sources approved by the
2 governing body of the municipality or otherwise authorized by law
3 for use by the authority or the municipality to finance a
4 development program.

5 (g) Money obtained pursuant to section 312a.

6 Sec. 312. (1) The authority may borrow money and issue its
7 negotiable revenue bonds pursuant to the revenue bond act of 1933,
8 1933 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
9 authority shall not, except as hereinafter provided, be considered
10 a debt of the municipality or of the state.

11 (2) The municipality by majority vote of the members of its
12 governing body may pledge its full faith and credit limited tax to
13 support the authority's revenue bonds.

14 Sec. 312a. (1) If the amount of tax increment revenues lost as
15 a result of the reduction of taxes levied by local school districts
16 for school operating purposes required by the millage limitations
17 under section 1211 of the revised school code, 1976 PA 451, MCL
18 380.1211, reduced by the amount of tax increment revenues received
19 from the capture of taxes levied under or attributable to the state
20 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
21 the tax increment revenues received in a fiscal year by an
22 authority under section 314 to be insufficient to repay an eligible
23 advance or to pay an eligible obligation, the legislature shall
24 appropriate and distribute to the authority the amount described in
25 subsection (5).

26 (2) Not less than 30 days before the first day of a fiscal
27 year, an authority eligible to retain tax increment revenues from

1 taxes levied by a local or intermediate school district or this
2 state, or to receive a distribution under this section for that
3 fiscal year shall file a claim with the department of treasury. The
4 claim shall include the following information:

5 (a) The property tax millage rates levied in 1993 by local
6 school districts within the jurisdictional area of the authority
7 for school operating purposes.

8 (b) The property tax millage rates expected to be levied by
9 local school districts within the jurisdictional area of the
10 authority for school operating purposes for that fiscal year.

11 (c) The tax increment revenues estimated to be received by the
12 authority for that fiscal year based upon actual property tax
13 levies of all taxing jurisdictions within the jurisdictional area
14 of the authority plus any tax increment revenues the authority
15 would have received for the fiscal year from property that is
16 exempt from taxation pursuant to the Michigan renaissance zone act,
17 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
18 taxable value at the time the zone is designated.

19 (d) The tax increment revenues the authority estimates it
20 would have received for that fiscal year if property taxes were
21 levied by local school districts within the jurisdictional area of
22 the authority for school operating purposes at the millage rates
23 described in subdivision (a) and if no property taxes were levied
24 by this state under the state education tax act, 1993 PA 331, MCL
25 211.901 to 211.906.

26 (e) A list and documentation of eligible obligations and
27 eligible advances and the payments due on each of those eligible

1 obligations or eligible advances in that fiscal year, and the total
2 amount of all the payments due on those eligible obligations and
3 eligible advances in that fiscal year.

4 (f) The amount of money, other than tax increment revenues,
5 estimated to be received in that fiscal year by the authority that
6 is primarily pledged to, and to be used for, the payment of an
7 eligible obligation or the repayment of an eligible advance. That
8 amount shall not include excess tax increment revenues of the
9 authority that are permitted by law to be retained by the authority
10 for purposes that further the development program. However, that
11 amount shall include money to be obtained from sources authorized
12 by law, which law is enacted on or after December 1, 1993, for use
13 by the municipality or authority to finance a development project.

14 (g) The amount of a distribution received pursuant to this
15 part for a fiscal year in excess of or less than the distribution
16 that would have been required if calculated upon actual tax
17 increment revenues received for that fiscal year.

18 (h) A list and documentation of other protected obligations
19 and the payments due on each of those other protected obligations
20 in that fiscal year, and the total amount of all the payments due
21 on those other protected obligations in that fiscal year.

22 (3) For the fiscal year that commences after September 30,
23 1993 and before October 1, 1994, an authority may make a claim with
24 all information required by subsection (2) at any time after March
25 15, 1994.

26 (4) After review and verification of claims submitted pursuant
27 to this section, amounts appropriated by the state in compliance

1 with this part shall be distributed as 2 equal payments on March 1
2 and September 1 after receipt of a claim. An authority shall
3 allocate a distribution it receives for an eligible obligation
4 issued on behalf of a municipality to the municipality.

5 (5) Subject to subsections (6) and (7), the aggregate amount
6 to be appropriated and distributed pursuant to this section to an
7 authority shall be the sum of the amounts determined pursuant to
8 subdivisions (a) and (b) minus the amount determined pursuant to
9 subdivision (c), as follows:

10 (a) The amount by which the tax increment revenues the
11 authority would have received for the fiscal year, if property
12 taxes were levied by local school districts on property, including
13 property that is exempt from taxation pursuant to the Michigan
14 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
15 on the property's taxable value at the time the zone is designated,
16 for school operating purposes at the millage rates described in
17 subsection (2)(a) and if no property taxes were levied under the
18 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
19 exceed the sum of tax increment revenues the authority actually
20 received for the fiscal year plus any tax increment revenues the
21 authority would have received for the fiscal year from property
22 that is exempt from taxation pursuant to the Michigan renaissance
23 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
24 property's taxable value at the time the zone is designated.

25 (b) A shortfall required to be reported pursuant to subsection
26 (2)(g) that had not previously increased a distribution.

27 (c) An excess amount required to be reported pursuant to

1 subsection (2)(g) that had not previously decreased a distribution.

2 (6) The amount distributed under subsection (5) shall not
3 exceed the difference between the amount described in subsection
4 (2)(e) and the sum of the amounts described in subsection (2)(c)
5 and (f).

6 (7) If, based upon the tax increment financing plan in effect
7 on August 19, 1993, the payment due on eligible obligations or
8 eligible advances anticipates the use of excess prior year tax
9 increment revenues permitted by law to be retained by the
10 authority, and if the sum of the amounts described in subsection
11 (2)(c) and (f) plus the amount to be distributed under subsections
12 (5) and (6) is less than the amount described in subsection (2)(e),
13 the amount to be distributed under subsections (5) and (6) shall be
14 increased by the amount of the shortfall. However, the amount
15 authorized to be distributed pursuant to this section shall not
16 exceed that portion of the cumulative difference, for each
17 preceding fiscal year, between the amount that could have been
18 distributed pursuant to subsection (5) and the amount actually
19 distributed pursuant to subsections (5) and (6) and this
20 subsection.

21 (8) A distribution under this section replacing tax increment
22 revenues pledged by an authority or a municipality is subject to
23 the lien of the pledge, whether or not there has been physical
24 delivery of the distribution.

25 (9) Obligations for which distributions are made pursuant to
26 this section are not a debt or liability of this state; do not
27 create or constitute an indebtedness, liability, or obligation of

1 this state; and are not and do not constitute a pledge of the faith
2 and credit of this state.

3 (10) Not later than July 1 of each year, the authority shall
4 certify to the local tax collecting treasurer the amount of the
5 distribution required under subsection (5), calculated without
6 regard to the receipt of tax increment revenues attributable to
7 local or intermediate school district taxes or attributable to
8 taxes levied under the state education tax act, 1993 PA 331, MCL
9 211.901 to 211.906.

10 (11) Calculations of distributions under this section and
11 claims reports required to be made under subsection (2) shall be
12 made on the basis of each development area of the authority.

13 (12) The state tax commission may provide that the
14 reimbursement calculations under this section and the calculation
15 of allowable capture of school taxes shall be made for each
16 calendar year's tax increment revenues using a 12-month debt
17 payment period used by the authority and approved by the state tax
18 commission.

19 Sec. 312b. (1) If the amount of tax increment revenues lost as
20 a result of the personal property tax exemptions provided by
21 section 1211(4) of the revised school code, 1976 PA 451, MCL
22 380.1211, section 3 of the state education tax act, 1993 PA 331,
23 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
24 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
25 reduce the allowable school tax capture received in a fiscal year,
26 then, notwithstanding any other provision of this part, the
27 authority, with approval of the department of treasury under

1 subsection (3), may request the local tax collecting treasurer to
2 retain and pay to the authority taxes levied within the
3 municipality under the state education tax act, 1993 PA 331, MCL
4 211.901 to 211.906, to be used for the following:

5 (a) To repay an eligible advance.

6 (b) To repay an eligible obligation.

7 (c) To repay an other protected obligation.

8 (2) Not later than June 15, 2008, not later than September 30,
9 2009, and not later than June 1 of each subsequent year, an
10 authority eligible under subsection (1) to have taxes levied under
11 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
12 retained and paid to the authority under this section, shall apply
13 for approval with the department of treasury. The application for
14 approval shall include the following information:

15 (a) The property tax millage rates expected to be levied by
16 local school districts within the jurisdictional area of the
17 authority for school operating purposes for that fiscal year.

18 (b) The tax increment revenues estimated to be received by the
19 authority for that fiscal year based upon actual property tax
20 levies of all taxing jurisdictions within the jurisdictional area
21 of the authority.

22 (c) The tax increment revenues the authority estimates it
23 would have received for that fiscal year if the personal property
24 tax exemptions described in subsection (1) were not in effect.

25 (d) A list of eligible obligations, eligible advances, and
26 other protected obligations, the payments due on each of those in
27 that fiscal year, and the total amount of all the payments due on

1 all of those in that fiscal year.

2 (e) The amount of money, other than tax increment revenues,
3 estimated to be received in that fiscal year by the authority that
4 is primarily pledged to, and to be used for, the payment of an
5 eligible obligation, the repayment of an eligible advance, or the
6 payment of an other protected obligation. That amount shall not
7 include excess tax increment revenues of the authority that are
8 permitted by law to be retained by the authority for purposes that
9 further the development program. However, that amount shall include
10 money to be obtained from sources authorized by law, which law is
11 enacted on or after December 1, 1993, for use by the municipality
12 or authority to finance a development plan.

13 (f) The amount of a distribution received pursuant to this
14 part for a fiscal year in excess of or less than the distribution
15 that would have been required if calculated upon actual tax
16 increment revenues received for that fiscal year.

17 (3) Not later than August 15, 2008; for 2009 only, not later
18 than 30 days after the effective date of the amendatory act that
19 amended this sentence; and not later than August 15 of each
20 subsequent year, based on the calculations under subsection (5),
21 the department of treasury shall approve, modify, or deny the
22 application for approval to have taxes levied under the state
23 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
24 and paid to the authority under this section. If the application
25 for approval contains the information required under subsection
26 (2)(a) through (f) and appears to be in substantial compliance with
27 the provisions of this section, then the department of treasury

1 shall approve the application. If the application is denied by the
2 department of treasury, then the department of treasury shall
3 provide the opportunity for a representative of the authority to
4 discuss the denial within 21 days after the denial occurs and shall
5 sustain or modify its decision within 30 days after receiving
6 information from the authority. If the application for approval is
7 approved or modified by the department of treasury, the local tax
8 collecting treasurer shall retain and pay to the authority the
9 amount described in subsection (5) as approved by the department.
10 If the department of treasury denies the authority's application
11 for approval, the local tax collecting treasurer shall not retain
12 or pay to the authority the taxes levied under the state education
13 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
14 department does not prohibit a subsequent audit of taxes retained
15 in accordance with the procedures currently authorized by law.

16 (4) Each year, the legislature shall appropriate and
17 distribute an amount sufficient to pay each authority the
18 following:

19 (a) If the amount to be retained and paid under subsection (3)
20 is less than the amount calculated under subsection (5), the
21 difference between those amounts.

22 (b) If the application for approval is denied by the
23 department of treasury, an amount verified by the department equal
24 to the amount calculated under subsection (5).

25 (5) Subject to subsection (6), the aggregate amount under this
26 section shall be the sum of the amounts determined under
27 subdivisions (a) and (b) minus the amount determined under

1 subdivision (c), as follows:

2 (a) The amount by which the tax increment revenues the
3 authority would have received and retained for the fiscal year,
4 excluding taxes exempt under section 7ff of the general property
5 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
6 exemptions described in subsection (1) were not in effect, exceed
7 the tax increment revenues the authority actually received for the
8 fiscal year.

9 (b) A shortfall required to be reported under subsection
10 (2)(f) that had not previously increased a distribution.

11 (c) An excess amount required to be reported under subsection
12 (2)(f) that had not previously decreased a distribution.

13 (6) A distribution or taxes retained under this section
14 replacing tax increment revenues pledged by an authority or a
15 municipality are subject to any lien of the pledge described in
16 subsection (1), whether or not there has been physical delivery of
17 the distribution.

18 (7) Obligations for which distributions are made under this
19 section are not a debt or liability of this state; do not create or
20 constitute an indebtedness, liability, or obligation of this state;
21 and are not and do not constitute a pledge of the faith and credit
22 of this state.

23 (8) Not later than September 15 of each year, the authority
24 shall provide a copy of the application for approval approved by
25 the department of treasury to the local tax collecting treasurer
26 and provide the amount of the taxes retained and paid to the
27 authority under subsection (5).

1 (9) Calculations of amounts retained and paid and
2 appropriations to be distributed under this section shall be made
3 on the basis of each development area of the authority.

4 (10) The state tax commission may provide that the
5 reimbursement calculations under this section and the calculation
6 of allowable capture of school taxes shall be made for each
7 calendar year's tax increment revenues using a 12-month debt
8 payment period used by the authority and approved by the state tax
9 commission.

10 (11) It is the intent of the legislature that, to the extent
11 that the total amount of taxes levied under the state education tax
12 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
13 retained under this section and section 411b, section 15a of the
14 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
15 and section 213c, exceeds the difference of the total school aid
16 fund revenue for the tax year minus the estimated amount of revenue
17 the school aid fund would have received for the tax year had the
18 tax exemptions described in subsection (1) and the earmark created
19 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
20 208.1515, not taken effect, the general fund shall reimburse the
21 school aid fund the difference.

22 Sec. 313. (1) When the authority determines that it is
23 necessary for the achievement of the purposes of this part, the
24 authority shall prepare and submit a tax increment financing plan
25 to the governing body. The plan shall be in compliance with section
26 314 and shall include a development plan as provided in section
27 316. The plan shall also contain the following:

1 (a) A statement of the reasons that the plan will result in
2 the development of captured assessed value that could not otherwise
3 be expected. The reasons may include, but are not limited to,
4 activities of the municipality, authority, or others undertaken
5 before formulation or adoption of the plan in reasonable
6 anticipation that the objectives of the plan would be achieved by
7 some means.

8 (b) An estimate of the captured assessed value for each year
9 of the plan. The plan may provide for the use of part or all of the
10 captured assessed value, but the portion intended to be used shall
11 be clearly stated in the plan. The authority or municipality may
12 exclude from captured assessed value growth in property value
13 resulting solely from inflation. The plan shall set forth the
14 method for excluding growth in property value resulting solely from
15 inflation. The percentage of taxes levied for school operating
16 purposes that is captured and used by the plan shall not be greater
17 than the plan's percentage capture and use of taxes levied by a
18 municipality or county for operating purposes. For purposes of the
19 previous sentence, taxes levied by a county for operating purposes
20 include only millage allocated for county or charter county
21 purposes under the property tax limitation act, 1933 PA 62, MCL
22 211.201 to 211.217a. This limitation does not apply to the portion
23 of the captured assessed value shared pursuant to an agreement
24 entered into before 1989 with a county or with a city in which an
25 enterprise zone is approved under section 13 of the enterprise zone
26 act, 1985 PA 224, MCL 125.2113.

27 (c) The estimated tax increment revenues for each year of the

1 plan.

2 (d) A detailed explanation of the tax increment procedure.

3 (e) The maximum amount of bonded indebtedness to be incurred.

4 (f) The amount of operating and planning expenditures of the
5 authority and municipality, the amount of advances extended by or
6 indebtedness incurred by the municipality, and the amount of
7 advances by others to be repaid from tax increment revenues.

8 (g) The costs of the plan anticipated to be paid from tax
9 increment revenues as received.

10 (h) The duration of the development plan and the tax increment
11 plan.

12 (i) An estimate of the impact of tax increment financing on
13 the revenues of all taxing jurisdictions in which the development
14 area is located.

15 (2) Approval of the tax increment financing plan shall be in
16 accordance with the notice, hearing, disclosure, and approval
17 provisions of sections 317 and 318. When the development plan is
18 part of the tax increment financing plan, only 1 hearing and
19 approval procedure is required for the 2 plans together.

20 (3) Before the public hearing on the tax increment financing
21 plan, the governing body shall provide a reasonable opportunity to
22 the taxing jurisdictions in which the development is located to
23 express their views and recommendations regarding the tax increment
24 financing plan. The authority shall fully inform the taxing
25 jurisdictions about the fiscal and economic implications of the
26 proposed tax increment financing plan. The taxing jurisdictions may
27 present their recommendations at the public hearing on the tax

1 increment financing plan. The authority may enter into agreements
2 with the taxing jurisdictions and the governing body of the
3 municipality in which the development area is located to share a
4 portion of the captured assessed value of the district.

5 Sec. 314. (1) The municipal and county treasurers shall
6 transmit to the authority tax increment revenues.

7 (2) The authority shall expend the tax increment revenues
8 received for the development program only in accordance with the
9 tax increment financing plan. Surplus funds may be retained by the
10 authority for the payment of the principal of and interest on
11 outstanding tax increment bonds or for other purposes that, by
12 resolution of the board, are determined to further the development
13 program. Any surplus funds not so used shall revert proportionately
14 to the respective taxing bodies. These revenues shall not be used
15 to circumvent existing property tax laws or a local charter that
16 provides a maximum authorized rate for levy of property taxes. The
17 governing body may abolish the tax increment financing plan when it
18 finds that the purposes for which the plan was established are
19 accomplished. However, the tax increment finance plan shall not be
20 abolished, allowed to expire, or otherwise terminate until the
21 principal of, and interest on, bonds issued pursuant to section 315
22 have been paid or funds sufficient to make the payment have been
23 segregated.

24 Sec. 315. (1) By resolution of its board, the authority may
25 authorize, issue, and sell its tax increment bonds, subject to the
26 limitations set forth in this section, to finance a development
27 program. The bonds are subject to the revised municipal finance

1 act, 2001 PA 34, MCL 141.2101 to 141.2821. The bonds issued under
2 this section shall be considered a single series for the purposes
3 of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
4 141.2821.

5 (2) The municipality by majority vote of the members of its
6 governing body may pledge its full faith and credit for the payment
7 of the principal of and interest on the authority's tax increment
8 bonds. The municipality may pledge as additional security for the
9 bonds any money received by the authority or the municipality
10 pursuant to section 311.

11 (3) Notwithstanding any other provision of this part, if the
12 state treasurer determines that an authority or municipality can
13 issue a qualified refunding obligation and the authority or
14 municipality does not make a good-faith effort to issue the
15 qualified refunding obligation as determined by the state
16 treasurer, the state treasurer may reduce the amount claimed by the
17 authority or municipality under section 312a by an amount equal to
18 the net present value saving that would have been realized had the
19 authority or municipality refunded the obligation or the state
20 treasurer may require a reduction in the capture of tax increment
21 revenues from taxes levied by a local or intermediate school
22 district or this state by an amount equal to the net present value
23 savings that would have been realized had the authority or
24 municipality refunded the obligation. This subsection does not
25 authorize the state treasurer to require the authority or
26 municipality to pledge security greater than the security pledged
27 for the obligation being refunded.

1 Sec. 316. (1) When a board decides to finance a project in a
2 development area pursuant to this part, it shall prepare a
3 development plan.

4 (2) To the extent necessary to accomplish the proposed
5 development program the development plan shall contain:

6 (a) The designation of boundaries of the development area in
7 relation to the boundaries of the authority district and any other
8 development areas within the authority district.

9 (b) The designation of boundaries of the development area in
10 relation to highways, streets, or otherwise.

11 (c) The location and extent of existing streets and other
12 public facilities within the development area and the location,
13 character, and extent of the categories of public and private land
14 uses then existing and proposed for the development area, including
15 residential, recreational, commercial, industrial, educational, and
16 other uses and shall include a legal description of the development
17 area.

18 (d) A description of improvements to be made in the
19 development area, a description of any repairs and alterations
20 necessary to make those improvements, and an estimate of the time
21 required for completion of the improvements.

22 (e) The location, extent, character, and estimated cost of the
23 improvements including rehabilitation contemplated for the
24 development area and an estimate of the time required for
25 completion.

26 (f) A statement of the construction or stages of construction
27 planned, and the estimated time of completion of each stage.

1 (g) A description of any parts of the development area to be
2 left as open space and the use contemplated for the space.

3 (h) A description of any portions of the development area
4 which the authority desires to sell, donate, exchange, or lease to
5 or from the municipality and the proposed terms.

6 (i) A description of desired zoning changes and changes in
7 streets, street levels, intersections, and utilities.

8 (j) An estimate of the cost of the development, a statement of
9 the proposed method of financing the development, and the ability
10 of the authority to arrange the financing.

11 (k) Designation of the person or persons, natural or
12 corporate, to whom all or a portion of the development is to be
13 leased, sold, or conveyed and for whose benefit the project is
14 being undertaken, if that information is available to the
15 authority.

16 (l) The procedures for bidding for the leasing, purchasing, or
17 conveying of all or a portion of the development upon its
18 completion, if there is no express or implied agreement between the
19 authority and persons, natural or corporate, that all or a portion
20 of the development will be leased, sold, or conveyed to those
21 persons.

22 (m) Estimates of the number of persons residing in the
23 development area and the number of families and individuals to be
24 displaced. If occupied residences are designated for acquisition
25 and clearance by the authority, a development plan shall include a
26 survey of the families and individuals to be displaced, including
27 their income and racial composition, a statistical description of

1 the housing supply in the community, including the number of
2 private and public units in existence or under construction, the
3 condition of those in existence, the number of owner-occupied and
4 renter-occupied units, the annual rate of turnover of the various
5 types of housing and the range of rents and sale prices, an
6 estimate of the total demand for housing in the community, and the
7 estimated capacity of private and public housing available to
8 displaced families and individuals.

9 (n) A plan for establishing priority for the relocation of
10 persons displaced by the development in any new housing in the
11 development area.

12 (o) Provision for the costs of relocating persons displaced by
13 the development, and financial assistance and reimbursement of
14 expenses, including litigation expenses and expenses incident to
15 the transfer of title, in accordance with the standards and
16 provisions of the federal uniform relocation assistance and real
17 property acquisition policies act of 1970, 42 USC 4601 to 4655.

18 (p) A plan for compliance with 1972 PA 227, MCL 213.321 to
19 213.332.

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

22 (3) It shall not be necessary for the board to prepare a
23 development plan pursuant to this section where a development plan
24 that adequately provides for accomplishing the proposed development
25 program has already been prepared by any of the organizations
26 described in section 314(1)(a) to (d) and where the development
27 plan has been approved by the board and governing body pursuant to

1 sections 317 and 318.

2 Sec. 317. (1) The governing body, before adoption of a
3 resolution approving or amending a development plan or approving or
4 amending a tax increment financing plan, shall hold a public
5 hearing on the development plan. Notice of the time and place of
6 the hearing shall be given by publication twice in a newspaper of
7 general circulation designated by the municipality, the first of
8 which shall not be less than 20 days before the date set for the
9 hearing. Notice shall also be mailed to all property taxpayers of
10 record in the development area not less than 20 days before the
11 hearing. Beginning June 1, 2005, the notice of hearing within the
12 time frame described in this subsection shall be mailed by
13 certified mail to the governing body of each taxing jurisdiction
14 levying taxes that would be subject to capture if the development
15 plan or the tax increment financing plan is approved or amended.

16 (2) Notice of the time and place of hearing on a development
17 plan shall contain the following:

18 (a) A description of the proposed development area in relation
19 to highways, streets, streams, or otherwise.

20 (b) A statement that maps, plats, and a description of the
21 development plan, including the method of relocating families and
22 individuals who may be displaced from the area, are available for
23 public inspection at a place designated in the notice, and that all
24 aspects of the development plan will be open for discussion at the
25 public hearing.

26 (c) Other information that the governing body considers
27 appropriate.

1 (3) At the time set for hearing, the governing body shall
2 provide an opportunity for interested persons to be heard and shall
3 receive and consider communications in writing with reference
4 thereto. The hearing shall provide the fullest opportunity for
5 expression of opinion, for argument on the merits, and for
6 introduction of documentary evidence pertinent to the development
7 plan. The governing body shall make and preserve a record of the
8 public hearing, including all data presented at that time.

9 Sec. 318. (1) The governing body, after a public hearing on
10 the development plan or the tax increment financing plan, or both,
11 with notice of the hearing given pursuant to section 317, shall
12 determine whether the development plan or tax increment financing
13 plan constitutes a public purpose. If the governing body determines
14 that the development plan or tax increment financing plan
15 constitutes a public purpose, the governing body shall then approve
16 or reject the plan, or approve it with modification, by resolution
17 based on the following considerations:

18 (a) The findings and recommendations of a development area
19 citizens council, if a development area citizens council was
20 formed.

21 (b) Whether the development plan meets the requirements set
22 forth in section 316(2) and the tax increment financing plan meets
23 the requirements set forth in section 313(1).

24 (c) Whether the proposed method of financing the development
25 is feasible and the authority has the ability to arrange the
26 financing.

27 (d) Whether the development is reasonable and necessary to

1 carry out the purposes of this part.

2 (e) Whether the amount of captured assessed value estimated to
3 result from adoption of the plan is reasonable.

4 (f) Whether the land to be acquired within the development
5 area is reasonably necessary to carry out the purposes of the plan
6 and the purposes of this part.

7 (g) Whether the development plan is in reasonable accord with
8 the approved master plan of the municipality, if an approved master
9 plan exists.

10 (h) Whether public services, such as fire and police
11 protection and utilities, are or will be adequate to service the
12 development area.

13 (i) Whether changes in zoning, streets, street levels,
14 intersections, and utilities are reasonably necessary for the
15 project and for the municipality.

16 (2) Except as provided in this subsection, amendments to an
17 approved development plan or tax increment plan must be submitted
18 by the authority to the governing body for approval or rejection
19 following the same notice and public hearing provisions that are
20 necessary for approval or rejection of the original plan. Notice
21 and hearing shall not be necessary for revisions in the estimates
22 of captured assessed value and tax increment revenues.

23 (3) The procedure, adequacy of notice, and findings with
24 respect to purpose and captured assessed value shall be conclusive
25 unless contested in a court of competent jurisdiction within 60
26 days after adoption of the resolution adopting the plan. A plan
27 adopted before July 18, 1983 is validated and shall be conclusive

1 unless contested in a court of competent jurisdiction within 60
2 days after July 18, 1983. A plan in effect before July 18, 1983
3 shall not be contested to the extent that tax increment revenues
4 are necessary for the payment of principal and interest on
5 outstanding bonds issued pursuant to the plan and payable from the
6 tax increment revenues or to the extent the authority or
7 municipality has incurred other obligations or made commitments
8 dependent upon tax increment revenues.

9 Sec. 319. A person to be relocated under this part shall be
10 given not less than 90 days' written notice to vacate unless
11 modified by court order for good cause.

12 Sec. 320. (1) A development area citizens council shall be
13 established if the proposed development area has 100 or more
14 persons residing within it and a change in zoning or a taking of
15 property by eminent domain is necessary to accomplish the proposed
16 development program. The council shall act as an advisory body to
17 the authority and the governing body in the adoption of the
18 development plan or tax increment financing plan.

19 (2) If a development area citizens council is required, the
20 council shall be appointed by the governing body, and shall consist
21 of not less than 9 members. Each member shall be at least 18 years
22 of age and reside in the development area. The council shall be
23 established at least 60 days before the public hearing on the
24 development plan or the tax increment financing plan, or both.

25 (3) If a development area citizens council is required
26 pursuant to subsection (1) and if the authority was established
27 pursuant to section 304(1)(a), (b), (c), or (d), a council

1 established in conjunction with any of those boards or commissions,
2 may serve in an advisory capacity to the authority, if the
3 authority determines it is representative of the development area.

4 Sec. 321. Periodically a representative of the authority
5 responsible for preparation of a development or tax increment
6 financing plan within the development area shall consult with and
7 advise the development area citizens council regarding the aspects
8 of a development plan, including the development of new housing for
9 relocation purposes located either inside or outside of the
10 development area. The consultation shall begin before any final
11 decisions by the authority and the governing body regarding a
12 development or tax increment financing plan. The consultation shall
13 continue throughout the preparation and implementation of the
14 development or tax increment financing plan.

15 Sec. 322. (1) Meetings of the council shall be open to the
16 public. Notice of the time and place of the meetings shall be
17 posted in at least 10 conspicuous places in the development area
18 accessible to the public not less than 5 days before the dates set
19 for meetings of the council. A person present at those meetings
20 shall have reasonable opportunity to be heard.

21 (2) A record of the meetings of a council, including
22 information and data presented, shall be maintained by the council.

23 (3) A council may request of and receive from the authority
24 information and technical assistance relevant to the preparation of
25 the development plan for the development area.

26 (4) Failure of a council to organize or to consult with and be
27 advised by the authority, or failure to advise the governing body,

1 as provided in this part, shall not preclude the adoption of a
2 development plan by a municipality if the municipality complies
3 with the other provisions of this part.

4 Sec. 323. Within 20 days after the public hearing on a
5 development or tax increment financing plan, the council, if
6 established, shall notify the governing body, in writing, of its
7 findings and recommendations concerning a proposed development
8 plan.

9 Sec. 324. A development area citizens council may not be
10 required and, if formed, may be dissolved in any of the following
11 situations:

12 (a) On petition of not less than 20% of the adult resident
13 population of the development area by the last federal decennial or
14 municipal census, a governing body, after public hearing with
15 notice given in accordance with section 317 and by a 2/3 vote, may
16 adopt a resolution eliminating the necessity of a council for the
17 development area.

18 (b) If there are less than 18 residents located in the
19 development area eligible to serve on the council.

20 (c) Upon termination of the authority by resolution of the
21 governing body.

22 Sec. 325. (1) The director of the authority shall prepare and
23 submit for the approval of the board a budget for the operation of
24 the authority for the ensuing fiscal year. The budget shall be
25 prepared in the manner and contain the information required of
26 municipal departments. Before the budget may be adopted by the
27 board, it shall be approved by the governing body. Funds of the

1 municipality shall not be included in the budget of the authority
2 except those funds authorized in this part or by the governing
3 body.

4 (2) The governing body may assess a reasonable pro rata share
5 of the funds for the cost of handling and auditing the funds
6 against the funds of the authority, other than those committed for
7 designated purposes, which cost shall be paid annually by the board
8 pursuant to an appropriate item in its budget.

9 Sec. 326. (1) A public facility, building, or structure which
10 is determined by the municipality to have significant historical
11 interests shall be preserved in a manner as considered necessary by
12 the municipality in accordance with laws relative to the
13 preservation of historical sites.

14 (2) An authority shall refer all proposed changes to the
15 exterior of sites listed on the state register of historic sites
16 and the national register of historic places to the applicable
17 historic district commission created under the local historic
18 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
19 state housing development authority for review.

20 Sec. 327. An authority which has completed the purposes for
21 which it was organized shall be dissolved by resolution of the
22 governing body. The property and assets of the authority remaining
23 after the satisfaction of the obligations of the authority shall
24 belong to the municipality.

25 Sec. 328. Notwithstanding the limitation provided by section
26 302(1) on having more than 1 authority, if an authority district is
27 part of an area annexed to or consolidated with another

municipality, the authority managing that authority district shall become an authority of the annexing or consolidated municipality. All obligations of that authority incurred pursuant to development plans or tax increment plans, all agreements related to the plans, and bonds issued pursuant to this part shall remain in effect following the annexation or consolidation.

Sec. 329. (1) Beginning January 1, 1987, a new authority or authority district shall not be created and the boundaries of an authority district shall not be expanded to include additional land.

(2) A tax increment finance authority, authority district, development area, development plan, or tax increment financing plan established under this part before December 30, 1986 shall not be invalidated pursuant to a claim that based on the standards set forth in section 303(1), a governing body improperly determined that the necessary conditions existed for the establishment of a tax increment financing authority under this part, if, at the time the governing body established the authority, the governing body could have determined that establishment of an authority under this part would serve to create jobs or promote economic development growth.

(3) A development area created or expanded after December 29, 1986 shall be subject to the requirements of section 303(1).

PART 4

LOCAL DEVELOPMENT FINANCE AUTHORITIES

Sec. 401. (1) The legislature finds all of the following:

(a) That there exists in this state conditions of

1 unemployment, underemployment, and joblessness detrimental to the
2 state economy and the economic growth of the state economy.

3 (b) That government programs are desirable and necessary to
4 eliminate the causes of unemployment, underemployment, and
5 joblessness therefore benefiting the economic growth of the state.

6 (c) That it is appropriate to finance these government
7 programs by means available to the state and local units of
8 government, including tax increment financing.

9 (d) That tax increment financing is a government financing
10 program which contributes to economic growth and development by
11 dedicating a portion of the tax base resulting from the economic
12 growth and development to certain public facilities and structures
13 or improvements of the type designed and dedicated to public use
14 and thereby facilitate certain projects which create economic
15 growth and development.

16 (e) That it is necessary for the legislature to exercise the
17 sovereign power to legislate tax increment financing as authorized
18 in this part and in the exercise of this sovereign power to mandate
19 the transfer of tax increment revenues by city, village, township,
20 school district, and county treasurers to authorities created under
21 this part in order to effectuate the legislated government programs
22 to eliminate the conditions of unemployment, underemployment, and
23 joblessness and to promote state economic growth.

24 (f) That the creation of jobs and the promotion of economic
25 growth in the state are essential governmental functions and
26 constitute essential public purposes.

27 (g) That the creation of jobs and the promotion of economic

1 growth stabilize and strengthen the tax bases upon which local
2 units of government rely and that government programs to eliminate
3 causes of unemployment, underemployment, and joblessness benefit
4 local units of government and are for the use of those local units
5 of government.

6 (h) That the provisions of this part are enacted to provide a
7 means for local units of government to eliminate the conditions of
8 unemployment, underemployment, and joblessness and to promote
9 economic growth in the communities served by these local units of
10 government.

11 (2) This part shall be known and may be cited as "the local
12 development financing part".

13 Sec. 402. As used in this part:

14 (a) "Advance" means a transfer of funds made by a municipality
15 to an authority or to another person on behalf of the authority in
16 anticipation of repayment by the authority. Evidence of the intent
17 to repay an advance may include, but is not limited to, an executed
18 agreement to repay, provisions contained in a tax increment
19 financing plan approved prior to the advance, or a resolution of
20 the authority or the municipality.

21 (b) "Alternative energy technology" means equipment, component
22 parts, materials, electronic devices, testing equipment, and
23 related systems that are specifically designed, specifically
24 fabricated, and used primarily for 1 or more of the following:

25 (i) The storage, generation, reformation, or distribution of
26 clean fuels integrated within an alternative energy system or
27 alternative energy vehicle, not including an anaerobic digester

1 energy system or a hydroelectric energy system, for use within the
2 alternative energy system or alternative energy vehicle.

3 (ii) The process of generating and putting into a usable form
4 the energy generated by an alternative energy system. Alternative
5 energy technology does not include those component parts of an
6 alternative energy system that are required regardless of the
7 energy source.

8 (iii) Research and development of an alternative energy
9 vehicle.

10 (iv) Research, development, and manufacturing of an
11 alternative energy system.

12 (v) Research, development, and manufacturing of an anaerobic
13 digester energy system.

14 (vi) Research, development, and manufacturing of a
15 hydroelectric energy system.

16 (c) "Alternative energy technology business" means a business
17 engaged in the research, development, or manufacturing of
18 alternative energy technology or a business located in an authority
19 district that includes a military installation that was operated by
20 the United States Department of Defense and closed after 1980.

21 (d) "Assessed value" means 1 of the following:

22 (i) For valuations made before January 1, 1995, the state
23 equalized valuation as determined under the general property tax
24 act, 1893 PA 206, MCL 211.1 to 211.155.

25 (ii) For valuations made after December 31, 1994, the taxable
26 value as determined under section 27a of the general property tax
27 act, 1893 PA 206, MCL 211.27a.

1 (e) "Authority" means a local development finance authority
2 created pursuant to this part.

3 (f) "Authority district" means an area or areas within which
4 an authority exercises its powers.

5 (g) "Board" means the governing body of an authority.

6 (h) "Business development area" means an area designated as a
7 certified industrial park under this part prior to June 29, 2000,
8 or an area designated in the tax increment financing plan that
9 meets all of the following requirements:

10 (i) The area is zoned to allow its use for eligible property.

11 (ii) The area has a site plan or plat approved by the city,
12 village, or township in which the area is located.

13 (i) "Business incubator" means real and personal property that
14 meets all of the following requirements:

15 (i) Is located in a certified technology park or a certified
16 alternative energy park.

17 (ii) Is subject to an agreement under section 412a or 412c.

18 (iii) Is developed for the primary purpose of attracting 1 or
19 more owners or tenants who will engage in activities that would
20 each separately qualify the property as eligible property under
21 subdivision (s) (iii).

22 (j) "Captured assessed value" means the amount in any 1 year
23 by which the current assessed value of the eligible property
24 identified in the tax increment financing plan or, for a certified
25 technology park, a certified alternative energy park, or a Next
26 Michigan development area, the real and personal property included
27 in the tax increment financing plan, including the current assessed

1 value of property for which specific local taxes are paid in lieu
2 of property taxes as determined pursuant to subdivision (hh),
3 exceeds the initial assessed value. The state tax commission shall
4 prescribe the method for calculating captured assessed value.
5 Except as otherwise provided in this part, tax abated property in a
6 renaissance zone as defined under section 3 of the Michigan
7 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded
8 from the calculation of captured assessed value to the extent that
9 the property is exempt from ad valorem property taxes or specific
10 local taxes.

11 (k) "Certified alternative energy park" means that portion of
12 an authority district designated by a written agreement entered
13 into pursuant to section 412c between the authority, the
14 municipality or municipalities, and the Michigan economic
15 development corporation.

16 (l) "Certified business park" means a business development
17 area that has been designated by the Michigan economic development
18 corporation as meeting criteria established by the Michigan
19 economic development corporation. The criteria shall establish
20 standards for business development areas including, but not limited
21 to, use, types of building materials, landscaping, setbacks,
22 parking, storage areas, and management.

23 (m) "Certified technology park" means that portion of the
24 authority district designated by a written agreement entered into
25 pursuant to section 412a between the authority, the municipality,
26 and the Michigan economic development corporation.

27 (n) "Chief executive officer" means the mayor or city manager

1 of a city, the president of a village, or, for other local units of
2 government or school districts, the person charged by law with the
3 supervision of the functions of the local unit of government or
4 school district.

5 (o) "Development plan" means that information and those
6 requirements for a development set forth in section 415.

7 (p) "Development program" means the implementation of a
8 development plan.

9 (q) "Eligible advance" means an advance made before August 19,
10 1993.

11 (r) "Eligible obligation" means an obligation issued or
12 incurred by an authority or by a municipality on behalf of an
13 authority before August 19, 1993 and its subsequent refunding by a
14 qualified refunding obligation. Eligible obligation includes an
15 authority's written agreement entered into before August 19, 1993
16 to pay an obligation issued after August 18, 1993 and before
17 December 31, 1996 by another entity on behalf of the authority.

18 (s) "Eligible property" means land improvements, buildings,
19 structures, and other real property, and machinery, equipment,
20 furniture, and fixtures, or any part or accessory thereof whether
21 completed or in the process of construction comprising an
22 integrated whole, located within an authority district, of which
23 the primary purpose and use is or will be 1 of the following:

24 (i) The manufacture of goods or materials or the processing of
25 goods or materials by physical or chemical change.

26 (ii) Agricultural processing.

27 (iii) A high technology activity.

1 (iv) The production of energy by the processing of goods or
2 materials by physical or chemical change by a small power
3 production facility as defined by the Federal Energy Regulatory
4 Commission pursuant to the public utility regulatory policies act
5 of 1978, Public Law 95-617, which facility is fueled primarily by
6 biomass or wood waste. This part does not affect a person's rights
7 or liabilities under law with respect to groundwater contamination
8 described in this subparagraph. This subparagraph applies only if
9 all of the following requirements are met:

10 (A) Tax increment revenues captured from the eligible property
11 will be used to finance, or will be pledged for debt service on tax
12 increment bonds used to finance, a public facility in or near the
13 authority district designed to reduce, eliminate, or prevent the
14 spread of identified soil and groundwater contamination, pursuant
15 to law.

16 (B) The board of the authority exercising powers within the
17 authority district where the eligible property is located adopted
18 an initial tax increment financing plan between January 1, 1991 and
19 May 1, 1991.

20 (C) The municipality that created the authority establishes a
21 special assessment district whereby not less than 50% of the
22 operating expenses of the public facility described in this
23 subparagraph will be paid for by special assessments. Not less than
24 50% of the amount specially assessed against all parcels in the
25 special assessment district shall be assessed against parcels owned
26 by parties potentially responsible for the identified groundwater
27 contamination pursuant to law.

1 (v) A business incubator.

2 (vi) An alternative energy technology business.

3 (vii) A transit-oriented facility.

4 (viii) A transit-oriented development.

5 (ix) An eligible Next Michigan business, as that term is
6 defined in section 3 of the Michigan economic growth authority act,
7 1995 PA 24, MCL 207.803, and other businesses within a Next
8 Michigan development area, but only to the extent designated as
9 eligible property within a development plan approved by a Next
10 Michigan development corporation.

11 (t) "Fiscal year" means the fiscal year of the authority.

12 (u) "Governing body" means, except as otherwise provided in
13 this subdivision, the elected body having legislative powers of a
14 municipality creating an authority under this part. For a Next
15 Michigan development corporation, governing body means the
16 executive committee of the Next Michigan development corporation,
17 unless otherwise provided in the interlocal agreement or articles
18 of incorporation creating the Next Michigan development corporation
19 or the governing body of an eligible urban entity or its designee
20 as provided in the next Michigan development act, 2010 PA 275, MCL
21 125.2951 to 125.2959.

22 (v) "High-technology activity" means that term as defined in
23 section 3 of the Michigan economic growth authority act, 1995 PA
24 24, MCL 207.803.

25 (w) "Initial assessed value" means the assessed value of the
26 eligible property identified in the tax increment financing plan
27 or, for a certified technology park, a certified alternative energy

1 park, or a Next Michigan development area, the assessed value of
2 any real and personal property included in the tax increment
3 financing plan, at the time the resolution establishing the tax
4 increment financing plan is approved as shown by the most recent
5 assessment roll for which equalization has been completed at the
6 time the resolution is adopted or, for property that becomes
7 eligible property in other than a certified technology park or a
8 certified alternative energy park after the date the plan is
9 approved, at the time the property becomes eligible property.

10 Property exempt from taxation at the time of the determination of
11 the initial assessed value shall be included as zero. Property for
12 which a specific local tax is paid in lieu of property tax shall
13 not be considered exempt from taxation. The initial assessed value
14 of property for which a specific local tax was paid in lieu of
15 property tax shall be determined as provided in subdivision (hh).

16 (x) "Michigan economic development corporation" means the
17 public body corporate created under section 28 of article VII of
18 the state constitution of 1963 and the urban cooperation act of
19 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
20 interlocal agreement effective April 5, 1999 between local
21 participating economic development corporations formed under the
22 economic development corporations act, 1974 PA 338, MCL 125.1601 to
23 125.1636, and the Michigan strategic fund. If the Michigan economic
24 development corporation is unable for any reason to perform its
25 duties under this part, those duties may be exercised by the
26 Michigan strategic fund.

27 (y) "Michigan strategic fund" means the Michigan strategic

1 fund as described in the Michigan strategic fund act, 1984 PA 270,
2 MCL 125.2001 to 125.2094.

3 (z) "Municipality" means a city, village, or urban township.
4 However, for purposes of creating and operating a certified
5 alternative energy park or a certified technology park,
6 municipality includes townships that are not urban townships.

7 (aa) "Next Michigan development area" means a portion of an
8 authority district designated by a Next Michigan development
9 corporation under section 412e to which a development plan is
10 applicable.

11 (bb) "Next Michigan development corporation" means that term
12 as defined in section 3 of the next Michigan development act, 2010
13 PA 275, MCL 125.2953.

14 (cc) "Obligation" means a written promise to pay, whether
15 evidenced by a contract, agreement, lease, sublease, bond, or note,
16 or a requirement to pay imposed by law. An obligation does not
17 include a payment required solely because of default upon an
18 obligation, employee salaries, or consideration paid for the use of
19 municipal offices. An obligation does not include those bonds that
20 have been economically defeased by refunding bonds issued under
21 this part. Obligation includes, but is not limited to, the
22 following:

23 (i) A requirement to pay proceeds derived from ad valorem
24 property taxes or taxes levied in lieu of ad valorem property
25 taxes.

26 (ii) A management contract or a contract for professional
27 services.

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

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

7 (v) A letter of credit, paying agent, transfer agent, bond
8 registrar, or trustee fee associated with a contract, agreement,
9 bond, or note.

10 (dd) "On behalf of an authority", in relation to an eligible
11 advance made by a municipality or an eligible obligation or other
12 protected obligation issued or incurred by a municipality, means in
13 anticipation that an authority would transfer tax increment
14 revenues or reimburse the municipality from tax increment revenues
15 in an amount sufficient to fully make payment required by the
16 eligible advance made by a municipality, or eligible obligation or
17 other protected obligation issued or incurred by the municipality,
18 if the anticipation of the transfer or receipt of tax increment
19 revenues from the authority is pursuant to or evidenced by 1 or
20 more of the following:

21 (i) A reimbursement agreement between the municipality and an
22 authority it established.

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

25 (iii) A resolution of the authority agreeing to make payments
26 to the incorporating unit.

27 (iv) Provisions in a tax increment financing plan describing

1 the project for which the obligation was incurred.

2 (ee) "Other protected obligation" means:

3 (i) A qualified refunding obligation issued to refund an
4 obligation described in subparagraph (ii) or (iii), an obligation
5 that is not a qualified refunding obligation that is issued to
6 refund an eligible obligation, or a qualified refunding obligation
7 issued to refund an obligation described in this subparagraph.

8 (ii) An obligation issued or incurred by an authority or by a
9 municipality on behalf of an authority after August 19, 1993, but
10 before December 31, 1994, to finance a project described in a tax
11 increment finance plan approved by the municipality in accordance
12 with this part before August 19, 1993, for which a contract for
13 final design is entered into by the municipality or authority
14 before March 1, 1994.

15 (iii) An obligation incurred by an authority or municipality
16 after August 19, 1993, to reimburse a party to a development
17 agreement entered into by a municipality or authority before August
18 19, 1993, for a project described in a tax increment financing plan
19 approved in accordance with this part before August 19, 1993, and
20 undertaken and installed by that party in accordance with the
21 development agreement.

22 (iv) An ongoing management or professional services contract
23 with the governing body of a county that was entered into before
24 March 1, 1994 and that was preceded by a series of limited term
25 management or professional services contracts with the governing
26 body of the county, the last of which was entered into before
27 August 19, 1993.

(ff) "Public facility" means 1 or more of the following:

(i) A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, transit-oriented facility, transit-oriented development, or other similar or related structure or improvement, together with necessary easements for the structure or improvement. Except for rail lines, utility lines, or pipelines, the structures or improvements described in this subparagraph shall be either owned or used by a public agency, functionally connected to similar or supporting facilities owned or used by a public agency, or designed and dedicated to use by, for the benefit of, or for the protection of the health, welfare, or safety of the public generally, whether or not used by a single business entity. Any road, street, or bridge shall be continuously open to public access. A public facility shall be located on public property or in a public, utility, or transportation easement or right-of-way.

(ii) The acquisition and disposal of land that is proposed or intended to be used in the development of eligible property or an interest in that land, demolition of structures, site preparation, and relocation costs.

(iii) All administrative and real and personal property acquisition and disposal costs related to a public facility described in subparagraphs (i) and (iv), including, but not limited

1 to, architect's, engineer's, legal, and accounting fees as
2 permitted by the district's development plan.

3 (iv) An improvement to a facility used by the public or a
4 public facility as those terms are defined in section 1 of 1966 PA
5 1, MCL 125.1351, which improvement is made to comply with the
6 barrier free design requirements of the state construction code
7 promulgated under the Stille-DeRossett-Hale single state
8 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

9 (v) All of the following costs approved by the Michigan
10 economic development corporation:

11 (A) Operational costs and the costs related to the
12 acquisition, improvement, preparation, demolition, disposal,
13 construction, reconstruction, remediation, rehabilitation,
14 restoration, preservation, maintenance, repair, furnishing, and
15 equipping of land and other assets that are or may become eligible
16 for depreciation under the internal revenue code of 1986 for a
17 business incubator located in a certified technology park or
18 certified alternative energy park.

19 (B) Costs related to the acquisition, improvement,
20 preparation, demolition, disposal, construction, reconstruction,
21 remediation, rehabilitation, restoration, preservation,
22 maintenance, repair, furnishing, and equipping of land and other
23 assets that, if privately owned, would be eligible for depreciation
24 under the internal revenue code of 1986 for laboratory facilities,
25 research and development facilities, conference facilities,
26 teleconference facilities, testing, training facilities, and
27 quality control facilities that are or that support eligible

1 property under subdivision (s) (iii), that are owned by a public
2 entity, and that are located within a certified technology park.

3 (C) Costs related to the acquisition, improvement,
4 preparation, demolition, disposal, construction, reconstruction,
5 remediation, rehabilitation, restoration, preservation,
6 maintenance, repair, furnishing, and equipping of land and other
7 assets that, if privately owned, would be eligible for depreciation
8 under the internal revenue code of 1986 for facilities that are or
9 that will support eligible property under subdivision (s) (vi), that
10 have been or will be owned by a public entity at the time such
11 costs are incurred, that are located within a certified alternative
12 energy park, and that have been or will be conveyed, by gift or
13 sale, by such public entity to an alternative energy technology
14 business.

15 (vi) Operating and planning costs included in a plan pursuant
16 to section 412(1) (f), including costs of marketing property within
17 the district and attracting development of eligible property within
18 the district.

19 (gg) "Qualified refunding obligation" means an obligation
20 issued or incurred by an authority or by a municipality on behalf
21 of an authority to refund an obligation if the refunding obligation
22 meets both of the following:

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

1 (ii) The net present value of the sum of the tax increment
2 revenues described in subdivision (jj) (ii) and the distributions
3 under section 411a to repay the refunding obligation will not be
4 greater than the net present value of the sum of the tax increment
5 revenues described in subdivision (jj) (ii) and the distributions
6 under section 411a to repay the obligation being refunded, as
7 calculated using a method approved by the department of treasury.

8 (hh) "Specific local taxes" means a tax levied under 1974 PA
9 198, MCL 207.551 to 207.572, the obsolete property rehabilitation
10 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial
11 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the
12 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA
13 189, MCL 211.181 to 211.182, and the technology park development
14 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed
15 value or current assessed value of property subject to a specific
16 local tax is the quotient of the specific local tax paid divided by
17 the ad valorem millage rate. However, after 1993, the state tax
18 commission shall prescribe the method for calculating the initial
19 assessed value and current assessed value of property for which a
20 specific local tax was paid in lieu of a property tax.

21 (ii) "State fiscal year" means the annual period commencing
22 October 1 of each year.

23 (jj) "Tax increment revenues" means the amount of ad valorem
24 property taxes and specific local taxes attributable to the
25 application of the levy of all taxing jurisdictions upon the
26 captured assessed value of eligible property within the district
27 or, for purposes of a certified technology park, a Next Michigan

1 development area, or a certified alternative energy park, real or
2 personal property that is located within the certified technology
3 park, a Next Michigan development area, or a certified alternative
4 energy park and included within the tax increment financing plan,
5 subject to the following requirements:

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

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

21 (A) To repay eligible advances, eligible obligations, and
22 other protected obligations.

23 (B) To fund or to repay an advance or obligation issued by or
24 on behalf of an authority to fund the cost of public facilities
25 related to or for the benefit of eligible property located within a
26 certified technology park or a certified alternative energy park to
27 the extent the public facilities have been included in an agreement

1 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as
2 determined by the state treasurer, of the amounts levied by the
3 state pursuant to the state education tax act, 1993 PA 331, MCL
4 211.901 to 211.906, and local and intermediate school districts for
5 a period, except as otherwise provided in this sub-subparagraph,
6 not to exceed 15 years, as determined by the state treasurer, if
7 the state treasurer determines that the capture under this sub-
8 subparagraph is necessary to reduce unemployment, promote economic
9 growth, and increase capital investment in the municipality.

10 However, upon approval of the state treasurer and the president of
11 the Michigan economic development corporation, a certified
12 technology park may capture under this sub-subparagraph for an
13 additional period of 5 years if the authority agrees to additional
14 reporting requirements and modifies its tax increment financing
15 plan to include regional collaboration as determined by the state
16 treasurer and the president of the Michigan economic development
17 corporation. In addition, upon approval of the state treasurer and
18 the president of the Michigan economic development corporation, if
19 a municipality that has created a certified technology park that
20 has entered into an agreement with another authority that does not
21 contain a certified technology park to designate a distinct
22 geographic area under section 412b, that authority that has created
23 the certified technology park and the associated distinct
24 geographic area may both capture under this sub-subparagraph for an
25 additional period of 15 years as determined by the state treasurer
26 and the president of the Michigan economic development corporation.

27 (C) To fund the cost of public facilities related to or for

1 the benefit of eligible property located within a Next Michigan
2 development area to the extent that the public facilities have been
3 included in a development plan, not to exceed 50%, as determined by
4 the state treasurer, of the amounts levied by the state pursuant to
5 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
6 and local and intermediate school districts for a period not to
7 exceed 15 years, as determined by the state treasurer, if the state
8 treasurer determines that the capture under this sub-subparagraph
9 is necessary to reduce unemployment, promote economic growth, and
10 increase capital investment in the authority district.

11 (iii) Tax increment revenues do not include any of the
12 following:

13 (A) Ad valorem property taxes or specific local taxes that are
14 excluded from and not made part of the tax increment financing
15 plan. Ad valorem personal property taxes or specific local taxes
16 associated with personal property may be excluded from and may not
17 be part of the tax increment financing plan.

18 (B) Ad valorem property taxes and specific local taxes
19 attributable to ad valorem property taxes excluded by the tax
20 increment financing plan of the authority from the determination of
21 the amount of tax increment revenues to be transmitted to the
22 authority.

23 (C) Ad valorem property taxes exempted from capture under
24 section 404(3) or specific local taxes attributable to such ad
25 valorem property taxes.

26 (D) Ad valorem property taxes specifically levied for the
27 payment of principal and interest of obligations approved by the

1 electors or obligations pledging the unlimited taxing power of the
2 local governmental unit or specific local taxes attributable to
3 such ad valorem property taxes.

4 (E) The amount of ad valorem property taxes or specific taxes
5 captured by a downtown development authority under part 2, tax
6 increment financing authority under part 3, or brownfield
7 redevelopment authority under the brownfield redevelopment
8 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, if those
9 taxes were captured by these other authorities on the date that the
10 initial assessed value of a parcel of property was established
11 under this part.

12 (F) Ad valorem property taxes levied under 1 or more of the
13 following or specific local taxes attributable to those ad valorem
14 property taxes:

15 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
16 to 123.1183.

17 (II) The art institute authorities act, 2010 PA 296, MCL
18 123.1201 to 123.1229.

19 (III) Except as otherwise provided in section 404(3), ad
20 valorem property taxes or specific local taxes attributable to
21 those ad valorem property taxes levied for a separate millage for
22 public library purposes approved by the electors after December 31,
23 2016.

24 (iv) The amount of tax increment revenues authorized to be
25 included under subparagraph (ii), and required to be transmitted to
26 the authority under section 413(1), from ad valorem property taxes
27 and specific local taxes attributable to the application of the

1 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
2 211.906, or a local school district or an intermediate school
3 district upon the captured assessed value of real and personal
4 property in a development area shall be determined separately for
5 the levy by the state, each school district, and each intermediate
6 school district as the product of sub-subparagraphs (A) and (B):

7 (A) The percentage that the total ad valorem taxes and
8 specific local taxes available for distribution by law to the
9 state, local school district, or intermediate school district,
10 respectively, bears to the aggregate amount of ad valorem millage
11 taxes and specific taxes available for distribution by law to the
12 state, each local school district, and each intermediate school
13 district.

14 (B) The maximum amount of ad valorem property taxes and
15 specific local taxes considered tax increment revenues under
16 subparagraph (ii).

17 (kk) "Transit-oriented development" means infrastructure
18 improvements that are located within 1/2 mile of a transit station
19 or transit-oriented facility that promotes transit ridership or
20 passenger rail use as determined by the board and approved by the
21 municipality in which it is located.

22 (ll) "Transit-oriented facility" means a facility that houses
23 a transit station in a manner that promotes transit ridership or
24 passenger rail use.

25 (mm) "Urban township" means a township that meets 1 or more of
26 the following:

27 (i) Meets all of the following requirements:

1 (A) Has a population of 20,000 or more, or has a population of
2 10,000 or more but is located in a county with a population of
3 400,000 or more.

4 (B) Adopted a master zoning plan before February 1, 1987.

5 (C) Provides sewer, water, and other public services to all or
6 a part of the township.

7 (ii) Meets all of the following requirements:

8 (A) Has a population of less than 20,000.

9 (B) Is located in a county with a population of 250,000 or
10 more but less than 400,000, and that county is located in a
11 metropolitan statistical area.

12 (C) Has within its boundaries a parcel of property under
13 common ownership that is 800 acres or larger and is capable of
14 being served by a railroad, and located within 3 miles of a limited
15 access highway.

16 (D) Establishes an authority before December 31, 1998.

17 (iii) Meets all of the following requirements:

18 (A) Has a population of less than 20,000.

19 (B) Has a state equalized valuation for all real and personal
20 property located in the township of more than \$200,000,000.00.

21 (C) Adopted a master zoning plan before February 1, 1987.

22 (D) Is a charter township under the charter township act, 1947
23 PA 359, MCL 42.1 to 42.34.

24 (E) Has within its boundaries a combination of parcels under
25 common ownership that is 800 acres or larger, is immediately
26 adjacent to a limited access highway, is capable of being served by
27 a railroad, and is immediately adjacent to an existing sewer line.

1 (F) Establishes an authority before March 1, 1999.

2 (iv) Meets all of the following requirements:

3 (A) Has a population of 13,000 or more.

4 (B) Is located in a county with a population of 150,000 or
5 more.

6 (C) Adopted a master zoning plan before February 1, 1987.

7 (v) Meets all of the following requirements:

8 (A) Is located in a county with a population of 1,000,000 or
9 more.

10 (B) Has a written agreement with an adjoining township to
11 develop 1 or more public facilities on contiguous property located
12 in both townships.

13 (C) Has a master plan in effect.

14 (vi) Meets all of the following requirements:

15 (A) Has a population of less than 10,000.

16 (B) Has a state equalized valuation for all real and personal
17 property located in the township of more than \$280,000,000.00.

18 (C) Adopted a master zoning plan before February 1, 1987.

19 (D) Has within its boundaries a combination of parcels under
20 common ownership that is 199 acres or larger, is located within 1
21 mile of a limited access highway, and is located within 1 mile of
22 an existing sewer line.

23 (E) Has rail service.

24 (F) Establishes an authority before May 7, 2009.

25 (vii) Has joined an authority under section 403(2) which is
26 seeking or has entered into an agreement for a certified technology
27 park.

1 (viii) Has established an authority which is seeking or has
2 entered into an agreement for a certified alternative energy park.

3 Sec. 403. (1) Except as otherwise provided by subsection (2),
4 a municipality may establish not more than 1 authority under the
5 provisions of this part. An authority established under this
6 subsection shall exercise its powers in all authority districts.

7 (2) In addition to an authority established under subsection
8 (1), a municipality may join with 1 or more other municipalities
9 located within the same county to establish an authority under this
10 part. An authority created under this subsection may only exercise
11 its powers in a certified technology park designated in an
12 agreement made under section 412a or 412b or in a certified
13 alternative energy park designated in an agreement under section
14 412c. A municipality shall not establish more than 1 authority
15 under this subsection.

16 (3) A Next Michigan development corporation may establish not
17 more than 1 authority under the provisions of this part. An
18 authority established under this subsection shall exercise its
19 powers within its authority district and in all Next Michigan
20 development areas. The authority district in which the authority
21 may exercise its powers shall include all or part of the territory
22 of a Next Michigan development corporation, as determined by the
23 governing body of the Next Michigan development corporation.

24 (4) The authority shall be a public body corporate which may
25 sue and be sued in any court of this state. The authority possesses
26 all the powers necessary to carry out the purpose of its
27 incorporation. The enumeration of a power in this part shall not be

1 construed as a limitation upon the general powers of the authority.
2 The powers granted in this part to an authority may be exercised
3 notwithstanding that bonds are not issued by the authority.

4 Sec. 404. (1) The governing body of a municipality may declare
5 by resolution adopted by a majority of its members elected and
6 serving its intention to create and provide for the operation of an
7 authority.

8 (2) In the resolution of intent, the governing body proposing
9 to create the authority shall set a date for holding a public
10 hearing on the adoption of a proposed resolution creating the
11 authority and designating the boundaries of the authority district
12 or districts. Notice of the public hearing shall be published twice
13 in a newspaper of general circulation in the municipality, not less
14 than 20 nor more than 40 days before the date of the hearing.
15 Except as otherwise provided in subsection (8), not less than 20
16 days before the hearing, the governing body proposing to create the
17 authority shall also mail notice of the hearing to the property
18 taxpayers of record in a proposed authority district and, for a
19 public hearing to be held after February 15, 1994, to the governing
20 body of each taxing jurisdiction levying taxes that would be
21 subject to capture if the authority is established and a tax
22 increment financing plan is approved. Beginning June 1, 2005, the
23 notice of hearing within the time frame described in this
24 subsection shall be mailed by certified mail to the governing body
25 of each taxing jurisdiction levying taxes that would be subject to
26 capture if the authority is established and a tax increment
27 financing plan is approved. Failure of a property taxpayer to

1 receive the notice shall not invalidate these proceedings. The
2 notice shall state the date, time, and place of the hearing, and
3 shall describe the boundaries of the proposed authority district or
4 districts. At that hearing, a resident, taxpayer, or property owner
5 from a taxing jurisdiction in which the proposed district is
6 located or an official from a taxing jurisdiction with millage that
7 would be subject to capture has the right to be heard in regard to
8 the establishment of the authority and the boundaries of that
9 proposed authority district. The governing body of the municipality
10 in which a proposed district is to be located shall not incorporate
11 land into an authority district not included in the description
12 contained in the notice of public hearing, but it may eliminate
13 lands described in the notice of public hearing from an authority
14 district in the final determination of the boundaries.

15 (3) Except as otherwise provided in subsection (8), not more
16 than 60 days after a public hearing held after February 15, 1994,
17 the governing body of a taxing jurisdiction with millage that would
18 otherwise be subject to capture may exempt its taxes from capture
19 by adopting a resolution to that effect and filing a copy with the
20 clerk of the municipality proposing to create the authority.
21 However, a resolution by a governing body of a taxing jurisdiction
22 to exempt its taxes from capture is not effective for the capture
23 of taxes that are used for a certified technology park or a
24 certified alternative energy park. The resolution takes effect when
25 filed with that clerk and remains effective until a copy of a
26 resolution rescinding that resolution is filed with that clerk. If
27 a separate millage for public library purposes was levied before

1 January 1, 2017, and all obligations and other protected
2 obligations of the authority are paid, then the levy is exempt from
3 capture under this part, unless the library board or commission
4 allows all or a portion of its taxes levied to be included as tax
5 increment revenues and subject to capture under this part under the
6 terms of a written agreement between the library board or
7 commission and the authority. The written agreement shall be filed
8 with the clerk of the municipality. However, if a separate millage
9 for public library purposes was levied before January 1, 2017, and
10 the authority alters or amends the boundaries of the authority
11 district or extends the duration of the existing finance plan, then
12 the library board or commission may, not later than 60 days after a
13 public hearing is held under this subsection, exempt all or a
14 portion of its taxes from capture by adopting a resolution to that
15 effect and filing a copy with the clerk of the municipality that
16 created the authority. For ad valorem property taxes or specific
17 local taxes attributable to those ad valorem property taxes levied
18 for a separate millage for public library purposes approved by the
19 electors after December 31, 2016, a library board or commission may
20 allow all or a portion of its taxes levied to be included as tax
21 increment revenues and subject to capture under this part under the
22 terms of a written agreement between the library board or
23 commission and the authority. The written agreement shall be filed
24 with the clerk of the municipality. However, if the library was
25 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
26 397.210a, or established under 1869 LA 233, then any action of the
27 library board or commission under this subsection shall have the

1 concurrence of the chief executive officer of the city that created
2 the library to be effective.

3 (4) Except as otherwise provided in subsection (8), not less
4 than 60 days after the public hearing or a shorter period as
5 determined by the governing body for a certified technology park or
6 a certified alternative energy park, if the governing body creating
7 the authority intends to proceed with the establishment of the
8 authority, it shall adopt, by majority vote of its members elected
9 and serving, a resolution establishing the authority and
10 designating the boundaries of the authority district or districts
11 within which the authority shall exercise its powers. The adoption
12 of the resolution is subject to any applicable statutory or charter
13 provisions with respect to the approval or disapproval of
14 resolutions by the chief executive officer of the municipality and
15 the adoption of a resolution over his or her veto. This resolution
16 shall be filed with the secretary of state promptly after its
17 adoption and shall be published at least once in a newspaper of
18 general circulation in the municipality.

19 (5) The governing body may alter or amend the boundaries of an
20 authority district to include or exclude lands from that authority
21 district or create new authority districts pursuant to the same
22 requirements prescribed for adopting the resolution creating the
23 authority.

24 (6) The validity of the proceedings establishing an authority
25 shall be conclusive unless contested in a court of competent
26 jurisdiction within 60 days after the last of the following takes
27 place:

1 (a) Publication of the resolution creating the authority as
2 adopted.

3 (b) Filing of the resolution creating the authority with the
4 secretary of state.

5 (7) Except as otherwise provided by this subsection, if 2 or
6 more municipalities desire to establish an authority under section
7 403(2), each municipality in which the authority district will be
8 located shall comply with the procedures prescribed by this part.
9 The notice required by subsection (2) may be published jointly by
10 the municipalities establishing the authority. The resolutions
11 establishing the authority shall include, or shall approve an
12 agreement including, provisions governing the number of members on
13 the board, the method of appointment, the members to be represented
14 by governmental units or agencies, the terms of initial and
15 subsequent appointments to the board, the manner in which a member
16 of the board may be removed for cause before the expiration of his
17 or her term, the manner in which the authority may be dissolved,
18 and the disposition of assets upon dissolution. An authority
19 described in this subsection shall not be considered established
20 unless all of the following conditions are satisfied:

21 (a) A resolution is approved and filed with the secretary of
22 state by each municipality in which the authority district will be
23 located.

24 (b) The same boundaries have been approved for the authority
25 district by the governing body of each municipality in which the
26 authority district will be located.

27 (c) The governing body of the county in which a majority of

1 the authority district will be located has approved by resolution
2 the creation of the authority.

3 (8) For an authority created under section 403(3), except as
4 otherwise provided by this subsection, the Next Michigan
5 development corporation shall comply with the procedures prescribed
6 for a municipality by subsections (1) and (2) and this subsection.
7 The provisions of subsections (3) and (4) shall not apply to an
8 authority exercising its powers under section 403(3). The notice
9 required by subsection (2) may be published by the Next Michigan
10 development corporation in a newspaper or newspapers of general
11 circulation within the municipalities which are constituent members
12 of the Next Michigan development corporation, and notice shall not
13 be required to be mailed to the property taxpayers of record in the
14 proposed authority district. The governing body of the Next
15 Michigan development corporation shall be the governing body of the
16 authority. A taxing jurisdiction levying ad valorem taxes within
17 the authority district that would otherwise be subject to capture
18 which is not a party to the intergovernmental agreement may exempt
19 its taxes from capture by adopting a resolution to that effect and
20 filing a copy not more than 60 days after the public hearing with
21 the recording officer of the Next Michigan development corporation.
22 The Next Michigan development corporation shall mail notice of the
23 public hearing to the governing body of each taxing jurisdiction
24 which is not a party to the intergovernmental agreement not less
25 than 20 days before the hearing. Following the public hearing, the
26 governing body of the Next Michigan development corporation shall
27 adopt a resolution designating the boundaries of the authority

1 district within which the authority shall exercise its powers,
2 which may include any certified technology park within the proposed
3 authority district in accordance with this subsection and may
4 include property adjacent to or within 1,500 feet of a road
5 classified as an arterial or collector according to the Federal
6 Highway Administration manual "Highway Functional Classification -
7 Concepts, Criteria and Procedures" or of another road in the
8 discretion of the Next Michigan development corporation, and
9 property adjacent to that property within the territory of the Next
10 Michigan development corporation, as provided in the resolution.
11 The resolution shall be effective when adopted, shall be filed with
12 the secretary of state and the president of the Michigan strategic
13 fund promptly after its adoption, and shall be published at least
14 once in a newspaper of general circulation in the territory of the
15 Next Michigan development corporation. If an authority district
16 designated under this subsection or subsequently amended includes a
17 certified technology park which is within the authority district of
18 another authority and which is subject to an existing development
19 plan or tax increment financing plan, then that certified
20 technology park may be considered to be under the jurisdiction of
21 the authority established under section 403(3) if so provided in a
22 resolution of the authority established under section 403(3) and if
23 approved by resolution of the governing body of the municipality
24 which created the other authority, and by the president of the
25 Michigan strategic fund. If so provided and approved, then the
26 development plan and tax increment financing plan applicable to the
27 certified technology park, including all assets and obligations

1 under the plans, shall be considered assigned and transferred from
2 the other authority to the authority created under section 403(3),
3 and the initial assessed value of the certified technology park
4 prior to the transfer shall remain the initial assessed value of
5 the certified technology park following the transfer. The transfer
6 shall be effective as of the later of the effective date of the
7 resolution of the authority established under section 403(3), the
8 resolution approved by the governing body of the municipality which
9 created the other authority, and the approval of the president of
10 the Michigan strategic fund.

11 Sec. 405. (1) The authority shall be under the supervision and
12 control of a board of 7 members appointed by the chief executive
13 officer of the city, village, or urban township creating the
14 authority subject to the approval of the governing body creating
15 the authority. The board shall include 1 member appointed by the
16 county board of commissioners of the county in which the authority
17 is located. The board shall include 1 member representing a
18 community or junior college in whose district the authority is
19 located appointed by the chief executive officer of that community
20 or junior college. The board shall also include 2 members appointed
21 by the chief executive officer of each local governmental unit,
22 other than the city, village, or urban township creating the
23 authority, which levied 20% or more of the ad valorem property
24 taxes levied against all property located in an authority district
25 in the year before the year in which the authority district is
26 established. However, those additional members shall only vote on
27 matters relating to authority districts located within their

1 respective local unit of government. Of the members first
2 appointed, an equal number, as near as possible, shall have terms
3 designated by the governing body creating the authority of 1 year,
4 2 years, 3 years, and 4 years. However, a member shall hold office
5 until the member's successor is appointed. After the first
6 appointment, each member shall serve for a term of 4 years. An
7 appointment to fill a vacancy shall be made in the same manner as
8 the original appointment. An appointment to fill an unexpired term
9 shall be for the unexpired portion of the term only. Members of the
10 board shall serve without compensation, but shall be reimbursed for
11 actual and necessary expenses.

12 (2) The chairperson of the board shall be elected by the
13 board.

14 (3) Before assuming the duties of office, a member shall
15 qualify by taking and subscribing to the constitutional oath of
16 office.

17 (4) The board shall adopt rules governing its procedure and
18 the holding of regular meetings, subject to the approval of the
19 governing body. Special meetings may be held when called in the
20 manner provided in the rules of the board. Meetings of the board
21 shall be open to the public, in accordance with the open meetings
22 act, 1976 PA 267, MCL 15.261 to 15.275.

23 (5) Subject to notice and an opportunity to be heard, a member
24 of the board may be removed before the expiration of his or her
25 term for cause by the governing body. Removal of a member is
26 subject to review by the circuit court.

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

1 annually and the financial records shall be open to the public
2 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
3 to 15.246.

4 (7) The provisions of subsections (1) and (5) of this section
5 shall not apply to an authority exercising its powers under section
6 403(3).

7 Sec. 406. (1) The board may employ and fix the compensation of
8 a director, subject to the approval of the governing body creating
9 the authority. The director shall serve at the pleasure of the
10 board. A member of the board is not eligible to hold the position
11 of director. Before entering upon the duties of the office, the
12 director shall take and subscribe to the constitutional oath of
13 office and shall furnish bond by posting a bond in the penal sum
14 determined in the resolution establishing the authority. The bond
15 shall be payable to the authority for the use and benefit of the
16 authority, approved by the board, and filed with the clerk of the
17 municipality. The premium on the bond shall be considered an
18 operating expense of the authority, payable from funds available to
19 the authority for expenses of operation. The director shall be the
20 chief executive officer of the authority. Subject to the approval
21 of the board, the director shall supervise and be responsible for
22 the preparation of plans and the performance of the functions of
23 the authority in the manner authorized by this part. The director
24 shall attend the meetings of the board and shall render to the
25 board and to the governing body a regular report covering the
26 activities and financial condition of the authority. If the
27 director is absent or disabled, the board may designate a qualified

1 person as acting director to perform the duties of the office.
2 Before entering upon the duties of the office, the acting director
3 shall take and subscribe to the constitutional oath of office and
4 furnish bond as required of the director. The director shall
5 furnish the board with information or reports governing the
6 operation of the authority as the board requires.

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

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

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

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

26 (6) The employees of an authority may be eligible to
27 participate in municipal retirement and insurance programs of the

1 municipality as if they were civil service employees on the same
2 basis as civil service employees.

3 Sec. 407. The board may:

4 (a) Study and analyze unemployment, underemployment, and
5 joblessness and the impact of growth upon the authority district or
6 districts.

7 (b) Plan and propose the construction, renovation, repair,
8 remodeling, rehabilitation, restoration, preservation, or
9 reconstruction of a public facility.

10 (c) Develop long-range plans, in cooperation with the agency
11 which is chiefly responsible for planning in the municipality, to
12 promote the growth of the authority district or districts, and take
13 the steps that are necessary to implement the plans to the fullest
14 extent possible to create jobs, and promote economic growth.

15 (d) Implement any plan of development necessary to achieve the
16 purposes of this part in accordance with the powers of the
17 authority as granted by this part.

18 (e) Make and enter into contracts necessary or incidental to
19 the exercise of the board's powers and the performance of its
20 duties.

21 (f) Acquire by purchase or otherwise on terms and conditions
22 and in a manner the authority considers proper, own or lease as
23 lessor or lessee, convey, demolish, relocate, rehabilitate, or
24 otherwise dispose of real or personal property, or rights or
25 interests in that property, which the authority determines is
26 reasonably necessary to achieve the purposes of this part, and to
27 grant or acquire licenses, easements, and options with respect to

1 the property.

2 (g) Improve land, prepare sites for buildings, including the
3 demolition of existing structures, and construct, reconstruct,
4 rehabilitate, restore and preserve, equip, improve, maintain,
5 repair, or operate a building, and any necessary or desirable
6 appurtenances to a building, as provided in section 412(2) for the
7 use, in whole or in part, of a public or private person or
8 corporation, or a combination thereof.

9 (h) Fix, charge, and collect fees, rents, and charges for the
10 use of a building or property or a part of a building or property
11 under the board's control, or a facility in the building or on the
12 property, and pledge the fees, rents, and charges for the payment
13 of revenue bonds issued by the authority.

14 (i) Lease a building or property or part of a building or
15 property under the board's control.

16 (j) Accept grants and donations of property, labor, or other
17 things of value from a public or private source.

18 (k) Acquire and construct public facilities.

19 (l) Incur costs in connection with the performance of the
20 board's authorized functions including, but not limited to,
21 administrative costs, and architects, engineers, legal, and
22 accounting fees.

23 (m) Plan, propose, and implement an improvement to a public
24 facility on eligible property to comply with the barrier free
25 design requirements of the state construction code promulgated
26 under the Stille-DeRossett-Hale single state constitution code act,
27 1972 PA 230, MCL 125.1501 to 125.1531.

1 Sec. 408. The authority shall be considered an instrumentality
2 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
3 to 213.332.

4 Sec. 409. A municipality may take private property under the
5 uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to
6 213.75, for the purpose of transfer to the authority, and may
7 transfer the property to the authority for use as authorized in the
8 development plan, on terms and conditions it considers appropriate.
9 The taking, transfer, and use shall be considered necessary for
10 public purposes and for the benefit of the public.

11 Sec. 410. The activities of the authority shall be financed
12 from 1 or more of the following sources:

13 (a) Contributions to the authority for the performance of its
14 functions.

15 (b) Revenues from any property, building, or facility owned,
16 leased, licensed, or operated by the authority or under its
17 control, subject to the limitations imposed upon the authority by
18 trusts or other agreements.

19 (c) Tax increment revenues received pursuant to a tax
20 increment financing plan established under sections 412 to 414.

21 (d) Proceeds of tax increment bonds issued pursuant to section
22 414.

23 (e) Proceeds of revenue bonds issued pursuant to section 411.

24 (f) Money obtained from any other legal source approved by the
25 governing body of the municipality or otherwise authorized by law
26 for use by the authority or the municipality to finance a
27 development program.

1 (g) Money obtained pursuant to section 411a.

2 (h) Loans from the Michigan strategic fund or the Michigan
3 economic development corporation.

4 Sec. 411. (1) The authority may borrow money and issue its
5 negotiable revenue bonds pursuant to the revenue bond act of 1933,
6 1933 PA 94, MCL 141.101 to 141.135. Except as provided in
7 subsection (2), revenue bonds issued by the authority shall not be
8 considered a debt of the municipality or of the state.

9 (2) The municipality by a majority vote of the members of its
10 governing body may make a limited tax pledge to support the
11 authority's revenue bonds or, if authorized by the voters of the
12 municipality, may pledge its full faith and credit to support the
13 authority's revenue bonds.

14 Sec. 411a. (1) If the amount of tax increment revenues lost as
15 a result of the reduction of taxes levied by local school districts
16 for school operating purposes required by the millage limitations
17 under section 1211 of the revised school code, 1976 PA 451, MCL
18 380.1211, reduced by the amount of tax increment revenues received
19 from the capture of taxes levied under or attributable to the state
20 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
21 the tax increment revenues received in a fiscal year by an
22 authority under section 413 to be insufficient to repay an eligible
23 advance or to pay an eligible obligation, the legislature shall
24 appropriate and distribute to the authority the amount described in
25 subsection (5).

26 (2) Not less than 30 days before the first day of a fiscal
27 year, an authority eligible to retain tax increment revenues from

1 taxes levied by a local or intermediate school district or this
2 state or to receive a distribution under this section for that
3 fiscal year shall file a claim with the department of treasury. The
4 claim shall include the following information:

5 (a) The property tax millage rates levied in 1993 by local
6 school districts within the jurisdictional area of the authority
7 for school operating purposes.

8 (b) The property tax millage rates expected to be levied by
9 local school districts within the jurisdictional area of the
10 authority for school operating purposes for that fiscal year.

11 (c) The tax increment revenues estimated to be received by the
12 authority for that fiscal year based upon actual property tax
13 levies of all taxing jurisdictions within the jurisdictional area
14 of the authority plus any tax increment revenues the authority
15 would have received for the fiscal year from property that is
16 exempt from taxation pursuant to the Michigan renaissance zone act,
17 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
18 taxable value at the time the zone is designated.

19 (d) The tax increment revenues the authority estimates it
20 would have received for that fiscal year if property taxes were
21 levied by local school districts within the jurisdictional area of
22 the authority for school operating purposes at the millage rates
23 described in subdivision (a) and if no property taxes were levied
24 by this state under the state education tax act, 1993 PA 331, MCL
25 211.901 to 211.906.

26 (e) A list and documentation of eligible obligations and
27 eligible advances and the payments due on each of those eligible

1 obligations or eligible advances in that fiscal year, and the total
2 amount of all the payments due on those eligible obligations and
3 eligible advances in that fiscal year.

4 (f) The amount of money, other than tax increment revenues,
5 estimated to be received in that fiscal year by the authority that
6 is primarily pledged to, and to be used for, the payment of an
7 eligible obligation or the repayment of an eligible advance. That
8 amount shall not include excess tax increment revenues of the
9 authority that are permitted by law to be retained by the authority
10 for purposes that further the development program. However, that
11 amount shall include money to be obtained from sources authorized
12 by law, which law is enacted on or after December 1, 1993, for use
13 by the municipality or authority to finance a development project.

14 (g) The amount of a distribution received pursuant to this
15 part for a fiscal year in excess of or less than the distribution
16 that would have been required if calculated upon actual tax
17 increment revenues received for that fiscal year.

18 (h) A list and documentation of other protected obligations
19 and the payments due on each of those other protected obligations
20 in that fiscal year, and the total amount of all the payments due
21 on those other protected obligations in that fiscal year.

22 (3) For the fiscal year that commences after September 30,
23 1993 and before October 1, 1994, an authority may make a claim with
24 all information required by subsection (2) at any time after March
25 15, 1994.

26 (4) After review and verification of claims submitted pursuant
27 to this section, amounts appropriated by the state in compliance

1 with this part shall be distributed as 2 equal payments on March 1
2 and September 1 after receipt of a claim. An authority shall
3 allocate a distribution it receives for an eligible obligation
4 issued on behalf of a municipality to the municipality.

5 (5) Subject to subsections (6) and (7), the aggregate amount
6 to be appropriated and distributed pursuant to this section to an
7 authority shall be the sum of the amounts determined pursuant to
8 subdivisions (a) and (b) minus the amount determined pursuant to
9 subdivision (c), as follows:

10 (a) The amount by which the tax increment revenues the
11 authority would have received for the fiscal year, if property
12 taxes were levied by local school districts on property, including
13 property that is exempt from taxation pursuant to the Michigan
14 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
15 on the property's taxable value at the time the zone is designated,
16 for school operating purposes at the millage rates described in
17 subsection (2)(a) and if no property taxes were levied under the
18 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
19 exceed the sum of tax increment revenues the authority actually
20 received for the fiscal year plus any tax increment revenues the
21 authority would have received for the fiscal year from property
22 that is exempt from taxation pursuant to the Michigan renaissance
23 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
24 property's taxable value at the time the zone is designated.

25 (b) A shortfall required to be reported pursuant to subsection
26 (2)(g) that had not previously increased a distribution.

27 (c) An excess amount required to be reported pursuant to

1 subsection (2)(g) that had not previously decreased a distribution.

2 (6) The amount distributed under subsection (5) shall not
3 exceed the difference between the amount described in subsection
4 (2)(e) and the sum of the amounts described in subsection (2)(c)
5 and (f).

6 (7) If, based upon the tax increment financing plan in effect
7 on August 19, 1993, the payment due on eligible obligations or
8 eligible advances anticipates the use of excess prior year tax
9 increment revenues permitted by law to be retained by the
10 authority, and if the sum of the amounts described in subsection
11 (2)(c) and (f) plus the amount to be distributed under subsections
12 (5) and (6) is less than the amount described in subsection (2)(e),
13 the amount to be distributed under subsections (5) and (6) shall be
14 increased by the amount of the shortfall. However, the amount
15 authorized to be distributed pursuant to this section shall not
16 exceed that portion of the cumulative difference, for each
17 preceding fiscal year, between the amount that could have been
18 distributed pursuant to subsection (5) and the amount actually
19 distributed pursuant to subsections (5) and (6) and this
20 subsection.

21 (8) A distribution under this section replacing tax increment
22 revenues pledged by an authority or a municipality is subject to
23 the lien of the pledge, whether or not there has been physical
24 delivery of the distribution.

25 (9) Obligations for which distributions are made pursuant to
26 this section are not a debt or liability of this state; do not
27 create or constitute an indebtedness, liability, or obligation of

1 this state; and are not and do not constitute a pledge of the faith
2 and credit of this state.

3 (10) Not later than July 1 of each year, the authority shall
4 certify to the local tax collecting treasurer the amount of the
5 distribution required under subsection (5), calculated without
6 regard to the receipt of tax increment revenues attributable to
7 local or intermediate school district operating taxes or
8 attributable to taxes levied under the state education tax act,
9 1993 PA 331, MCL 211.901 to 211.906.

10 (11) Calculations of distributions under this section and
11 claims reports required to be made under subsection (2) shall be
12 made on the basis of each development area of the authority.

13 (12) The state tax commission may provide that the
14 reimbursement calculations under this section and the calculation
15 of allowable capture of school taxes shall be made for each
16 calendar year's tax increment revenues using a 12-month debt
17 payment period used by the authority and approved by the state tax
18 commission.

19 Sec. 411b. (1) If the amount of tax increment revenues lost as
20 a result of the personal property tax exemptions provided by
21 section 1211(4) of the revised school code, 1976 PA 451, MCL
22 380.1211, section 3 of the state education tax act, 1993 PA 331,
23 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
24 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
25 reduce the allowable school tax capture received in a fiscal year,
26 then, notwithstanding any other provision of this part, the
27 authority, with approval of the department of treasury under

1 subsection (3), may request the local tax collecting treasurer to
2 retain and pay to the authority taxes levied under the state
3 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
4 for the following:

5 (a) To repay an eligible advance.

6 (b) To repay an eligible obligation.

7 (c) To repay an other protected obligation.

8 (d) To pay an advance or an obligation identified in a
9 development plan, or an amendment to that plan for property located
10 in a certified technology park approved by board of the authority
11 not later than 90 days after July 19, 2010 if the plan contains all
12 of the following and the plan for the capture of school taxes has
13 been approved within 1 year after July 19, 2010:

14 (i) A detailed description of the project.

15 (ii) A statement of the estimated cost of the project.

16 (iii) The specific location of the project.

17 (iv) The name of any developer of the project.

18 (e) To pay an advance or an obligation identified in a
19 development plan, or an amendment to that plan for property located
20 in a certified alternative energy park approved by the board of the
21 authority if the plan contains all of the following and the plan
22 for the capture of school taxes has been approved not later than
23 December 31, 2012:

24 (i) A detailed description of the project.

25 (ii) A statement of the estimated cost of the project.

26 (iii) The specific location of the project.

27 (iv) The name of any developer of the project.

1 (2) Not later than June 15, 2008, not later than September 30,
2 2009, and not later than June 1 of each subsequent year, an
3 authority eligible under subsection (1) to have taxes levied under
4 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
5 retained and paid to the authority under this section, shall apply
6 for approval with the department of treasury. The application for
7 approval shall include the following information:

8 (a) The property tax millage rates expected to be levied by
9 local school districts within the jurisdictional area of the
10 authority for school operating purposes for that fiscal year.

11 (b) The tax increment revenues estimated to be received by the
12 authority for that fiscal year based upon actual property tax
13 levies of all taxing jurisdictions within the jurisdictional area
14 of the authority.

15 (c) The tax increment revenues the authority estimates it
16 would have received for that fiscal year if the personal property
17 tax exemptions described in subsection (1) were not in effect.

18 (d) A list of eligible obligations, eligible advances, other
19 protected obligations, and advances and obligations described in
20 subsection (1)(d) for expenditures authorized in a certified
21 technology park or described in subsection (1)(e) for expenditures
22 authorized in a certified alternative energy park; the payments due
23 on each of those in that fiscal year; and the total amount of
24 payments due on all of those in that fiscal year.

25 (e) The amount of money, other than tax increment revenues,
26 estimated to be received in that fiscal year by the authority that
27 is primarily pledged to, and to be used for, the payment of an

1 eligible obligation, the repayment of an eligible advance, the
2 payment of another protected obligation, the payment of obligations
3 or advances described in subsection (1)(d) for expenditures
4 authorized in a certified technology park, or the payment of
5 obligations or advances described in subsection (1)(e) for
6 expenditures authorized in a certified alternative energy park.
7 That amount shall not include excess tax increment revenues of the
8 authority that are permitted by law to be retained by the authority
9 for purposes that further the development program. However, that
10 amount shall include money to be obtained from sources authorized
11 by law, which law is enacted on or after December 1, 1993, for use
12 by the municipality or authority to finance a development plan.

13 (f) The amount of a distribution received pursuant to this
14 part for a fiscal year in excess of or less than the distribution
15 that would have been required if calculated upon actual tax
16 increment revenues received for that fiscal year.

17 (3) Not later than August 15, 2008; for 2009 only, not later
18 than 30 days after August 1, 2012; and not later than August 15 of
19 each subsequent year, based on the calculations under subsection
20 (5), the department of treasury shall approve, modify, or deny the
21 application for approval to have taxes levied under the state
22 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
23 and paid to the authority under this section. If the application
24 for approval contains the information required under subsection
25 (2)(a) through (f) and appears to be in substantial compliance with
26 the provisions of this section, then the department of treasury
27 shall approve the application. If the application is denied by the

1 department of treasury, then the department of treasury shall
2 provide the opportunity for a representative of the authority to
3 discuss the denial within 21 days after the denial occurs and shall
4 sustain or modify its decision within 30 days after receiving
5 information from the authority. If the application for approval is
6 approved or modified by the department of treasury, the local tax
7 collecting treasurer shall retain and pay to the authority the
8 amount described in subsection (5) as approved by the department.
9 If the department of treasury denies the authority's application
10 for approval, the local tax collecting treasurer shall not retain
11 or pay to the authority the taxes levied under the state education
12 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
13 department does not prohibit a subsequent audit of taxes retained
14 in accordance with the procedures currently authorized by law.

15 (4) Each year, the legislature shall appropriate and
16 distribute an amount sufficient to pay each authority the
17 following:

18 (a) If the amount to be retained and paid under subsection (3)
19 is less than the amount calculated under subsection (5), the
20 difference between those amounts.

21 (b) If the application for approval is denied by the
22 department of treasury, an amount verified by the department equal
23 to the amount calculated under subsection (5).

24 (5) Subject to subsection (6), the aggregate amount under this
25 section shall be the sum of the amounts determined under
26 subdivisions (a) and (b) minus the amount determined under
27 subdivision (c), as follows:

1 (a) The amount by which the tax increment revenues the
2 authority would have received and retained for the fiscal year,
3 excluding taxes exempt under section 7ff of the general property
4 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
5 exemptions described in subsection (1) were not in effect, exceed
6 the tax increment revenues the authority actually received for the
7 fiscal year.

8 (b) A shortfall required to be reported under subsection
9 (2)(f) that had not previously increased a distribution.

10 (c) An excess amount required to be reported under subsection
11 (2)(f) that had not previously decreased a distribution.

12 (6) A distribution or taxes retained under this section
13 replacing tax increment revenues pledged by an authority or a
14 municipality are subject to any lien of the pledge described in
15 subsection (1), whether or not there has been physical delivery of
16 the distribution.

17 (7) Obligations for which distributions are made under this
18 section are not a debt or liability of this state; do not create or
19 constitute an indebtedness, liability, or obligation of this state;
20 and are not and do not constitute a pledge of the faith and credit
21 of this state.

22 (8) Not later than September 15 of each year, the authority
23 shall provide a copy of the application for approval approved by
24 the department of treasury to the local tax collecting treasurer
25 and provide the amount of the taxes retained and paid to the
26 authority under subsection (5).

27 (9) Calculations of amounts retained and paid and

1 appropriations to be distributed under this section shall be made
2 on the basis of each development area of the authority.

3 (10) The state tax commission may provide that the
4 reimbursement calculations under this section and the calculation
5 of allowable capture of school taxes shall be made for each
6 calendar year's tax increment revenues using a 12-month debt
7 payment period used by the authority and approved by the state tax
8 commission.

9 (11) It is the intent of the legislature that, to the extent
10 that the total amount of taxes levied under the state education tax
11 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
12 retained under this section and section 15a of the brownfield
13 redevelopment financing act, 1996 PA 381, MCL 125.2665a, section
14 312b, and section 213c exceeds the difference of the total school
15 aid fund revenue for the tax year minus the estimated amount of
16 revenue the school aid fund would have received for the tax year
17 had the tax exemptions described in subsection (1) and the earmark
18 created by section 515 of the Michigan business tax act, 2007 PA
19 36, MCL 208.1515, not taken effect, the general fund shall
20 reimburse the school aid fund the difference.

21 Sec. 412. (1) If the board determines that it is necessary for
22 the achievement of the purposes of this part, the board shall
23 prepare and submit a tax increment financing plan to the governing
24 body. The plan shall be in compliance with section 413 and shall
25 include a development plan as provided in section 415. The plan
26 shall also contain the following:

27 (a) A statement of the reasons that the plan will result in

1 the development of captured assessed value that could not otherwise
2 be expected. The reasons may include, but are not limited to,
3 activities of the municipality, authority, or others undertaken
4 before formulation or adoption of the plan in reasonable
5 anticipation that the objectives of the plan would be achieved by
6 some means.

7 (b) An estimate of the captured assessed value for each year
8 of the plan. The plan may provide for the use of part or all of the
9 captured assessed value or, subject to subsection (3), of the tax
10 increment revenues attributable to the levy of any taxing
11 jurisdiction, but the portion intended to be used shall be clearly
12 stated in the plan. The board or the municipality creating the
13 authority may exclude from captured assessed value a percentage of
14 captured assessed value as specified in the plan or growth in
15 property value resulting solely from inflation. If excluded, the
16 plan shall set forth the method for excluding growth in property
17 value resulting solely from inflation.

18 (c) The estimated tax increment revenues for each year of the
19 plan.

20 (d) A detailed explanation of the tax increment procedure.

21 (e) The maximum amount of note or bonded indebtedness to be
22 incurred, if any.

23 (f) The amount of operating and planning expenditures of the
24 authority and municipality, the amount of advances extended by or
25 indebtedness incurred by the municipality, and the amount of
26 advances by others to be repaid from tax increment revenues.

27 (g) The costs of the plan anticipated to be paid from tax

1 increment revenues as received.

2 (h) The duration of the development plan and the tax increment
3 plan.

4 (i) An estimate of the impact of tax increment financing on
5 the revenues of all taxing jurisdictions in which the eligible
6 property is or is anticipated to be located.

7 (j) A legal description of the eligible property to which the
8 tax increment financing plan applies or shall apply upon
9 qualification as eligible property.

10 (k) An estimate of the number of jobs to be created as a
11 result of implementation of the tax increment financing plan.

12 (l) The proposed boundaries of a certified technology park to
13 be created under an agreement proposed to be entered into pursuant
14 to section 412a, or of a certified alternative energy park to be
15 created under an agreement proposed to be entered into pursuant to
16 section 412c, or of a Next Michigan development area designated
17 under section 412e, an identification of the real property within
18 the certified technology park, the certified alternative energy
19 park, or the Next Michigan development area to be included in the
20 tax increment financing plan for purposes of determining tax
21 increment revenues, and whether personal property located in the
22 certified technology park, the certified alternative energy park,
23 or the Next Michigan development area is exempt from determining
24 tax increment revenues.

25 (2) Except as provided in subsection (7), a tax increment
26 financing plan shall provide for the use of tax increment revenues
27 for public facilities for eligible property whose captured assessed

1 value produces the tax increment revenues or, to the extent the
2 eligible property is located within a business development area or
3 a Next Michigan development area, for other eligible property
4 located in the business development area or the Next Michigan
5 development area. Public facilities for eligible property include
6 the development or improvement of access to and around, or within
7 the eligible property, of road facilities reasonably required by
8 traffic flow to be generated by the eligible property, and the
9 development or improvement of public facilities that are necessary
10 to service the eligible property, whether or not located on that
11 eligible property. If the eligible property identified in the tax
12 increment financing plan is property to which section 402(p)(iv)
13 applies, the tax increment financing plan shall not provide for the
14 use of tax increment revenues for public facilities other than
15 those described in the development plan as of April 1, 1991.
16 Whether or not provided in the tax increment financing plan, if the
17 eligible property identified in the tax increment financing plan is
18 property to which section 402(s)(iv) applies, then to the extent
19 that captured tax increment revenues are utilized for the costs of
20 cleanup of identified soil and groundwater contamination, the
21 captured tax increment revenues shall be first credited against the
22 shares of responsibility for the total costs of cleanup of
23 uncollectible parties who are responsible for the identified soil
24 and groundwater contamination pursuant to law, and then shall be
25 credited on a pro rata basis against the shares of responsibility
26 for the total costs of cleanup of other parties who are responsible
27 for the identified soil and groundwater contamination pursuant to

1 law.

2 (3) The percentage of taxes levied for school operating
3 purposes that is captured and used by the tax increment financing
4 plan and the tax increment financing plans under part 2, part 3,
5 and the brownfield redevelopment financing act, 1996 PA 381, MCL
6 125.2651 to 125.2672, shall not be greater than the percentage
7 capture and use of taxes levied by a municipality or county for
8 operating purposes under the tax increment financing plan and tax
9 increment financing plans under part 2, part 3, and the brownfield
10 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.
11 For purposes of the previous sentence, taxes levied by a county for
12 operating purposes include only millage allocated for county or
13 charter county purposes under the property tax limitation act, 1933
14 PA 62, MCL 211.201 to 211.217a.

15 (4) Except as otherwise provided by this subsection, approval
16 of the tax increment financing plan shall be in accordance with the
17 notice, hearing, disclosure, and approval provisions of sections
18 416 and 417. If the development plan is part of the tax increment
19 financing plan, only 1 hearing and approval procedure is required
20 for the 2 plans together. For a plan submitted by an authority
21 established by 2 or more municipalities under sections 403(2) and
22 404(7) or by an authority established by a Next Michigan
23 development corporation under sections 403(3) and 404(8), the
24 notice required by section 416 may be published jointly by the
25 municipalities in which the authority district is located or by the
26 Next Michigan development corporation. For a plan submitted by an
27 authority exercising its powers under sections 403(2) and 404(7),

1 the plan shall not be considered approved unless each governing
2 body in which the authority district is located makes the
3 determinations required by section 417 and approves the same plan,
4 including the same modifications, if any, made to the plan by any
5 other governing body. A plan submitted by an authority exercising
6 its powers under sections 403(3) and 404(8) shall be approved if
7 the governing body of the Next Michigan development corporation
8 makes the determinations required by section 417.

9 (5) Before the public hearing on the tax increment financing
10 plan, the governing body shall provide a reasonable opportunity to
11 the taxing jurisdictions levying taxes subject to capture to
12 express their views and recommendations regarding the tax increment
13 financing plan. The authority shall fully inform the taxing
14 jurisdictions about the fiscal and economic implications of the
15 proposed tax increment financing plan. The taxing jurisdictions may
16 present their recommendations at the public hearing on the tax
17 increment financing plan. The authority may enter into agreements
18 with the taxing jurisdictions and the governing body of the
19 municipality in which the authority district is located to share a
20 portion of the captured assessed value of the district or to
21 distribute tax increment revenues among taxing jurisdictions. Upon
22 adoption of the plan, the collection and transmission of the amount
23 of tax increment revenues, as specified in this part, shall be
24 binding on all taxing units levying ad valorem property taxes or
25 specific local taxes against property located in the authority
26 district.

27 (6) Property qualified as a public facility under section

1 402(ff)(ii) that is acquired by an authority may be sold, conveyed,
2 or otherwise disposed to any person, public or private, for fair
3 market value or reasonable monetary consideration established by
4 the authority with the concurrence of the Michigan economic
5 development corporation and the municipality in which the eligible
6 property is located based on a fair market value appraisal from a
7 fee appraiser only if the property is sold for fair market value.
8 Unless the property acquired by an authority was located within a
9 certified business park, a certified technology park, a certified
10 alternative energy park, or a Next Michigan development area at the
11 time of disposition, an authority shall remit all monetary proceeds
12 received from the sale or disposition of property that qualified as
13 a public facility under section 402(ff)(ii) and was purchased with
14 tax increment revenues to the taxing jurisdictions. Proceeds
15 distributed to taxing jurisdictions shall be remitted in proportion
16 to the amount of tax increment revenues attributable to each taxing
17 jurisdiction in the year the property was acquired. If the property
18 was acquired in part with funds other than tax increment revenues,
19 only that portion of the monetary proceeds received upon
20 disposition that represent the proportion of the cost of
21 acquisition paid with tax increment revenues is required to be
22 remitted to taxing jurisdictions. If the property is located within
23 a certified business park, a certified technology park, or a
24 certified alternative energy park, or a Next Michigan development
25 area at the time of disposition, the monetary proceeds received
26 from the sale or disposition of that property may be retained by
27 the authority for any purpose necessary to further the development

1 program for the certified business park, certified technology park,
2 certified alternative energy park, or Next Michigan development
3 area in accordance with the tax increment financing plan.

4 (7) The tax increment financing plan may provide for the use
5 of tax increment revenues from a certified technology park for
6 public facilities for any eligible property located in the
7 certified technology park. The tax increment financing plan may
8 provide for the use of tax increment revenues from a certified
9 alternative energy park for public facilities for any eligible
10 property located in the certified alternative energy park. The tax
11 increment financing plan may provide for the use of tax increment
12 revenues within or without the development area from which the tax
13 increment revenues are derived, provided that the tax increment
14 revenues shall be used for public facilities within a Next Michigan
15 development area within the municipality whose levy has contributed
16 to the tax increment revenues except as otherwise provided in the
17 interlocal agreement creating the Next Michigan development
18 corporation that established the authority.

19 (8) If title to property qualified as a public facility under
20 section 402(ff)(ii) and acquired by an authority with tax increment
21 revenues is sold, conveyed, or otherwise disposed of pursuant to
22 subsection (6) for less than fair market value, the authority shall
23 enter into an agreement relating to the use of the property with
24 the person to whom the property is sold, conveyed, or disposed of,
25 which agreement shall include a penalty provision addressing
26 repayment to the authority if any interest in the property is sold,
27 conveyed, or otherwise disposed of by the person within 12 years

1 after the person received title to the property from the authority.
2 This subsection shall not require enforcement of a penalty
3 provision for a conveyance incident to a merger, acquisition,
4 reorganization, sale-lease back transaction, employee stock
5 ownership plan, or other change in corporate or business form or
6 structure.

7 (9) The penalty provision described in subsection (8) shall
8 not be less than an amount equal to the difference between the fair
9 market value of the property when originally sold, conveyed, or
10 otherwise disposed of and the actual consideration paid by the
11 person to whom the property was originally sold, conveyed, or
12 otherwise disposed of.

13 Sec. 412a. (1) A municipality that has created an authority
14 may apply to the Michigan economic development corporation for
15 designation of all or a portion of the authority district as a
16 certified technology park and to enter into an agreement governing
17 the terms and conditions of the designation. The form of the
18 application shall be in a form specified by the Michigan economic
19 development corporation and shall include information the Michigan
20 economic development corporation determines necessary to make the
21 determinations required under this section.

22 (2) After receipt of an application, the Michigan economic
23 development corporation may designate, pursuant to an agreement
24 entered into under subsection (3), a certified technology park that
25 is determined by the Michigan economic development corporation to
26 satisfy 1 or more of the following criteria based on the
27 application:

1 (a) A demonstration of significant support from an institution
2 of higher education, a private research-based institute, or a
3 large, private corporate research and development center located
4 within the proximity of the proposed certified technology park, as
5 evidenced by, but not limited to, the following types of support:

6 (i) Grants of preferences for access to and commercialization
7 of intellectual property.

8 (ii) Access to laboratory and other facilities owned by or
9 under control of the institution of higher education or private
10 research-based institute.

11 (iii) Donations of services.

12 (iv) Access to telecommunication facilities and other
13 infrastructure.

14 (v) Financial commitments.

15 (vi) Access to faculty, staff, and students.

16 (vii) Opportunities for adjunct faculty and other types of
17 staff arrangements or affiliations.

18 (b) A demonstration of a significant commitment on behalf of
19 the institution of higher education, private research-based
20 institute, or a large, private corporate research and development
21 center to the commercialization of research produced at the
22 certified technology park, as evidenced by the intellectual
23 property and, if applicable, tenure policies that reward faculty
24 and staff for commercialization and collaboration with private
25 businesses.

26 (c) A demonstration that the proposed certified technology
27 park will be developed to take advantage of the unique

1 characteristics and specialties offered by the public and private
2 resources available in the area in which the proposed certified
3 technology park will be located.

4 (d) The existence of or proposed development of a business
5 incubator within the proposed certified technology park that
6 exhibits the following types of resources and organization:

7 (i) Significant financial and other types of support from the
8 public or private resources in the area in which the proposed
9 certified technology park will be located.

10 (ii) A business plan exhibiting the economic utilization and
11 availability of resources and a likelihood of successful
12 development of technologies and research into viable business
13 enterprises.

14 (iii) A commitment to the employment of a qualified full-time
15 manager to supervise the development and operation of the business
16 incubator.

17 (e) The existence of a business plan for the proposed
18 certified technology park that identifies its objectives in a
19 clearly focused and measurable fashion and that addresses the
20 following matters:

21 (i) A commitment to new business formation.

22 (ii) The clustering of businesses, technology, and research.

23 (iii) The opportunity for and costs of development of
24 properties under common ownership or control.

25 (iv) The availability of and method proposed for development
26 of infrastructure and other improvements, including
27 telecommunications technology, necessary for the development of the

1 proposed certified technology park.

2 (v) Assumptions of costs and revenues related to the
3 development of the proposed certified technology park.

4 (f) A demonstrable and satisfactory assurance that the
5 proposed certified technology park can be developed to principally
6 contain eligible property as defined by section 402(s) (iii) and
7 (v) .

8 (3) An authority and a municipality that incorporated the
9 authority may enter into an agreement with the Michigan economic
10 development corporation establishing the terms and conditions
11 governing the certified technology park. Upon designation of the
12 certified technology park pursuant to the terms of the agreement,
13 the subsequent failure of any party to comply with the terms of the
14 agreement shall not result in the termination or rescission of the
15 designation of the area as a certified technology park. The
16 agreement shall include, but is not limited to, the following
17 provisions:

18 (a) A description of the area to be included within the
19 certified technology park.

20 (b) Covenants and restrictions, if any, upon all or a portion
21 of the properties contained within the certified technology park
22 and terms of enforcement of any covenants or restrictions.

23 (c) The financial commitments of any party to the agreement
24 and of any owner or developer of property within the certified
25 technology park.

26 (d) The terms of any commitment required from an institution
27 of higher education or private research-based institute for support

1 of the operations and activities at eligible properties within the
2 certified technology park.

3 (e) The terms of enforcement of the agreement, which may
4 include the definition of events of default, cure periods, legal
5 and equitable remedies and rights, and penalties and damages,
6 actual or liquidated, upon the occurrence of an event of default.

7 (f) The public facilities to be developed for the certified
8 technology park.

9 (g) The costs approved for public facilities under section
10 402(dd).

11 (4) If the Michigan economic development corporation has
12 determined that a sale price or rental value at below market rate
13 will assist in increasing employment or private investment in the
14 certified technology park, the authority and municipality have
15 authority to determine the sale price or rental value for public
16 facilities owned or developed by the authority and municipality in
17 the certified technology park at below market rate.

18 (5) If public facilities developed pursuant to an agreement
19 entered into under this section are conveyed or leased at less than
20 fair market value or at below market rates, the terms of the
21 conveyance or lease shall include legal and equitable remedies and
22 rights to assure the public facilities are used as eligible
23 property. Legal and equitable remedies and rights may include
24 penalties and actual or liquidated damages.

25 (6) Except as otherwise provided in this section, an agreement
26 designating a certified technology park may not be made after
27 December 31, 2002, but any agreement made on or before December 31,

1 2002 may be amended after that date. However, the Michigan economic
2 development corporation may enter into an agreement with a
3 municipality after December 31, 2002 and on or before December 31,
4 2005 if that municipality has adopted a resolution of interest to
5 create a certified technology park before December 31, 2002.

6 (7) The Michigan economic development corporation shall market
7 the certified technology parks and the certified business parks.
8 The Michigan economic development corporation and an authority may
9 contract with each other or any third party for these marketing
10 services.

11 (8) Except as otherwise provided in subsections (9), (10), and
12 (11), the Michigan economic development corporation shall not
13 designate more than 10 certified technology parks. For purposes of
14 this subsection only, 2 certified technology parks located in a
15 county that contains a city with a population of more than 750,000,
16 shall be counted as 1 certified technology park. Not more than 7 of
17 the certified technology parks designated under this section may
18 not include a firm commitment from at least 1 business engaged in a
19 high technology activity creating a significant number of jobs.

20 (9) The Michigan economic development corporation may
21 designate an additional 5 certified technology parks after November
22 1, 2002 and before December 31, 2007. The Michigan economic
23 development corporation shall not accept applications for the
24 additional certified technology parks under this subsection until
25 after November 1, 2002.

26 (10) The Michigan economic development corporation may
27 designate an additional 3 certified technology parks after February

1 1, 2008 and before December 31, 2008. The Michigan economic
2 development corporation shall not accept applications for the
3 additional certified technology parks under this subsection until
4 after February 1, 2008.

5 (11) The Michigan economic development corporation may
6 designate an additional 3 certified technology parks before March
7 31, 2013. It is the intent of the legislature that after the
8 additional 3 certified technology parks are designated under this
9 subsection, no additional certified technology parks shall be
10 designated under this section.

11 (12) The Michigan economic development corporation shall give
12 priority to applications that include new business activity.

13 (13) For an authority established by 2 or more municipalities
14 under sections 403(2) and 404(7), each municipality in which the
15 authority district is located by a majority vote of the members of
16 its governing body may make a limited tax pledge to support the
17 authority's tax increment bonds issued under section 14 or, if
18 authorized by the voters of the municipality, may pledge its full
19 faith and credit for the payment of the principal of and interest
20 on the bonds. The municipalities that have made a pledge to support
21 the authority's tax increment bonds may approve by resolution an
22 agreement among themselves establishing obligations each may have
23 to the other party or parties to the agreement for reimbursement of
24 all or any portion of a payment made by a municipality related to
25 its pledge to support the authority's tax increment bonds.

26 (14) Not including certified technology parks designated under
27 subsection (8), but for certified technology parks designated under

1 subsections (9), (10), and (11) only, this state shall do all of
2 the following:

3 (a) Reimburse intermediate school districts each year for all
4 tax revenue lost that was captured by an authority for a certified
5 technology park designated by the Michigan economic development
6 corporation after October 3, 2002.

7 (b) Reimburse local school districts each year for all tax
8 revenue lost that was captured by an authority for a certified
9 technology park designated by the Michigan economic development
10 corporation after October 3, 2002.

11 (c) Reimburse the school aid fund from funds other than those
12 appropriated in section 411 of the state school aid act of 1979,
13 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
14 calculations under subdivisions (a) and (b) and for all revenue
15 lost that was captured by an authority for a certified technology
16 park designated by the Michigan economic development corporation
17 after October 3, 2002. Foundation allowances calculated under
18 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
19 388.1620, shall not be reduced as a result of tax revenue lost that
20 was captured by an authority for a certified technology park
21 designated by the Michigan economic development corporation under
22 subsection (9), (10), or (11) after October 3, 2002.

23 Sec. 412b. (1) A municipality that has created an authority in
24 which a certified technology park has been designated under this
25 part may enter into an agreement with another authority that does
26 not contain a certified technology park to designate a distinct
27 geographic area within the authority district as a certified

1 technology park. The authority shall consider the advantages of the
2 unique characteristics and specialties offered by the public and
3 private resources available in the distinct geographic area, shall
4 consider the benefits to regional cooperation and collaboration,
5 and shall consider whether designating the additional distinct
6 geographic area adds value to the mission of the designated
7 certified technology park. The distinct geographic area is subject
8 to the provisions of section 412a(3), (4), and (5). The state
9 treasurer shall not approve the capture of amounts levied by the
10 state under the state education tax act, 1993 PA 331, MCL 211.901
11 to 211.906, and by local and intermediate school districts as
12 permitted in section 402(jj)(ii)(B) for more than 9 distinct
13 geographic areas designated under this section. In addition,
14 beginning on July 21, 2015, the state treasurer shall not approve
15 the capture of amounts described in this subsection unless the
16 application for approval of a distinct geographic area under this
17 subsection is also approved by the Michigan economic development
18 corporation as provided in subsection (2). A copy of the
19 designation shall be filed with the Michigan economic development
20 corporation.

21 (2) Beginning on July 21, 2015, the Michigan economic
22 development corporation shall designate the distinct geographic
23 areas under subsection (1) pursuant to a competitive application
24 process that has an initial application period and a final
25 application period and that meets all the following:

26 (a) The initial application period shall begin on July 21,
27 2015 and end on October 1, 2015. All applications submitted during

1 the initial application period shall be approved or denied not
2 later than November 1, 2015. The Michigan economic development
3 corporation may approve up to 3 applications as a result of the
4 initial application period. Applications submitted outside the
5 initial application period shall not be considered under this
6 subdivision.

7 (b) The final application period shall begin on January 1,
8 2016 and end on July 1, 2016. All applications submitted during the
9 final application period shall be approved or denied by September
10 1, 2016. The Michigan economic development corporation may approve
11 the remaining designations available under subsection (1) as a
12 result of the final application period. However, there is no
13 requirement that all 9 designations be made under this section.
14 Applications submitted outside the final application period shall
15 not be considered under this subdivision.

16 (c) The Michigan economic development corporation shall
17 publish the application process and competitive criteria upon which
18 applications will be evaluated on its website. If an application
19 does not meet the requirements of this section, the application
20 shall not be approved by the Michigan economic development
21 corporation.

22 Sec. 412c. (1) A municipality that has created an authority
23 may apply to the Michigan economic development corporation for
24 designation of all or a portion of the authority district as a
25 certified alternative energy park and to enter into an agreement
26 governing the terms and conditions of the designation. The form of
27 the application shall be in a form specified by the Michigan

1 economic development corporation and shall include information the
2 Michigan economic development corporation determines necessary to
3 make the determinations required under this section.

4 (2) After receipt of an application, the Michigan economic
5 development corporation may designate, pursuant to an agreement
6 entered into under subsection (3), a certified alternative energy
7 park that is determined by the Michigan economic development
8 corporation to satisfy 1 or more of the following criteria based on
9 the application:

10 (a) A demonstration that the proposed alternative energy park
11 will be developed to take advantage of the unique characteristics
12 and specialties offered by public and private resources available
13 in the area in which the proposed certified alternative energy park
14 will be located.

15 (b) The existence of or strong likelihood of attracting
16 alternative energy technology businesses to the proposed
17 alternative energy park by exhibiting the following types of
18 resources and organization:

19 (i) Significant financial and other types of support from the
20 public or private resources in the area.

21 (ii) Proposed or actual ownership of land in sufficient
22 quantity as to attract 1 or more major alternative energy
23 technology businesses.

24 (c) The existence of a business plan for the proposed
25 certified alternative energy park that identifies its objectives in
26 a clearly focused and measurable fashion and that addresses the
27 following matters:

1 (i) A commitment to new business formation or major business
2 attraction.

3 (ii) The clustering of businesses, technology, and research
4 within the region.

5 (iii) The opportunity for and costs of development of
6 properties under common ownership or control.

7 (iv) The availability of and method proposed for development
8 and sale or conveyance of shovel-ready sites to include
9 infrastructure and other improvements, including telecommunications
10 technology, necessary for the successful development of the
11 proposed certified alternative energy park.

12 (v) Assumptions of costs and revenues related to the
13 development of the proposed certified alternative energy park.

14 (d) A demonstrable and satisfactory assurance that the
15 proposed certified alternative energy park can be developed to
16 principally contain eligible property as defined by section
17 402(s)(v) and (vi).

18 (e) The proposed certified alternative energy park includes a
19 military installation that was operated by the United States
20 Department of Defense and closed after 1980.

21 (3) An authority and a municipality that incorporated the
22 authority may enter into an agreement with the Michigan economic
23 development corporation establishing the terms and conditions
24 governing the certified alternative energy park. Upon designation
25 of the certified alternative energy park pursuant to the terms of
26 the agreement, the subsequent failure of any party to comply with
27 the terms of the agreement shall not result in the termination or

1 rescission of the designation of the area as a certified
2 alternative energy park. The agreement shall include, but is not
3 limited to, the following provisions:

4 (a) A description of the area to be included within the
5 certified alternative energy park.

6 (b) Covenants and restrictions, if any, upon all or a portion
7 of the properties contained within the certified alternative energy
8 park and terms of enforcement of any covenants or restrictions.

9 (c) The financial commitments of any party to the agreement
10 and of any owner or developer of property, including sale or
11 transfer of ownership or options thereto upon designation of a
12 certified alternative energy park for property within the certified
13 alternative energy park.

14 (d) The terms of enforcement of the agreement, which may
15 include the definition of events of default, cure periods, legal
16 and equitable remedies and rights, and penalties and damages,
17 actual or liquidated, upon the occurrence of an event of default.

18 (e) Proposed method of ownership of the land within the
19 certified alternative energy park.

20 (f) The costs approved for public facilities under section
21 402(dd).

22 (g) Proposed method of operating the certified alternative
23 energy park.

24 (4) If the Michigan economic development corporation has
25 determined that a sale price or rental value at below market rate
26 will assist in increasing employment or private investment in the
27 certified alternative energy park, the authority and municipality

1 have authority to determine the sale price or rental value for
2 public facilities owned or developed by the authority and
3 municipality in the certified alternative energy park at below
4 market rate.

5 (5) If public facilities developed pursuant to an agreement
6 entered into under this section are conveyed or leased at less than
7 fair market value or at below market rates, the terms of the
8 conveyance or lease shall include legal and equitable remedies and
9 rights to assure that the public facilities are used as eligible
10 property. Legal and equitable remedies and rights may include
11 penalties and actual or liquidated damages.

12 (6) Except as otherwise provided in this section, an agreement
13 designating a certified alternative energy park may not be made
14 after December 31, 2012, but any agreement made on or before
15 December 31, 2012 may be amended after that date.

16 (7) The Michigan economic development corporation shall not
17 designate more than 10 certified alternative energy parks. For
18 purposes of this subsection only, certified alternative energy
19 parks located in the same county shall be counted as 1 certified
20 alternative energy park.

21 (8) For an authority established by 2 or more municipalities
22 under sections 403(2) and 404(7), each municipality in which the
23 authority district is located by a majority vote of the members of
24 its governing body may make a limited tax pledge to support the
25 authority's tax increment bonds issued under section 414 or, if
26 authorized by the voters of the municipality, may pledge its full
27 faith and credit for the payment of the principal of and interest

1 on the bonds. The municipalities that have made a pledge to support
2 the authority's tax increment bonds may approve by resolution an
3 agreement among themselves establishing obligations each may have
4 to the other party or parties to the agreement for reimbursement of
5 all or any portion of a payment made by a municipality related to
6 its pledge to support the authority's tax increment bonds.

7 (9) Upon approval of the Michigan economic development
8 corporation, the certified alternative energy park may be owned and
9 operated by an economic development corporation created under the
10 economic development corporations act, 1974 PA 338, MCL 125.1601 to
11 125.1636, or other public body agreeable to all members.

12 Sec. 412d. (1) If an authority determines that a sale price or
13 rental value at below market rate will assist in increasing
14 employment or private investment in a development area, the
15 authority may determine a sale price or rental value for public
16 facilities owned or developed by the authority at below market
17 rate.

18 (2) If public facilities are conveyed or leased at less than
19 fair market value or at below market rates, the terms of the
20 conveyance or lease shall include legal and equitable remedies and
21 rights to assure that the public facilities are used as eligible
22 property. Legal and equitable remedies and rights may include
23 penalties and actual or liquidated damages. If public facilities
24 for public benefit are provided to private owners or users of
25 eligible property, the terms of the conveyance or lease shall
26 include a benefit to the private owner or user.

27 Sec. 412e. (1) A Next Michigan development corporation

1 establishing an authority under section 403(3) shall notify the
2 Michigan economic development corporation of the designation of a
3 Next Michigan development area.

4 (2) The Michigan economic development corporation shall market
5 the authority district including Next Michigan development areas.

6 (3) For an authority exercising its powers under section
7 403(3), each municipality and county which is a party to the
8 interlocal agreement establishing the Next Michigan development
9 corporation, or any 1 of them, by a majority vote of the members of
10 its governing body, may make a limited tax pledge to support the
11 authority's tax increment bonds issued under section 414 or, if
12 authorized by the voters of the municipality or county, may pledge
13 its full faith and credit for the payment of the principal of and
14 interest on the bonds. The municipalities or counties that have
15 made a pledge to support the authority's tax increment bonds may
16 approve by resolution an agreement among themselves establishing
17 obligations each may have to the other party or parties to the
18 agreement for reimbursement of all or any portion of a payment made
19 by a municipality or county related to its pledge to support the
20 authority's tax increment bonds.

21 Sec. 413. (1) The city, village, township, school district,
22 and county treasurers shall transmit to the authority tax increment
23 revenues.

24 (2) The authority shall expend the tax increment revenues
25 received for the development program only in accordance with the
26 tax increment financing plan. Tax increment revenues in excess of
27 the estimated tax increment revenues or of the actual costs of the

1 plan to be paid by the tax increment revenues may be retained by
2 the authority only for purposes, that by resolution of the board,
3 are determined to further the development program in accordance
4 with the tax increment financing plan. The excess tax increment
5 revenues not so used shall revert proportionately to the respective
6 taxing jurisdictions. These revenues shall not be used to
7 circumvent existing property tax laws or a local charter that
8 provides a maximum authorized rate for the levy of property taxes.
9 The governing body may abolish the tax increment financing plan if
10 it finds that the purposes for which the plan was established are
11 accomplished. However, the tax increment financing plan may not be
12 abolished, allowed to expire, or otherwise terminate until the
13 principal of, and interest on, bonds issued pursuant to section 414
14 have been paid or funds sufficient to make that payment have been
15 segregated and placed in an irrevocable trust for the benefit of
16 the holders of the bonds.

17 Sec. 414. (1) By resolution of its board and subject to the
18 limitations set forth in this section, the authority may authorize,
19 issue, and sell its tax increment bonds to finance a development
20 program. The bonds are subject to the revised municipal finance
21 act, 2001 PA 34, MCL 141.2101 to 141.2821. The authority may pledge
22 for debt service requirements the tax increment revenues to be
23 received from an eligible property. The bonds issued under this
24 section shall be considered a single series for the purposes of the
25 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
26 141.2821.

27 (2) The municipality by majority vote of the members of its

1 governing body may make a limited tax pledge to support the
2 authority's tax increment bonds or, if authorized by the voters of
3 the municipality, pledge its full faith and credit for the payment
4 of the principal of and interest on the authority's tax increment
5 bonds. The municipality may pledge as additional security for the
6 bonds any money received by the authority or the municipality
7 pursuant to section 410.

8 (3) Bonds and notes issued by the authority and the interest
9 on and income from those bonds and notes are exempt from taxation
10 by the state or a political subdivision of this state.

11 (4) Notwithstanding any other provision of this part, if the
12 state treasurer determines that an authority or municipality can
13 issue a qualified refunding obligation and the authority or
14 municipality does not make a good-faith effort to issue the
15 qualified refunding obligation as determined by the state
16 treasurer, the state treasurer may reduce the amount claimed by the
17 authority or municipality under section 411a by an amount equal to
18 the net present value saving that would have been realized had the
19 authority or municipality refunded the obligation or the state
20 treasurer may require a reduction in the capture of tax increment
21 revenues from taxes levied by a local or intermediate school
22 district or this state by an amount equal to the net present value
23 savings that would have been realized had the authority or
24 municipality refunded the obligation. This subsection does not
25 authorize the state treasurer to require the authority or
26 municipality to pledge security greater than the security pledged
27 for the obligation being refunded.

1 Sec. 415. (1) If a board decides to finance a project under
2 this part, it shall prepare a development plan.

3 (2) To the extent necessary to accomplish the proposed
4 development program the development plan shall contain:

5 (a) A description of the property to which the plan applies in
6 relation to the boundaries of the authority district and a legal
7 description of the property.

8 (b) The designation of boundaries of the property to which the
9 plan applies in relation to highways, streets, or otherwise.

10 (c) The location and extent of existing streets and other
11 public facilities in the vicinity of the property to which the plan
12 applies; the location, character, and extent of the categories of
13 public and private land uses then existing and proposed for the
14 property to which the plan applies, including residential,
15 recreational, commercial, industrial, educational, and other uses.

16 (d) A description of public facilities to be acquired for the
17 property to which the plan applies, a description of any repairs
18 and alterations necessary to make those improvements, and an
19 estimate of the time required for completion of the improvements.

20 (e) The location, extent, character, and estimated cost of the
21 public facilities for the property to which the plan applies, and
22 an estimate of the time required for completion.

23 (f) A statement of the construction or stages of construction
24 planned, and the estimated time of completion of each stage.

25 (g) A description of any portions of the property to which the
26 plan applies, which the authority desires to sell, donate,
27 exchange, or lease to or from the municipality and the proposed

1 terms.

2 (h) A description of desired zoning changes and changes in
3 streets, street levels, intersections, and utilities.

4 (i) An estimate of the cost of the public facility or
5 facilities, a statement of the proposed method of financing the
6 public facility or facilities, and the ability of the authority to
7 arrange the financing.

8 (j) Designation of the person or persons, natural or
9 corporate, to whom all or a portion of the public facility or
10 facilities is to be leased, sold, or conveyed and for whose benefit
11 the project is being undertaken, if that information is available
12 to the authority.

13 (k) The procedures for bidding for the leasing, purchasing, or
14 conveying of all or a portion of the public facility or facilities
15 upon its completion, if there is no express or implied agreement
16 between the authority and persons, natural or corporate, that all
17 or a portion of the development will be leased, sold, or conveyed
18 to those persons.

19 (l) Estimates of the number of persons residing on the
20 property to which the plan applies and the number of families and
21 individuals to be displaced. If occupied residences are designated
22 for acquisition and clearance by the authority, a development plan
23 shall include a survey of the families and individuals to be
24 displaced, including their income and racial composition, a
25 statistical description of the housing supply in the community,
26 including the number of private and public units in existence or
27 under construction, the condition of those in existence, the number

1 of owner-occupied and renter-occupied units, the annual rate of
2 turnover of the various types of housing and the range of rents and
3 sale prices, an estimate of the total demand for housing in the
4 community, and the estimated capacity of private and public housing
5 available to displaced families and individuals.

6 (m) A plan for establishing priority for the relocation of
7 persons displaced by the development.

8 (n) Provision for the costs of relocating persons displaced by
9 the development, and financial assistance and reimbursement of
10 expenses, including litigation expenses and expenses incident to
11 the transfer of title, in accordance with the standards and
12 provisions of the federal uniform relocation assistance and real
13 property acquisition policies act of 1970, 42 USC 4601 to 4655.

14 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
15 213.332.

16 (p) Other material which the authority or governing body
17 considers pertinent.

18 (3) It shall not be necessary for the board to prepare a
19 development plan pursuant to this section if a development plan
20 that adequately provides for accomplishing the proposed development
21 program has already been prepared and where the development plan
22 has been approved by the board and governing body pursuant to
23 sections 416 and 417.

24 Sec. 416. (1) Before adoption of a resolution approving or
25 amending a development plan or approving or amending a tax
26 increment financing plan, the governing body shall hold a public
27 hearing on the development plan. Notice of the time and place of

1 the hearing shall be given by publication twice in a newspaper of
2 general circulation designated by the municipality, the first of
3 which shall not be less than 20 days before the date set for the
4 hearing. Beginning June 1, 2005, the notice of hearing within the
5 time frame described in this subsection shall be mailed by
6 certified mail to the governing body of each taxing jurisdiction
7 levying taxes that would be subject to capture if the development
8 plan or the tax increment financing plan is approved or amended.

9 (2) Notice of the time and place of hearing on a development
10 plan shall contain the following:

11 (a) A description of the property to which the plan applies in
12 relation to highways, streets, streams, or otherwise.

13 (b) A statement that maps, plats, and a description of the
14 development plan, including the method of relocating families and
15 individuals who may be displaced from the area, are available for
16 public inspection at a place designated in the notice, and that all
17 aspects of the development plan will be open for discussion at the
18 public hearing.

19 (c) Other information that the governing body considers
20 appropriate.

21 (3) At the time set for hearing, the governing body shall
22 provide an opportunity for interested persons to be heard and shall
23 receive and consider communications in writing with reference to
24 the matter. The hearing shall provide the fullest opportunity for
25 expression of opinion, for argument on the merits, and for
26 introduction of documentary evidence pertinent to the development
27 plan. The governing body shall make and preserve a record of the

1 public hearing, including all data presented at that time.

2 Sec. 417. (1) After a public hearing on the development plan
3 or the tax increment financing plan, or both, with notice of the
4 hearing given pursuant to section 416, the governing body shall
5 determine whether the development plan or tax increment financing
6 plan, or both, constitutes a public purpose. If the governing body
7 determines that the development plan or tax increment financing
8 plan, or both, constitutes a public purpose, the governing body may
9 then approve or reject the plan, or approve it with modification,
10 by resolution, based on the following considerations:

11 (a) Whether the development plan meets the requirements set
12 forth in section 415(2) and the tax increment financing plan meets
13 the requirements set forth in section 412(1), (2), and (3).

14 (b) Whether the proposed method of financing the public
15 facility or facilities is feasible and the authority has the
16 ability to arrange the financing.

17 (c) Whether the development is reasonable and necessary to
18 carry out the purposes of this part.

19 (d) Whether the amount of captured assessed value estimated to
20 result from adoption of the plan is reasonable.

21 (e) Whether the land to be acquired under the development plan
22 is reasonably necessary to carry out the purposes of the plan and
23 the purposes of this part.

24 (f) Whether the development plan is in reasonable accord with
25 the approved master plan of the municipality, if an approved master
26 plan exists.

27 (g) Whether public services, such as fire and police

1 protection and utilities, are or will be adequate to service the
2 property.

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

6 (2) Except as provided in this subsection, amendments to an
7 approved development plan or tax increment plan must be submitted
8 by the authority to the governing body for approval or rejection
9 following the same notice and public hearing provisions that are
10 necessary for approval or rejection of the original plan. Notice
11 and hearing shall not be necessary for revisions in the estimates
12 of captured assessed value and tax increment revenues.

13 (3) The procedure, adequacy of notice, and findings with
14 respect to purpose and captured assessed value shall be conclusive
15 unless contested in a court of competent jurisdiction within 60
16 days after adoption of the resolution adopting the plan. An
17 amendment, adopted by resolution, to a conclusive plan shall
18 likewise be conclusive unless contested within 60 days after
19 adoption of the resolution adopting the amendment. If a resolution
20 adopting an amendment to the plan is contested, the resolution
21 adopting the plan is not open to contest.

22 Sec. 418. A person to be relocated under this part shall be
23 given not less than 90 days' written notice to vacate unless
24 modified by court order for good cause.

25 Sec. 419. (1) The director of the authority shall prepare and
26 submit for the approval of the board a budget for the operation of
27 the authority for the ensuing fiscal year. The budget shall be

1 prepared in the manner and contain the information required of
2 municipal departments. Before the budget may be adopted by the
3 board, it shall be approved by the governing body. Funds of the
4 municipality shall not be included in the budget of the authority
5 except those funds authorized in this part or by the governing
6 body.

7 (2) The governing body may assess a reasonable pro rata share
8 of the funds for the cost of handling and auditing the funds
9 against the funds of the authority, other than those committed for
10 designated purposes, which cost shall be paid annually by the board
11 pursuant to an appropriate item in its budget.

12 Sec. 420. An authority that completes the purposes for which
13 it was organized shall be dissolved by resolution of the governing
14 body. The property and assets of the authority remaining after the
15 satisfaction of the obligations of the authority shall belong to
16 the municipality or to an agency or instrumentality designated by
17 resolution of the municipality.

18 PART 5

19 NONPROFIT STREET RAILWAYS

20 Sec. 503. The legislature finds and declares that there exists
21 in this state a need to encourage the development of transportation
22 facilities and the provision of public transportation services by
23 authorizing the acquiring, owning, constructing, furnishing,
24 equipping, completing, operating, improving, and maintaining of
25 nonprofit street railway companies and systems and that public
26 assistance in acquiring, owning, constructing, furnishing,
27 equipping, completing, operating, improving, and maintaining

1 nonprofit street railway companies and systems in this state is
2 declared to be a public purpose. It is the intent of the
3 legislature that a street railway system constructed by a nonprofit
4 corporation under this part be designed to adapt to or connect with
5 other public transit systems. It is the intent of the legislature
6 that resources expended to construct a street railway system under
7 this part qualify as state and local match funds for transit
8 systems eligible for federal funding.

9 Sec. 505. (1) This part shall be construed liberally to
10 effectuate the legislative intent and the purpose of this part as
11 complete and independent authorization for the performance of each
12 and every act and thing authorized in this part and all powers
13 granted in this part shall be broadly interpreted to effectuate the
14 intent and purposes of this part and not as a limitation of powers.

15 (2) The powers conferred in this part upon a street railway
16 shall be in addition to any other powers the street railway
17 possesses under law.

18 (3) Unless permitted by the state constitution of 1963 or this
19 part or agreed to by a street railway, any restrictions, standards,
20 conditions, or prerequisites of a city, village, or township
21 otherwise applicable only to a street railway and enacted after
22 January 12, 2009 do not apply to a street railway. This subsection
23 is intended to prohibit special local legislation or ordinances
24 applicable exclusively or primarily to a street railway and not to
25 exempt a street railway from laws generally applicable to other
26 persons or entities.

27 Sec. 507. As used in this part:

1 (a) "Department" means the state transportation department.

2 (b) "Nonprofit corporation" means that term as defined under
3 section 108 of the nonprofit corporation act, 1982 PA 162, MCL
4 450.2108.

5 (c) "Public street or highway" means any state trunk line
6 highway, county road, or city or village street maintained by a
7 road authority.

8 (d) "Railroad" means that term as defined under section 109 of
9 the railroad code of 1993, 1993 PA 354, MCL 462.109.

10 (e) "Operating license agreement" means an agreement entered
11 into under section 513 by and among a street railway and each road
12 authority with jurisdiction over public streets and highways upon
13 which the street railway operates or seeks to operate a street
14 railway system, including, but not limited to, each city, village,
15 or township road authority in the city, village, or township in
16 which the street railway operates or seeks to operate a street
17 railway system.

18 (f) "Road authority" means each governmental agency with
19 jurisdiction over public streets and highways. Road authority
20 includes the department, any other state agency, and
21 intergovernmental, county, city, and village governmental agencies
22 responsible for the construction, repair, and maintenance of
23 streets and highways. When a street railway operates or seeks to
24 operate a street railway system over public streets and highways
25 over which more than 1 road authority possesses jurisdiction, road
26 authority includes each road authority with jurisdiction over
27 public streets and highways upon which the street railway operates

1 or seeks to operate a street railway system.

2 (g) "Street railway" means a nonprofit corporation organized
3 under this part for the purpose of operating a street railway
4 system other than a railroad train for transporting individuals or
5 property. Street railway includes a nonprofit corporation
6 incorporated under the nonprofit corporation act, 1982 PA 162, MCL
7 450.2101 to 450.3192, by a street railway organized under section
8 511, or by 1 or more members of the board of directors of a street
9 railway for the purpose of assisting the street railway in
10 acquiring, owning, constructing, furnishing, equipping, completing,
11 operating, improving, or maintaining a street railway system or for
12 the purpose of financing a street railway system.

13 (h) "Street railway system" means the facilities, equipment,
14 and personnel required to provide and maintain a public
15 transportation system operated on rails at grade or above or below
16 ground within a city, village, or township utilizing streetcars,
17 trolleys, light rail vehicles, or trams for the transportation of
18 individuals or property. Street railway system also includes
19 necessary power feeds, signals, and stops or stations within a
20 public right-of-way. Street railway system excludes facilities and
21 improvements that are not required to maintain a public
22 transportation system.

23 Sec. 509. (1) After January 12, 2009, 1 or more persons may
24 organize a street railway under this part for the purpose of
25 acquiring, owning, constructing, furnishing, equipping, completing,
26 operating, improving, and maintaining a street railway system by
27 signing in ink and filing articles of incorporation for the street

1 railway. The articles shall include all of the following:

2 (a) The name of the street railway, which shall include the
3 words "rail", "railway", "street railway", "light rail", or "metro
4 rail".

5 (b) The purpose for which the corporation is organized, which
6 shall be limited to acquiring, owning, constructing, furnishing,
7 equipping, completing, operating, improving, and maintaining a
8 street railway system.

9 (c) The city, village, or township in which the street railway
10 system will principally operate.

11 (2) Articles of incorporation shall be filed with the bureau
12 of commercial services of the department of talent and economic
13 development as provided under the nonprofit corporation act, 1982
14 PA 162, MCL 450.2101 to 450.3192.

15 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
16 to 450.3192, shall apply to a street railway organized under this
17 section unless otherwise provided in or inconsistent with this
18 part.

19 Sec. 511. (1) A nonprofit corporation may become a street
20 railway under this part and acquire, own, construct, furnish,
21 equip, complete, operate, improve, and maintain a street railway
22 system in a city if on and after January 12, 2009 the articles of
23 incorporation for the nonprofit corporation are amended to include
24 all of the following provisions:

25 (a) A provision authorizing the name of the corporation, to
26 include the words "rail", "railway", or "street railway", "light
27 rail", or "metro rail".

1 (b) A provision detailing the purposes for which the
2 corporation is organized, which shall be limited to purposes
3 related to acquiring, owning, constructing, furnishing, equipping,
4 completing, operating, improving, and maintaining a street railway
5 system.

6 (c) A provision indicating the city in which the street
7 railway system will principally operate.

8 (2) Amendments to the articles of incorporation of a nonprofit
9 corporation under this section shall be adopted and filed with the
10 bureau of commercial services of the department of talent and
11 economic development as provided under the nonprofit corporation
12 act, 1982 PA 162, MCL 450.2101 to 450.3192.

13 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
14 to 450.3192, shall apply to a street railway organized under this
15 section unless otherwise provided in or inconsistent with this
16 part.

17 Sec. 513. (1) A street railway may acquire, own, construct,
18 furnish, equip, complete, operate, improve, and maintain a street
19 railway system in and upon the streets and highways of a road
20 authority with the approval of the road authority, on terms and
21 conditions imposed by the road authority. The approval shall be
22 embodied in an operating license agreement between a street railway
23 and each road authority with jurisdiction over public streets and
24 highways upon which the street railway operates or seeks to operate
25 a street railway system, including, but not limited to, a city,
26 village, or township road authority located in the city, village,
27 or township in which the street railway system operates or seeks to

1 operate. An operating license agreement shall include the terms and
2 conditions for operation of the street railway system. An operating
3 license agreement may require the street railway to pay the direct
4 administrative costs incurred by the road authority in
5 administering the operating license agreement. An operating license
6 agreement shall not require a street railway to acquire, accept
7 responsibility for, or obligate itself to assume liability for or
8 pay for any legacy costs of a public transportation provider.
9 Before approving a proposed operating license agreement, a road
10 authority shall hold a public hearing on the proposed operating
11 license agreement. The hearing shall be held in the city, village,
12 or township in which the street railway seeks to operate a street
13 railway system and shall be held in compliance with the open
14 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the
15 public hearing shall be provided not less than 20 days before the
16 date of the hearing. One or more road authorities may conduct a
17 joint public hearing under this section. At a public hearing, a
18 street railway and a road authority may present information
19 regarding the proposed operating licensing agreement. When
20 operating in and upon the streets and highways of a road authority,
21 a street railway is subject to rules, regulations, or ordinances
22 imposed by the road authority. A street railway shall not construct
23 a street railway system in and upon the streets and highways of a
24 road authority until the street railway accepts in writing any
25 terms and conditions imposed by the road authority, the operating
26 license agreement is approved under this section, and the agreement
27 is filed with each road authority with jurisdiction over public

1 streets and highways upon which the street railway will operate. A
2 road authority may approve or disapprove an operating license
3 agreement. A decision of a road authority regarding an operating
4 license agreement is final and binding upon a street railway and
5 other interested persons. The street railway shall pay a road
6 authority for all of the road authority's costs incurred in
7 constructing the street railway system, mitigating the impact of
8 the street railway system on road users, the environment, and the
9 surrounding neighborhoods, and modifying the streets or highways
10 impacted by construction of the street railway system, as provided
11 in the operating license agreement. As a condition to obtaining or
12 holding an operating license agreement, a road authority shall not
13 require a street railway to obtain any other license or franchise,
14 assess any other fee or charge, or impose any other licensing,
15 regulatory, or franchise requirement, including a provision
16 regulating schedules or fares of a street railway, unless expressly
17 authorized under this part.

18 (2) A street railway may acquire, own, construct, furnish,
19 equip, complete, operate, improve, and maintain a street railway
20 system upon public or private rights of way, and obtain easements
21 when necessary for a street railway to acquire and use private
22 property for acquiring, owning, constructing, furnishing,
23 equipping, completing, operating, improving, and maintaining a
24 street railway system.

25 (3) After a road authority consents to the acquiring, owning,
26 constructing, furnishing, equipping, completing, operating,
27 improving, and maintaining of a street railway system on the

1 streets or highways of the road authority or grants a right or
2 privilege to the street railway by entering into an operating
3 license agreement with the street railway, the road authority may
4 not revoke the consent or deprive the street railway of the rights
5 and privileges conferred without affording the street railway
6 procedural due process of law if and to the extent provided in the
7 operating license agreement.

8 (4) A street railway may do 1 or more of the following:

9 (a) Acquire by gift, devise, transfer, exchange, purchase,
10 lease, or otherwise on terms and conditions and in a manner the
11 street railway considers proper property or rights or interests in
12 property relating to the operation of the street railway or street
13 railway system.

14 (b) Take, transport, or carry and convey individuals and
15 property on a street railway system and receive just and fair
16 compensation from users of the street railway system for that
17 purpose.

18 (c) Erect and maintain all necessary and convenient buildings,
19 structures, stations, depots, fixtures, and machinery for the
20 accommodation and use of individuals and property transported by
21 the street railway.

22 (d) Regulate the time and manner in which individuals and
23 property are transported by the street railway and fares or other
24 compensation are paid for that purpose. A street railway may charge
25 just and fair compensation for the use of its street railway
26 system.

27 (e) Borrow money and issue bonds and notes for any

1 indebtedness incurred and mortgage street railway property and
2 rights to secure the payment of bonds, notes, money borrowed, and
3 any and all debts and liabilities incurred by the street railway. A
4 street railway shall not use tax increments to repay bonds and
5 notes.

6 (f) Transfer a street railway system to a public entity
7 operating a public transportation system, with the consent of the
8 public entity, if the transfer is authorized by a law enacted after
9 January 12, 2009.

10 (5) As used in this section, "public transportation provider"
11 means that term as defined in section 2 of the regional transit
12 authority act, 2012 PA 387, MCL 124.542.

13 Sec. 515. (1) Subject to applicable law and applicable
14 regulations of this state, a city, a township, or a village, a
15 street railway may generate, store, transmit, distribute, dispense,
16 furnish, or use electricity and electric power for use or
17 consumption by the street railway and the street railway system.

18 (2) For a street railway that constructs, expands, or modifies
19 a street railway system outside of a qualified city, if the street
20 railway requests a public utility to modify or relocate facilities
21 of the public utility that lie within a public street or highway
22 right of way, or if, in response to the construction, expansion, or
23 modification of a street railway system a public utility determines
24 that the public utility should modify or relocate the public
25 utility's facilities, consistent with law, regulation, or sound
26 utility practice and unless the street railway and the public
27 utility agree otherwise, the street railway shall pay all costs of

1 the relocation and modification of the facilities to the public
2 utility.

3 (3) A street railway that constructs, expands, or modifies a
4 street railway system in a qualified city shall protect and keep in
5 place the facilities of a public utility affected by the
6 construction, expansion, or modification of the street railway
7 system in a public highway, street, or right-of-way unless sound
8 utility practice requires modification or relocation of the
9 facilities. If sound utility practice requires modification or
10 relocation of the facilities, the street railway shall pay the cost
11 of the modification or relocation, unless 1 or both of the
12 following apply:

13 (a) Modification or relocation of the public utility's
14 facilities is required because the facilities are at an
15 unauthorized location in the public highway, street, or right-of-
16 way. If the facilities are located anywhere in a public highway,
17 street, or right-of-way, there is a rebuttable presumption that the
18 public utility's facilities are at an authorized location in the
19 public highway, street, or right-of-way.

20 (b) The street railway and the public utility agree to an
21 alternative cost allocation.

22 (4) Notwithstanding subsection (3), a qualified city and a
23 street railway may agree that the street railway pay the cost of
24 modifying or relocating a public utility's facilities in the
25 qualified city if the modification or relocation is required by the
26 modification or relocation of a street railway system by the street
27 railway in a public highway, street, or right-of-way in the

1 qualified city.

2 (5) The property of a street railway and its income and
3 operations are exempt from all taxation by this state or a
4 political subdivision of this state.

5 (6) A public utility or a street railway may bring an action
6 in circuit court to enforce the provisions of this section. This
7 remedy is in addition to any other remedy that may exist at law.

8 (7) As used in this section:

9 (a) "Public utility" includes a provider of communications,
10 data, cable television, electricity, heat, natural or manufactured
11 gas, steam, sewage, video, water, or other similar services. Public
12 utility also includes a telecommunications provider and a video
13 service provider.

14 (b) "Qualified city" means a city that has incorporated an
15 authority under the municipal lighting authority act, 2012 PA 392,
16 MCL 123.1261 to 123.1295.

17 (c) "Telecommunications provider" means that term as defined
18 in section 102 of the Michigan telecommunications act, 1991 PA 179,
19 MCL 484.2102.

20 (d) "Video service provider" means that term as defined in
21 section 1 of the uniform video services local franchise act, 2006
22 PA 480, MCL 484.3301.

23 Sec. 517. (1) In constructing a street railway system, a
24 street railway shall conform to grades established by a road
25 authority for a public street or highway traversed by the street
26 railway.

27 (2) A street railway shall not alter or change the grade or

1 line of any public street or highway, without the consent of the
2 road authority with public jurisdiction over the public street or
3 highway.

4 (3) A street railway shall lay and maintain the track of a
5 street railway system in a manner and with the type of track to
6 keep the track and the pavement of the public street or highway
7 adjacent to the track in a state of condition and repair as
8 prescribed by the road authority with jurisdiction over the public
9 street or highway.

10 Sec. 519. A road authority may establish and prescribe rules
11 and regulations applicable to a street railway operating in or upon
12 a public street or highway under the jurisdiction of a road
13 authority relating to 1 or more of the following subjects:

14 (a) Grading, paving, obstruction, or repairing of a street or
15 highway.

16 (b) Construction, maintenance, or obstruction of public
17 service facilities and infrastructure, including water, light,
18 heat, power, sewage disposal, and transportation.

19 (c) Construction, maintenance, or obstruction of traffic
20 control and parking control facilities and infrastructure.

21 Sec. 521. (1) If a person refuses to pay a fare owed to a
22 street railway or refuses to obey regulations established by the
23 street railway for the convenience and safety of passengers, the
24 street railway may remove the person from the streetcar, tram, or
25 trolley at a usual stopping place.

26 (2) A person who causes or attempts to cause the derailment of
27 a streetcar, tram, or trolley of a street railway by the placing of

1 an impediment upon the track of a street railway, whether the
2 streetcar, tram, or trolley is dislodged from the track or not, or
3 who by any other means whatsoever willfully endangers or attempts
4 to endanger the life of any person engaged in the work of the
5 street railway, or any person traveling on the streetcar, tram, or
6 trolley of the street railway, is guilty of a felony punishable by
7 imprisonment for life or any number of years. Proof that the person
8 intended to injure or endanger the life of any particular person is
9 not required to prove a violation of this section.

10 (3) A person who throws a stone, brick, or other missile at a
11 streetcar, tram, or trolley of a street railway is guilty of a
12 misdemeanor punishable by a fine of not less than \$100.00 or more
13 than \$500.00 or imprisonment for not less than 10 days or more than
14 90 days, or both.

15 Sec. 523. (1) At the request of a street railway, and with the
16 consent of the department, a city, village, or township in which a
17 street railway system is located may establish a transit operations
18 finance zone for a street railway system if the city, village, or
19 township and the department determine that it is necessary for the
20 best interests of the public to promote and finance transit
21 operations in a zone. A parcel shall not be included in more than 1
22 zone created under this section.

23 (2) The boundaries of a zone shall be established by the city,
24 village, or township and may include parcels that are in whole or
25 in part up to 1/4 mile in distance from the street railway system.
26 Before establishing a zone, the city, village, or township shall
27 consult with the street railway, the department, affected taxing

1 jurisdictions, and any other person or entity that the city,
2 village, or township considers necessary. The city, village, or
3 township may conduct a planning study and may designate a zone
4 before implementation of street railway system service within the
5 zone.

6 (3) If the city, village, or township and the department
7 determine that it is necessary for the best interests of the public
8 to promote and finance transit operations in a zone under
9 subsection (1), the city, village, or township shall enter into an
10 agreement with the street railway and the department for the
11 creation of a zone. The agreement shall include, but not be limited
12 to, all of the following:

13 (a) The geographic boundaries of the zone, including both of
14 the following:

15 (i) The designation of boundaries of the zone in relation to
16 highways, streets, streams, lakes, other bodies of water, or
17 otherwise.

18 (ii) The location and extent of existing streets and other
19 public facilities within the zone, designating the location,
20 character, and extent of the categories of public and private land
21 uses then existing in the zone, including residential,
22 recreational, commercial, industrial, educational, and other uses,
23 and including a legal description of the zone.

24 (b) A tax increment financing plan for the zone as provided
25 under subsection (4).

26 (c) A description of specific actions to be taken by the
27 parties under the agreement to help establish the zone.

1 (d) The requirement that amendments to the agreement must be
2 approved by the city, village, or township, the department, and the
3 street railway.

4 (e) Any other material that the city, village, or township,
5 the department, or the street railway consider necessary or
6 appropriate.

7 (4) A tax increment financing plan for a zone established
8 under this section shall include a description of the tax increment
9 financing procedure, the distribution of tax increment financing
10 revenue to the street railway, and a statement of the estimated
11 impact of tax increment financing on the assessed value of property
12 in each taxing jurisdiction in the zone. The plan may exclude from
13 captured assessed value growth in property value resulting solely
14 from inflation and, if so, shall include the method for excluding
15 that growth. The plan shall require that tax increment revenue
16 received by a street railway under the plan be used only for the
17 expenses of operating the street railway system. If the street
18 railway subject to an agreement designating a zone under this
19 section ceases to operate a street railway system in the city,
20 village, or township that established the zone, the plan shall
21 terminate and the zone shall be abolished. The plan shall restrict
22 the revenue distributed to a street railway for any tax year to the
23 lesser of 25% of any operating deficit of the street railway for
24 the prior fiscal year or \$4,000,000.00. Before including a tax
25 increment financing plan in an agreement, the city, village, or
26 township shall provide taxing jurisdictions in the zone levying
27 taxes subject to capture under the plan an opportunity to meet with

1 the city, village, or township. The city, village, or township
2 shall fully inform the taxing jurisdictions of the fiscal and
3 economic implications of the plan and the taxing jurisdictions may
4 present recommendations to the city, village, or township on the
5 tax increment financing plan.

6 (5) Before entering into an agreement for the creation of a
7 zone under this section, the city, village, or township shall
8 conduct a public hearing on the proposed agreement. Notice of the
9 public hearing shall be published twice in a newspaper of general
10 circulation in the city, village, or township, not less than 20 or
11 more than 40 days before the date of the hearing. The notice shall
12 state the date, time, and place of the hearing and shall describe
13 the proposed boundaries of the zone. A citizen, taxpayer, or
14 property owner of the city, village, or township, or an official
15 from a taxing jurisdiction within the zone has the right to be
16 heard on the agreement and the proposed boundaries of the zone. The
17 agreement shall not include in the zone land not included in the
18 description contained in the notice of public hearing, but the
19 agreement may exclude described land from the zone in the final
20 determination of the boundaries of the zone. A city, village, or
21 township shall not execute an agreement for the creation of a zone
22 under this section unless the city, village, or township finds that
23 it is necessary for the best interests of the public to promote and
24 finance transit operations in a zone.

25 (6) An agreement designating a zone and establishing its
26 boundaries under this section and any amendments to the agreement
27 shall be filed by the city, village, or township with the secretary

1 of state.

2 (7) The municipal and county treasurers shall transmit tax
3 increment revenues to the treasurer for the city, village, or
4 township in which the street railway system is located for
5 distribution to the street railway according to the tax increment
6 financing plan and the agreement. The street railway shall expend
7 the tax increment revenues only under the terms of the tax
8 increment financing plan and the agreement under this section.
9 Unused funds shall revert proportionately to the respective taxing
10 jurisdictions. Tax increment revenues shall not be used to
11 circumvent existing property tax limitations. The city, village, or
12 township and the department may abolish the zone if the city,
13 village, or township and the department find that the purposes for
14 which the zone was established are accomplished. Annually, the
15 city, village, or township, with assistance from the street
16 railway, shall submit to the department and the state tax
17 commission a report on the status of the tax increment financing
18 revenue. The report shall include all of the following:

19 (a) The amount and source of tax increment revenue received by
20 the street railway.

21 (b) The amount and purpose of expenditures from tax increment
22 revenue.

23 (c) The initial assessed value of the zone.

24 (d) The captured assessed value retained within the zone.

25 (e) A description of operating expenditures of the street
26 railway.

27 (8) The state tax commission may institute proceedings to

1 compel enforcement of this section. The state tax commission may
2 promulgate rules necessary for the administration of this section
3 under the administrative procedures act of 1969, 1969 PA 306, MCL
4 24.201 to 24.328.

5 (9) As used in this section:

6 (a) "Assessed value" means the taxable value as determined
7 under section 27a of the general property tax act, 1893 PA 206, MCL
8 211.27a.

9 (b) "Captured assessed value" means the amount in any 1 year
10 by which the current assessed value of a zone, including the
11 assessed value of property for which specific local taxes are paid
12 in lieu of property taxes, exceeds the initial assessed value. The
13 state tax commission shall prescribe the method for calculating
14 captured assessed value.

15 (c) "Initial assessed value" means the assessed value of all
16 the taxable property within the boundaries of a zone at the time
17 the tax increment financing plan is approved, as shown by the most
18 recent equalized assessment roll of the city, village, or township
19 at the time an agreement is approved under this section. Property
20 exempt from taxation at the time of the determination of the
21 initial assessed value shall be included as zero. For the purpose
22 of determining initial assessed value, property for which a
23 specific local tax is paid in lieu of a property tax shall not be
24 considered to be property that is exempt from taxation.

25 (d) "Parcel" means an identifiable unit of land that is
26 treated as separate for valuation or zoning purposes.

27 (e) "Specific local tax" means a tax levied under 1974 PA 198,

1 1976 PA 430, MCL 207.551 to 207.572, the commercial redevelopment
2 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park
3 development act, 1984 PA 385, MCL 207.701 to 207.718, the
4 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,
5 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to
6 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL
7 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The
8 initial assessed value or current assessed value of property
9 subject to a specific local tax shall be the quotient of the
10 specific local tax paid divided by the ad valorem millage rate. The
11 state tax commission shall prescribe the method for calculating the
12 initial assessed value and current assessed value of property for
13 which a specific local tax was paid in lieu of a property tax.

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

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

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

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

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

1 valorem property taxes.

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

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

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

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

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

21 (B) A water resource improvement tax increment finance
22 authority created under the water resource improvement tax
23 increment finance authority act, 2008 PA 94, MCL 125.1771 to
24 125.1794.

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

27 (D) A local development finance authority created under the

1 local development finance authority act, 1986 PA 281, MCL 125.2151
2 to 125.2174.

3 (E) A brownfield redevelopment finance authority created under
4 the brownfield redevelopment financing act, 1996 PA 381, MCL
5 125.2651 to 125.2672.

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

9 (G) A corridor improvement authority created under the
10 corridor improvement authority act, 2005 PA 280, MCL 125.2871 to
11 125.2899.

12 (H) A neighborhood improvement authority created under the
13 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
14 125.2932.

15 (ix) Ad valorem property taxes levied under 1 or more of the
16 following or specific local taxes attributable to those ad valorem
17 property taxes:

18 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
19 to 123.1183.

20 (B) The art institute authorities act, 2010 PA 296, MCL
21 123.1201 to 123.1229.

22 (g) "Zone" means a transit operations finance zone established
23 under this section.

24 Sec. 527. (1) Within 30 days of January 12, 2009, the
25 secretary of state or any other agency having records of a street
26 railway formed under this part prior to January 12, 2009 shall
27 certify and transfer the records to the bureau of commercial

1 services of the department of talent and economic development.

2 (2) Any entity formed on or after January 12, 2009 for the
3 purpose of acquiring, owning, constructing, furnishing, equipping,
4 completing, operating, improving, and maintaining a street railway
5 or street railway system shall be organized under this part.

6 (3) A street railway is not subject to the railroad code of
7 1993, 1993 PA 354, MCL 462.101 to 462.451.

8 PART 6

9 CORRIDOR IMPROVEMENT AUTHORITIES

10 Sec. 602. As used in this part:

11 (a) "Advance" means a transfer of funds made by a municipality
12 to an authority or to another person on behalf of the authority in
13 anticipation of repayment by the authority. Evidence of the intent
14 to repay an advance may include, but is not limited to, an executed
15 agreement to repay, provisions contained in a tax increment
16 financing plan approved prior to the advance, or a resolution of
17 the authority or the municipality.

18 (b) "Assessed value" means the taxable value as determined
19 under section 27a of the general property tax act, 1893 PA 206, MCL
20 211.27a.

21 (c) "Authority" means a corridor improvement authority created
22 under section 604(1) or a joint authority created under section
23 604(2).

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

25 (e) "Business district" means an area of a municipality zoned
26 and used principally for business.

27 (f) "Captured assessed value" means the amount in any 1 year

1 by which the current assessed value of the development area,
2 including the assessed value of property for which specific local
3 taxes are paid in lieu of property taxes as determined in section
4 603(e), exceeds the initial assessed value. The state tax
5 commission shall prescribe the method for calculating captured
6 assessed value.

7 (g) "Chief executive officer" means the mayor of a city, the
8 president of a village, or the supervisor of a township.

9 (h) "Development area" means that area described in section
10 605 to which a development plan is applicable.

11 (i) "Development plan" means that information and those
12 requirements for a development area set forth in section 621.

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

15 (k) "Fiscal year" means the fiscal year of the authority.

16 (l) "Governing body" or "governing body of a municipality"
17 means the elected body of a municipality having legislative powers
18 or, for a joint authority created under section 604(2), the elected
19 body of each municipality having legislative powers that is a
20 member of the joint authority.

21 (m) "Initial assessed value" means the assessed value, as
22 equalized, of all the taxable property within the boundaries of the
23 development area at the time the resolution establishing or
24 amending the tax increment financing plan is approved, as shown by
25 the most recent assessment roll of the municipality for which
26 equalization has been completed at the time the resolution is
27 adopted. The initial assessed value may be modified once during the

1 term of the tax increment financing plan through an amendment as
2 provided in section 618(4) after the tax increment financing plan
3 fails to generate captured assessed value for 3 consecutive years
4 due to declines in assessed value. Property exempt from taxation at
5 the time of the determination of the initial or amended assessed
6 value shall be included as zero. For the purpose of determining
7 initial or amended assessed value, property for which a specific
8 local tax is paid in lieu of a property tax shall not be considered
9 to be property that is exempt from taxation. The initial assessed
10 value of property for which a specific local tax was paid in lieu
11 of a property tax shall be determined as provided in section
12 603(e).

13 (n) "Land use plan" means a plan prepared under former 1921 PA
14 207, former 1943 PA 184, or a site plan under the Michigan zoning
15 enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

16 (o) "Municipality" means 1 of the following:

17 (i) A city.

18 (ii) A village.

19 (iii) A township.

20 (iv) A combination of 2 or more cities, villages, or townships
21 acting jointly under a joint authority created under section
22 604(2).

23 Sec. 603. As used in this part:

24 (a) "Operations" means office maintenance, including salaries
25 and expenses of employees, office supplies, consultation fees,
26 design costs, and other expenses incurred in the daily management
27 of the authority and planning of its activities.

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

3 (c) "Public facility" means a street, plaza, pedestrian mall,
4 and any improvements to a street, plaza, or pedestrian mall
5 including street furniture and beautification, sidewalk, trail,
6 lighting, traffic flow modification, park, parking facility,
7 recreational facility, right-of-way, structure, waterway, bridge,
8 lake, pond, canal, utility line or pipe, transit-oriented
9 development, transit-oriented facility, or building, including
10 access routes, that are either designed and dedicated to use by the
11 public generally or used by a public agency, or that are located in
12 a qualified development area and are for the benefit of or for the
13 protection of the health, welfare, or safety of the public
14 generally, whether or not used by 1 or more business entities,
15 provided that any road, street, or bridge shall be continuously
16 open to public access and that other property shall be located in
17 public easements or rights-of-way and designed to accommodate
18 foreseeable development of public facilities in adjoining areas.
19 Public facility includes an improvement to a facility used by the
20 public or a public facility as those terms are defined in section 1
21 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
22 barrier-free design requirements of the state construction code
23 promulgated under the Stille-DeRossett-Hale single state
24 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

25 (d) "Qualified development area" means a development area that
26 meets 1 of the following:

27 (i) All of the following:

1 (A) Is located within a city with a population of 700,000 or
2 more.

3 (B) Contains at least 30 contiguous acres.

4 (C) Was owned by this state on December 31, 2003 and was
5 conveyed to a private owner before June 30, 2004.

6 (D) Is zoned to allow for mixed use that includes commercial
7 use and that may include residential use.

8 (E) Otherwise complies with the requirements of section
9 605(a), (d), (e), and (g).

10 (F) Construction within the qualified development area begins
11 on or before the date 2 years after the effective date of the
12 amendatory act that added this subdivision.

13 (G) Is located in a distressed area.

14 (ii) Contains transit-oriented development or a transit-
15 oriented facility.

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

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

1 (g) "Tax increment revenues" means the amount of ad valorem
2 property taxes and specific local taxes attributable to the
3 application of the levy of all taxing jurisdictions upon the
4 captured assessed value of real and personal property in the
5 development area. Except as otherwise provided in section 29, tax
6 increment revenues do not include any of the following:

7 (i) Taxes under the state education tax act, 1993 PA 331, MCL
8 211.901 to 211.906.

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

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

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

21 (v) Ad valorem property taxes exempted from capture under
22 section 618(5) or specific local taxes attributable to the ad
23 valorem property taxes.

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

1 valorem property taxes.

2 (vii) Ad valorem property taxes levied under 1 or more of the
3 following or specific local taxes attributable to those ad valorem
4 property taxes:

5 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
6 to 123.1183.

7 (B) The art institute authorities act, 2010 PA 296, MCL
8 123.1201 to 123.1229.

9 (C) Except as otherwise provided in section 618(5), ad valorem
10 property taxes or specific local taxes attributable to those ad
11 valorem property taxes levied for a separate millage for public
12 library purposes approved by the electors after December 31, 2016.

13 (h) "Transit-oriented development" means infrastructural
14 improvements that are located within 1/2 mile of a transit station
15 or transit-oriented facility that promotes transit ridership or
16 passenger rail use as determined by the board and approved by the
17 municipality in which it is located.

18 (i) "Transit-oriented facility" means a facility that houses a
19 transit station in a manner that promotes transit ridership or
20 passenger rail use.

21 (j) "Distressed area" means a local governmental unit that
22 meets all of the following:

23 (i) Has a population of 700,000 or more.

24 (ii) Shows a negative population change from 1970 to the date
25 of the most recent federal decennial census.

26 (iii) Shows an overall increase in the state equalized value
27 of real and personal property of less than the statewide average

1 increase since 1972.

2 (iv) Has a poverty rate, as defined by the most recent federal
3 decennial census, greater than the statewide average.

4 (v) Has had an unemployment rate higher than the statewide
5 average.

6 Sec. 604. (1) Except as otherwise provided in this subsection,
7 a municipality may establish multiple authorities. A parcel of
8 property shall not be included in more than 1 authority created
9 under this part.

10 (2) A city, village, or township located in a county with a
11 population of more than 335,000 and less than 415,000 and that has
12 not less than 2 state public universities within its boundaries may
13 by resolution join with 1 or more cities, villages, or townships
14 located in a county with a population of more than 335,000 and less
15 than 415,000 and that has not less than 2 state public universities
16 within its boundaries to create a joint authority under this part.

17 (3) An authority is a public body corporate which may sue and
18 be sued in any court of this state. An authority possesses all the
19 powers necessary to carry out its purpose. The enumeration of a
20 power in this part shall not be construed as a limitation upon the
21 general powers of an authority.

22 Sec. 605. A development area shall only be established in a
23 municipality and, except for a development area located in a
24 qualified development area, shall comply with all of the following
25 criteria:

26 (a) Is adjacent to or is within 500 feet of a road classified
27 as an arterial or collector according to the Federal Highway

1 Administration manual "Highway Functional Classification -
2 Concepts, Criteria and Procedures".

3 (b) Contains at least 10 contiguous parcels or at least 5
4 contiguous acres.

5 (c) More than 1/2 of the existing ground floor square footage
6 in the development area is classified as commercial real property
7 under section 34c of the general property tax act, 1893 PA 206, MCL
8 211.34c.

9 (d) Residential use, commercial use, or industrial use has
10 been allowed and conducted under the zoning ordinance or conducted
11 in the entire development area, for the immediately preceding 30
12 years.

13 (e) Is presently served by municipal water or sewer.

14 (f) Is zoned to allow for mixed use that includes high-density
15 residential use.

16 (g) The municipality agrees to all of the following:

17 (i) To expedite the local permitting and inspection process in
18 the development area.

19 (ii) To modify its master plan to provide for walkable
20 nonmotorized interconnections, including sidewalks and streetscapes
21 throughout the development area.

22 Sec. 606. (1) If the governing body of a municipality
23 determines that it is necessary for the best interests of the
24 public to redevelop its commercial corridors and to promote
25 economic growth, the governing body may, by resolution, do 1 of the
26 following:

27 (a) Declare its intention to create and provide for the

1 operation of an authority.

2 (b) Declare its intention to jointly create and provide for
3 the operation of a joint authority created under section 604(2).

4 (2) In the resolution of intent, the governing body shall
5 state that the proposed development area meets the criteria in
6 section 605, set a date for a public hearing on the adoption of a
7 proposed resolution creating the authority, and designate the
8 boundaries of the development area. Notice of the public hearing
9 shall be published twice in a newspaper of general circulation in
10 the municipality, not less than 20 or more than 40 days before the
11 date of the hearing. Not less than 20 days before the hearing, the
12 governing body proposing to create the authority shall also mail
13 notice of the hearing to the property taxpayers of record in the
14 proposed development area, to the governing body of each taxing
15 jurisdiction levying taxes that would be subject to capture if the
16 authority is established and a tax increment financing plan is
17 approved, and to the state tax commission. Failure of a property
18 taxpayer to receive the notice does not invalidate these
19 proceedings. Notice of the hearing shall be posted in at least 20
20 conspicuous and public places in the proposed development area not
21 less than 20 days before the hearing. The notice shall state the
22 date, time, and place of the hearing and shall describe the
23 boundaries of the proposed development area. A citizen, taxpayer,
24 or property owner of the municipality or an official from a taxing
25 jurisdiction with millage that would be subject to capture has the
26 right to be heard in regard to the establishment of the authority
27 and the boundaries of the proposed development area. The governing

1 body of the municipality shall not incorporate land into the
2 development area not included in the description contained in the
3 notice of public hearing, but it may eliminate described lands from
4 the development area in the final determination of the boundaries.

5 (3) 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, a resolution establishing the authority and
9 designating the boundaries of the development area within which the
10 authority shall exercise its powers. The adoption of the resolution
11 is subject to any applicable statutory or charter provisions in
12 respect to the approval or disapproval by the chief executive or
13 other officer of the municipality and the adoption of a resolution
14 over his or her veto. This resolution shall be filed with the
15 secretary of state promptly after its adoption and shall be
16 published at least once in a newspaper of general circulation in
17 the municipality.

18 (4) The governing body of the municipality may alter or amend
19 the boundaries of the development area to include or exclude lands
20 from the development area in the same manner as adopting the
21 resolution creating the authority.

22 (5) 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. The interlocal
27 agreement shall include, but is not limited to, a plan to

1 coordinate and expedite local inspections and permit approvals, a
2 plan to address contradictory zoning requirements, and a date
3 certain to implement all provisions of these plans. If a
4 municipality enters into an interlocal agreement under this
5 subsection, the municipality shall provide a copy of that
6 interlocal agreement to the state tax commission within 60 days of
7 entering into the interlocal agreement.

8 Sec. 607. If a development area is part of an area annexed to
9 or consolidated with another municipality, the authority managing
10 that development area shall become an authority of the annexing or
11 consolidated municipality. Obligations of that authority incurred
12 under a development or tax increment plan, agreements related to a
13 development or tax increment plan, and bonds issued under this part
14 shall remain in effect following the annexation or consolidation.

15 Sec. 608. (1) Except as provided in subsection (7) or as
16 otherwise provided in subsection (8), an authority shall be under
17 the supervision and control of a board consisting of the chief
18 executive officer of the municipality or his or her assignee and
19 not less than 5 or more than 9 members as determined by the
20 governing body of the municipality. Members shall be appointed by
21 the chief executive officer of the municipality, subject to
22 approval by the governing body of the municipality. Not less than a
23 majority of the members shall be persons having an ownership or
24 business interest in property located in the development area. At
25 least 1 of the members shall be a resident of the development area
26 or of an area within 1/2 mile of any part of the development area.
27 Of the members first appointed, an equal number of the members, as

1 near as is practicable, shall be appointed for 1 year, 2 years, 3
2 years, and 4 years. A member shall hold office until the member's
3 successor is appointed. After the initial appointment, each member
4 shall serve for a term of 4 years. An appointment to fill a vacancy
5 shall be made by the chief executive officer of the municipality
6 for the unexpired term only. Members of the board shall serve
7 without compensation, but shall be reimbursed for actual and
8 necessary expenses. The chairperson of the board shall be elected
9 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 proceedings and rules of the board are subject to the
14 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
15 shall adopt rules governing its procedure and the holding of
16 regular meetings, subject to the approval of the governing body.
17 Special meetings may be held if called in the manner provided in
18 the rules of the board.

19 (4) After having been given notice and an opportunity to be
20 heard, a member of the board may be removed for cause by the
21 governing body.

22 (5) All expense items of the authority shall be publicized
23 monthly and the financial records shall always be open to the
24 public.

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

1 to 15.246.

2 (7) If the boundaries of the development area are the same as
3 those of a business improvement district established under 1961 PA
4 120, MCL 125.981 to 125.990m, the governing body of the
5 municipality may provide that the members of the board of the
6 authority shall be the members of the board of the business
7 improvement district and 1 person shall be a resident of the
8 development area or of an area within 1/2 mile of any part of the
9 development area.

10 (8) If 2 or more cities, villages, or townships create a joint
11 authority under section 604(2), the board shall consist of up to 3
12 individuals appointed by the chief executive officer of each city,
13 village, or township that is a member of the joint authority. Each
14 of those individuals shall be appointed for initial staggered terms
15 of 2 years, 3 years, or 4 years. A member shall hold office until
16 the member's successor is appointed. After the initial appointment,
17 each member shall serve for a term of 4 years. An appointment to
18 fill a vacancy shall be made by the chief executive officer of the
19 city, village, or township for the unexpired term only. Members of
20 the board shall serve without compensation, but shall be reimbursed
21 for actual and necessary expenses. The chairperson of the board
22 shall be elected by the board.

23 Sec. 609. (1) The board may employ and fix the compensation of
24 a director, subject to the approval of the governing body of the
25 municipality. The director shall serve at the pleasure of the
26 board. A member of the board is not eligible to hold the position
27 of director. Before beginning his or her duties, the director shall

1 take and subscribe to the constitutional oath, and furnish bond, by
2 posting a bond in the sum determined in the resolution establishing
3 the authority payable to the authority for use and benefit of the
4 authority, approved by the board, and filed with the municipal
5 clerk. The premium on the bond shall be considered an operating
6 expense of the authority, payable from funds available to the
7 authority for expenses of operation. The director shall be the
8 chief executive officer of the authority. Subject to the approval
9 of the board, the director shall supervise and be responsible for
10 the preparation of plans and the performance of the functions of
11 the authority in the manner authorized by this part. The director
12 shall attend the meetings of the board and shall provide to the
13 board and to the governing body of the municipality a regular
14 report covering the activities and financial condition of the
15 authority. If the director is absent or disabled, the board may
16 designate a qualified person as acting director to perform the
17 duties of the office. Before beginning his or her duties, the
18 acting director shall take and subscribe to the oath, and furnish
19 bond, as required of the director. The director shall furnish the
20 board with information or reports governing the operation of the
21 authority as the board requires.

22 (2) The board may employ and fix the compensation of a
23 treasurer, who shall keep the financial records of the authority
24 and who, together with the director, shall approve all vouchers for
25 the expenditure of funds of the authority. The treasurer shall
26 perform all duties delegated to him or her by the board and shall
27 furnish bond in an amount prescribed by the board.

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

7 (4) The board may retain legal counsel to advise the board in
8 the proper performance of its duties. The legal counsel shall
9 represent the authority in actions brought by or against the
10 authority.

11 (5) The board may employ other personnel considered necessary
12 by the board.

13 Sec. 610. The employees of an authority shall be eligible to
14 participate in municipal retirement and insurance programs of the
15 municipality as if they were civil service employees except that
16 the employees of an authority are not civil service employees.

17 Sec. 611. (1) The board may do any of the following:

18 (a) Prepare an analysis of economic changes taking place in
19 the development area.

20 (b) Study and analyze the impact of metropolitan growth upon
21 the development area.

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

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

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

13 (f) Implement any plan of development in the development area
14 necessary to achieve the purposes of this part in accordance with
15 the powers of the authority granted by this part.

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

18 (h) On terms and conditions and in a manner and for
19 consideration the authority considers proper or for no
20 consideration, acquire by purchase or otherwise, 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 the property,
23 that the authority determines is reasonably necessary to achieve
24 the purposes of this part, and to grant or acquire licenses,
25 easements, and options.

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 those buildings, within the
3 development area for the use, in whole or in part, of any public or
4 private person or corporation, or a combination thereof.

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

10 (k) Lease, in whole or in part, any facility, building, or
11 property under its control.

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

14 (m) Acquire and construct public facilities.

15 (n) Conduct market research and public relations campaigns,
16 develop, coordinate, and conduct retail and institutional
17 promotions, and sponsor special events and related activities.

18 (o) Contract for broadband service and wireless technology
19 service in a development area.

20 (2) Notwithstanding any other provision of this part, in a
21 qualified development area the board may, in addition to the powers
22 enumerated in subsection (1), do 1 or more of the following:

23 (a) Perform any necessary or desirable site improvements to
24 the land, including, but not limited to, installation of temporary
25 or permanent utilities, temporary or permanent roads and driveways,
26 silt fences, perimeter construction fences, curbs and gutters,
27 sidewalks, pavement markings, water systems, gas distribution

1 lines, concrete, including, but not limited to, building pads,
2 storm drainage systems, sanitary sewer systems, parking lot paving
3 and light fixtures, electrical service, communications systems,
4 including broadband and high-speed internet, site signage, and
5 excavation, backfill, grading of site, landscaping and irrigation,
6 within the development area for the use, in whole or in part, of
7 any public or private person or business entity, or a combination
8 of these.

9 (b) Incur expenses and expend funds to pay or reimburse a
10 public or private person for costs associated with any of the
11 improvements described in subdivision (a).

12 (c) Make and enter into financing arrangements with a public
13 or private person for the purposes of implementing the board's
14 powers described in this section, including, but not limited to,
15 lease purchase agreements, land contracts, installment sales
16 agreements, sale leaseback agreements, and loan agreements.

17 Sec. 612. The authority is an instrumentality of a political
18 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

19 Sec. 613. A municipality may acquire private property under
20 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to
21 the authority, and may transfer the property to the authority for
22 use in an approved development, on terms and conditions it
23 considers appropriate, and the taking, transfer, and use shall be
24 considered necessary for public purposes and for the benefit of the
25 public.

26 Sec. 614. (1) The activities of the authority shall be
27 financed from 1 or more of the following sources:

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

3 (b) Money borrowed and to be repaid as authorized by sections
4 616 and 617.

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

9 (d) Proceeds of a tax increment financing plan established
10 under sections 618 to 620.

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

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

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

24 Sec. 615. (1) An authority with the approval of the governing
25 body may levy a special assessment as provided by law.

26 (2) The municipality may at the request of the authority
27 borrow money and issue its notes under the revised municipal

1 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
2 of collection of the ad valorem tax authorized in this section.

3 Sec. 616. The authority may, with approval of the local
4 governing body, borrow money and issue its negotiable revenue bonds
5 under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
6 141.140. Revenue bonds issued by the authority are not a debt of
7 the municipality unless the municipality by majority vote of the
8 members of its governing body pledges its full faith and credit to
9 support the authority's revenue bonds. Revenue bonds issued by the
10 authority are never a debt of the state.

11 Sec. 617. (1) The authority may with approval of the local
12 governing body borrow money and issue its revenue bonds or notes to
13 finance all or part of the costs of acquiring or constructing or
14 causing to be constructed property in connection with either of the
15 following:

16 (a) The implementation of a development plan in the
17 development area.

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

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

22 (a) The cost of purchasing, acquiring, constructing,
23 improving, enlarging, extending, or repairing property in
24 connection with the implementation of a development plan in the
25 development area, and, for the implementation of the development
26 plan in a qualified development area, the cost of reimbursing a
27 public or private person for any of those costs.

1 (b) Any engineering, architectural, legal, accounting, or
2 financial expenses.

3 (c) The costs necessary or incidental to the borrowing of
4 money.

5 (d) Interest on the bonds or notes during the period of
6 construction.

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

9 (f) A reserve for operation and maintenance until sufficient
10 revenues have developed.

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

14 (4) A pledge made by the authority is valid and binding from
15 the time the pledge is made. The money or property pledged by the
16 authority immediately is subject to the lien of the pledge without
17 a physical delivery, filing, or further act. The lien of a pledge
18 is valid and binding against parties having claims of any kind in
19 tort, contract, or otherwise, against the authority, whether or not
20 the parties have notice of the lien. Neither the resolution, the
21 trust agreement, nor any other instrument by which a pledge is
22 created must be filed or recorded to be enforceable.

23 (5) Bonds or notes issued under this section are exempt from
24 all taxation in this state except inheritance and transfer taxes,
25 and the interest on the bonds or notes is exempt from all taxation
26 in this state, notwithstanding that the interest may be subject to
27 federal income tax.

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

5 (7) The bonds and notes of the authority may be invested in by
6 all public officers, state agencies and political subdivisions,
7 insurance companies, banks, savings and loan associations,
8 investment companies, and fiduciaries and trustees, and may be
9 deposited with and received by all public officers and the agencies
10 and political subdivisions of this state for any purpose for which
11 the deposit of bonds is authorized.

12 Sec. 618. (1) If the authority determines that it is necessary
13 for the achievement of the purposes of this part, the authority
14 shall prepare and submit a tax increment financing plan to the
15 governing body of the municipality. The plan shall include a
16 development plan as provided in section 621, a detailed explanation
17 of the tax increment procedure, the maximum amount of bonded
18 indebtedness to be incurred, and the duration of the program, and
19 shall be in compliance with section 619. The plan shall contain a
20 statement of the estimated impact of tax increment financing on the
21 assessed values of all taxing jurisdictions in which the
22 development area is located. The plan may provide for the use of
23 part or all of the captured assessed value, but the portion
24 intended to be used by the authority shall be clearly stated in the
25 tax increment financing plan. The authority or municipality may
26 exclude from captured assessed value growth in property value
27 resulting solely from inflation. The plan shall set forth the

1 method for excluding growth in property value resulting solely from
2 inflation.

3 (2) Approval of the tax increment financing plan shall comply
4 with the notice, hearing, and disclosure provisions of section 622.
5 If the development plan is part of the tax increment financing
6 plan, only 1 hearing and approval procedure is required for the 2
7 plans together.

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

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

23 (5) Except for a development area located in a qualified
24 development area, not more than 60 days after the public hearing on
25 the tax increment financing plan, the governing body in a taxing
26 jurisdiction levying ad valorem property taxes that would otherwise
27 be subject to capture may exempt its taxes from capture by adopting

1 a resolution to that effect and filing a copy with the clerk of the
2 municipality proposing to create the authority. The resolution
3 shall take effect when filed with the clerk and remains effective
4 until a copy of a resolution rescinding that resolution is filed
5 with that clerk. If a separate millage for public library purposes
6 was levied before January 1, 2017, and all obligations of the
7 authority are paid, then the levy is exempt from capture under this
8 part, unless the library board or commission allows all or a
9 portion of its taxes levied to be included as tax increment
10 revenues and subject to capture under this part under the terms of
11 a written agreement between the library board or commission and the
12 authority. The written agreement shall be filed with the clerk of
13 the municipality. However, if a separate millage for public library
14 purposes was levied before January 1, 2017, and the authority
15 alters or amends the boundaries of the development area or extends
16 the duration of the existing finance plan, then the library board
17 or commission may, not later than 60 days after a public hearing is
18 held under this subsection, exempt all or a portion of its taxes
19 from capture by adopting a resolution to that effect and filing a
20 copy with the clerk of the municipality that created the authority.
21 For ad valorem property taxes or specific local taxes attributable
22 to those ad valorem property taxes levied for a separate millage
23 for public library purposes approved by the electors after December
24 31, 2016, a library board or commission may allow all or a portion
25 of its taxes levied to be included as tax increment revenues and
26 subject to capture under this part under the terms of a written
27 agreement between the library board or commission and the

1 authority. The written agreement shall be filed with the clerk of
2 the municipality. However, if the library was created under section
3 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
4 under 1869 LA 233, then any action of the library board or
5 commission under this subsection shall have the concurrence of the
6 chief executive officer of the city that created the library to be
7 effective.

8 Sec. 619. (1) The municipal and county treasurers shall
9 transmit tax increment revenues to the authority.

10 (2) The authority shall expend the tax increment revenues
11 received for the development program only under the terms of the
12 tax increment financing plan. Unused funds shall revert
13 proportionately to the respective taxing bodies. Tax increment
14 revenues shall not be used to circumvent existing property tax
15 limitations. The governing body of the municipality may abolish the
16 tax increment financing plan if it finds that the purposes for
17 which it was established are accomplished. However, the tax
18 increment financing plan shall not be abolished, allowed to expire,
19 or otherwise terminate until the principal of, and interest on,
20 bonds issued under section 620 have been paid or funds sufficient
21 to make the payment have been segregated.

22 Sec. 620. (1) The municipality may by resolution of its
23 governing body authorize, issue, and sell limited general
24 obligation bonds subject to the limitations set forth in this
25 subsection to finance the development program of the tax increment
26 financing plan and shall pledge its full faith and credit for the
27 payment of the bonds. The municipality may pledge as additional

1 security for the bonds any money received by the authority or the
2 municipality under section 614. The bonds are subject to the
3 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
4 141.2821. Before the municipality may authorize the borrowing, the
5 authority shall submit an estimate of the anticipated tax increment
6 revenues and other revenue available under section 614 to be
7 available for payment of principal and interest on the bonds, to
8 the governing body of the municipality. This estimate shall be
9 approved by the governing body of the municipality by resolution
10 adopted by majority vote of the members of the governing body in
11 the resolution authorizing the bonds. If the governing body of the
12 municipality adopts the resolution authorizing the bonds, the
13 estimate of the anticipated tax increment revenues and other
14 revenue available under section 614 to be available for payment of
15 principal and interest on the bonds shall be conclusive for
16 purposes of this section. The bonds issued under this subsection
17 shall be considered a single series for the purposes of the revised
18 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

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

1 under this subsection may be secured by any other revenues
2 identified in section 614 as sources of financing for activities of
3 the authority that the authority shall specifically pledge in the
4 resolution. However, the full faith and credit of the municipality
5 shall not be pledged to secure bonds issued under this subsection.
6 The bond issue may include a sum sufficient to pay interest on the
7 tax increment bonds until full development of tax increment
8 revenues from the project and also a sum to provide a reasonable
9 reserve for payment of principal and interest on the bonds. The
10 resolution authorizing the bonds shall create a lien on the tax
11 increment revenues and other revenues pledged by the resolution
12 that shall be a statutory lien and shall be a first lien subject
13 only to liens previously created. The resolution may provide the
14 terms upon which additional bonds may be issued of equal standing
15 and parity of lien as to the tax increment revenues and other
16 revenues pledged under the resolution. Bonds issued under this
17 subsection that pledge revenue received under section 615 for
18 repayment of the bonds are subject to the revised municipal finance
19 act, 2001 PA 34, MCL 141.2101 to 141.2821.

20 Sec. 621. (1) If a board decides to finance a project in a
21 development area by the use of revenue bonds as authorized in
22 section 616 or tax increment financing as authorized in sections
23 618, 619, and 620, it shall prepare a development plan.

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

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

27 (b) The location and extent of existing streets and other

1 public facilities within the development area, designating the
2 location, character, and extent of the categories of public and
3 private land uses then existing and proposed for the development
4 area, including residential, recreational, commercial, industrial,
5 educational, and other uses, and including a legal description of
6 the development area.

7 (c) A description of existing improvements in the development
8 area to be demolished, repaired, or altered, a description of any
9 repairs and alterations, and an estimate of the time required for
10 completion.

11 (d) The location, extent, character, and estimated cost of the
12 improvements including rehabilitation contemplated for the
13 development area and an estimate of the time required for
14 completion.

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

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

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

22 (h) A description of desired zoning changes and changes in
23 streets, street levels, intersections, traffic flow modifications,
24 or utilities.

25 (i) An estimate of the cost of the development, a statement of
26 the proposed method of financing the development, and the ability
27 of the authority to arrange the financing.

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

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

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

26 (m) A plan for establishing priority for the relocation of
27 persons displaced by the development in any new housing in the

1 development area.

2 (n) Provision for the costs of relocating persons displaced by
3 the development and financial assistance and reimbursement of
4 expenses, including litigation expenses and expenses incident to
5 the transfer of title, in accordance with the standards and
6 provisions of the uniform relocation assistance and real property
7 acquisition policies act of 1970, Public Law 91-646, 84 Stat 1894.

8 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
9 213.332.

10 (p) The requirement that amendments to an approved development
11 plan or tax increment plan must be submitted by the authority to
12 the governing body for approval or rejection.

13 (q) A schedule to periodically evaluate the effectiveness of
14 the development plan.

15 (r) Other material that the authority, local public agency, or
16 governing body considers pertinent.

17 Sec. 622. (1) The governing body, before adoption of a
18 resolution approving a development plan or tax increment financing
19 plan, shall hold a public hearing on the development plan. Notice
20 of the time and place of the hearing shall be given by publication
21 twice in a newspaper of general circulation designated by the
22 municipality, the first of which shall be not less than 20 days
23 before the date set for the hearing. Notice of the hearing shall be
24 posted in at least 20 conspicuous and public places in the
25 development area not less than 20 days before the hearing. Notice
26 shall also be mailed to all property taxpayers of record in the
27 development area and to the governing body of each taxing

1 jurisdiction levying taxes that would be subject to capture if the
2 tax increment financing plan is approved not less than 20 days
3 before the hearing. The notice of hearing within the time frame
4 described in this subsection shall be mailed by certified mail to
5 the governing body of each taxing jurisdiction levying taxes that
6 would be subject to capture if the tax increment financing plan is
7 approved.

8 (2) Notice of the time and place of hearing on a development
9 plan shall contain all of the following:

10 (a) A description of the proposed development area in relation
11 to highways, streets, streams, or otherwise.

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

16 (c) A statement that all aspects of the development plan will
17 be open for discussion at the public hearing.

18 (d) Other information that the governing body considers
19 appropriate.

20 (3) At the time set for the hearing, the governing body shall
21 provide an opportunity for interested persons to speak and shall
22 receive and consider communications in writing. The hearing shall
23 provide the fullest opportunity for expression of opinion, for
24 argument on the merits, and for consideration of documentary
25 evidence pertinent to the development plan. The governing body
26 shall make and preserve a record of the public hearing, including
27 all data presented at the hearing.

1 Sec. 623. The governing body after a public hearing on the
2 development plan or the tax increment financing plan, or both, with
3 notice given under section 622, shall determine whether the
4 development plan or tax increment financing plan constitutes a
5 public purpose. If it determines that the development plan or tax
6 increment financing plan constitutes a public purpose, it shall by
7 resolution approve or reject the plan, or approve it with
8 modification, based on the following considerations:

9 (a) The plan meets the requirements under section 620(2).

10 (b) The proposed method of financing the development is
11 feasible and the authority has the ability to arrange the
12 financing.

13 (c) The development is reasonable and necessary to carry out
14 the purposes of this part.

15 (d) The land included within the development area to be
16 acquired is reasonably necessary to carry out the purposes of the
17 plan and of this part in an efficient and economically satisfactory
18 manner.

19 (e) The development plan is in reasonable accord with the land
20 use plan of the municipality.

21 (f) Public services, such as fire and police protection and
22 utilities, are or will be adequate to service the project area.

23 (g) Changes in zoning, streets, street levels, intersections,
24 and utilities are reasonably necessary for the project and for the
25 municipality.

26 Sec. 624. A person to be relocated under this part shall be
27 given not less than 90 days' written notice to vacate unless

1 modified by court order issued for good cause and after a hearing.

2 Sec. 625. (1) The director of the authority shall submit a
3 budget to the board for the operation of the authority for each
4 fiscal year before the beginning of the fiscal year. The budget
5 shall be prepared in the manner and contain the information
6 required of municipal departments. After review by the board, the
7 budget shall be submitted to the governing body. The governing body
8 must approve the budget before the board may adopt the budget.
9 Unless authorized by the governing body or this part, funds of the
10 municipality shall not be included in the budget of the authority.

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

16 Sec. 626. (1) A public facility, building, or structure that
17 is determined by the municipality to have significant historical
18 interests shall be preserved in a manner considered necessary by
19 the municipality in accordance with laws relative to the
20 preservation of historical sites.

21 (2) An authority shall refer all proposed changes to the
22 exterior of sites listed on the state register of historic sites
23 and the National Register of Historic Places to the applicable
24 historic district commission created under the local historic
25 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
26 state housing development authority for review.

27 Sec. 627. An authority that has completed the purposes for

1 which it was organized shall be dissolved by resolution of the
2 governing body. The property and assets of the authority remaining
3 after the satisfaction of the obligations of the authority belong
4 to the municipality.

5 Sec. 629. (1) Subject to the requirements of subsection (2),
6 within 60 days after a development plan for a qualified development
7 area has been approved under section 618, upon written request from
8 the authority, the Michigan economic growth authority under the
9 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
10 207.810, may include the following within the definition of tax
11 increment revenues under section 3(g):

12 (a) Taxes under the state education tax act, 1933 PA 331, MCL
13 211.901 to 211.906.

14 (b) Taxes levied by local or intermediate school districts
15 under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

16 (2) The Michigan economic growth authority may only allow
17 inclusion of the taxes described in subsection (1) in the
18 definition of tax increment revenues if the Michigan economic
19 growth authority under the Michigan economic growth authority act,
20 1995 PA 24, MCL 207.801 to 207.810, determines that the inclusion
21 is necessary to reduce unemployment, promote economic growth, and
22 increase capital investment in a qualified development area.

23 PART 7

24 WATER RESOURCE IMPROVEMENT AUTHORITIES

25 Sec. 702. As used in this part:

26 (a) "Advance" means a transfer of funds made by a municipality
27 to an authority or to another person on behalf of the authority in

1 anticipation of repayment by the authority. Evidence of the intent
2 to repay an advance may include, but is not limited to, an executed
3 agreement to repay, provisions contained in a tax increment
4 financing plan approved prior to the advance, or a resolution of
5 the authority or the municipality.

6 (b) "Assessed value" means the taxable value as determined
7 under section 27a of the general property tax act, 1893 PA 206, MCL
8 211.27a.

9 (c) "Authority" means a water resource improvement tax
10 increment finance authority created under this part.

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

12 (e) "Captured assessed value" means the amount in any 1 year
13 by which the current assessed value of the development area,
14 including the assessed value of property for which specific local
15 taxes are paid in lieu of property taxes as determined in section
16 803(d), exceeds the initial assessed value. The state tax
17 commission shall prescribe the method for calculating captured
18 assessed value.

19 (f) "Chief executive officer" means the mayor or city manager
20 of a city, the president or village manager of a village, or the
21 supervisor of a township.

22 (g) "Development area" means that area described in section
23 805 to which a development plan is applicable.

24 (h) "Development plan" means that information and those
25 requirements for a development area set forth in section 822.

26 (i) "Development program" means the implementation of the
27 development plan.

1 (j) "Fiscal year" means the fiscal year of the authority.

2 (k) "Governing body" or "governing body of a municipality"
3 means the elected body of a municipality having legislative powers.

4 (l) "Initial assessed value" means the assessed value of all
5 the taxable property within the boundaries of the development area
6 at the time the ordinance establishing the tax increment financing
7 plan is approved, as shown by the most recent assessment roll of
8 the municipality at the time the resolution is adopted. Property
9 exempt from taxation at the time of the determination of the
10 initial assessed value shall be included as zero. For the purpose
11 of determining initial assessed value, property for which a
12 specific local tax is paid in lieu of a property tax shall not be
13 considered to be property that is exempt from taxation. The initial
14 assessed value of property for which a specific local tax was paid
15 in lieu of a property tax shall be determined as provided in
16 section 803(d).

17 (m) "Inland lake" means a natural or artificial lake, pond, or
18 impoundment. Inland lake does not include the Great Lakes, Lake St.
19 Clair, or a lake or pond that has a surface area of less than 5
20 acres.

21 (n) "Land use plan" means a plan prepared under former 1921 PA
22 207, or a site plan under the Michigan zoning enabling act, 2006 PA
23 110, MCL 125.3101 to 125.3702.

24 (o) "Municipality" means a city, village, or township.

25 Sec. 703. As used in this part:

26 (a) "Operations" means office maintenance, including salaries
27 and expenses of employees, office supplies, consultation fees,

1 design costs, and other expenses incurred in the daily management
2 of the authority and planning of its activities.

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

5 (c) "Public facility" means a street, and any improvements to
6 a street, including street furniture and beautification, park,
7 parking facility, recreational facility, right-of-way, structure,
8 waterway, bridge, lake, pond, canal, utility line or pipe, or
9 building, including access routes designed and dedicated to use by
10 the public generally, or used by a public agency, that is related
11 to access to inland lakes or a water resource improvement, or means
12 a water resource improvement. Public facility includes an
13 improvement to a facility used by the public or a public facility
14 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
15 if the improvement complies with the barrier free design
16 requirements of the state construction code promulgated under the
17 Stille-DeRossett-Hale single state construction code act, 1972 PA
18 230, MCL 125.1501 to 125.1531.

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

1 for which a specific local tax was paid in lieu of a property tax.

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

4 (f) "Tax increment revenues" means the amount of ad valorem
5 property taxes and specific local taxes attributable to the
6 application of the levy of all taxing jurisdictions upon the
7 captured assessed value of real and personal property in the
8 development area. Tax increment revenues do not include any of the
9 following:

10 (i) Taxes under the state education tax act, 1993 PA 331, MCL
11 211.901 to 211.906.

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

13 (iii) Ad valorem property taxes attributable either to a
14 portion of the captured assessed value shared with taxing
15 jurisdictions within the jurisdictional area of the authority or to
16 a portion of value of property that may be excluded from captured
17 assessed value or specific local taxes attributable to the ad
18 valorem property taxes.

19 (iv) Ad valorem property taxes excluded by the tax increment
20 financing plan of the authority from the determination of the
21 amount of tax increment revenues to be transmitted to the authority
22 or specific local taxes attributable to the ad valorem property
23 taxes.

24 (v) Ad valorem property taxes exempted from capture under
25 section 815(5) or specific local taxes attributable to the ad
26 valorem property taxes.

27 (vi) Ad valorem property taxes specifically levied for the

1 payment of principal and interest of obligations approved by the
2 electors or obligations pledging the unlimited taxing power of the
3 local governmental unit or specific taxes attributable to those ad
4 valorem property taxes.

5 (vii) Ad valorem property taxes levied under 1 or more of the
6 following or specific local taxes attributable to those ad valorem
7 property taxes:

8 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
9 to 123.1183.

10 (B) The art institute authorities act, 2010 PA 296, MCL
11 123.1201 to 123.1229.

12 (C) Except as otherwise provided in section 715(5), ad valorem
13 property taxes or specific local taxes attributable to those ad
14 valorem property taxes levied for a separate millage for public
15 library purposes approved by the electors after December 31, 2016.

16 (g) "Water resource improvement" means enhancement of water
17 quality and water dependent natural resources, including, but not
18 limited to, the following:

19 (i) The elimination of the causes and the proliferation of
20 aquatic nuisance species, as defined in section 3101 of the natural
21 resources and environmental protection act, 1994 PA 451, MCL
22 324.3101.

23 (ii) Sewer systems that service existing structures that have
24 failing on-site disposal systems.

25 (iii) Storm water systems that service existing
26 infrastructure.

27 (iv) Dredging, removal of spoils, or other improvements or

1 maintenance activities that enhance navigability of a waterway.

2 (h) "Water resource improvement district" or "district" means
3 1 or more of the following:

4 (i) An inland body of water and land that is up to 1 mile from
5 the shoreline of an inland lake that contains 1 or more public
6 access points.

7 (ii) An inland body of water and parcels of land that are
8 contiguous to the shoreline of an inland lake that does not contain
9 a public access point.

10 (iii) The shoreline of a harbor on a Great Lake and 1 or more
11 of the following:

12 (A) Land up to 1 mile from the shoreline of the harbor.

13 (B) A tributary to that Great Lake harbor up to 5 miles
14 upstream from the shoreline of the Great Lake harbor.

15 (C) Land up to 1 mile from each bank of the tributary
16 described in sub-subparagraph (B).

17 Sec. 704. (1) Except as otherwise provided in this subsection,
18 a municipality may establish multiple authorities. A parcel of
19 property shall not be included in more than 1 authority created
20 under this part.

21 (2) An authority is a public body corporate that may sue and
22 be sued in any court of this state. An authority possesses all the
23 powers necessary to carry out its purpose. The enumeration of a
24 power in this part shall not be construed as a limitation upon the
25 general powers of an authority.

26 Sec. 705. (1) If the governing body of a municipality
27 determines that it is necessary for the best interests of the

1 public to promote water resource improvement or access to inland
2 lakes, or both, in a water resource improvement district, the
3 governing body may, by resolution, declare its intention to create
4 and provide for the operation of an authority within the boundaries
5 of a water resource improvement district.

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

1 development area. The governing body of the municipality shall not
2 incorporate land into the development area not included in the
3 description contained in the notice of public hearing, but it may
4 eliminate described lands from the development area in the final
5 determination of the boundaries.

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

19 (4) The governing body of the municipality may alter or amend
20 the boundaries of the development area to include or exclude lands
21 from the development area in the same manner as adopting the
22 ordinance creating the authority.

23 (5) A municipality that has created an authority may enter
24 into an agreement with an adjoining municipality that has created
25 an authority to jointly operate and administer those authorities
26 under an interlocal agreement under the urban cooperation act of
27 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

1 Sec. 706. If a development area is part of an area annexed to
2 or consolidated with another municipality, the authority managing
3 that development area shall become an authority of the annexing or
4 consolidated municipality. Obligations of that authority incurred
5 under a development or tax increment plan, agreements related to a
6 development or tax increment plan, and bonds issued under this part
7 shall remain in effect following the annexation or consolidation.

8 Sec. 707. (1) An authority shall be under the supervision and
9 control of a board consisting of the chief executive officer of the
10 municipality or his or her designee and not less than 5 or more
11 than 9 members as determined by the governing body of the
12 municipality. Members shall be appointed by the chief executive
13 officer of the municipality, subject to approval by the governing
14 body of the municipality. Not less than a majority of the members
15 shall be persons having an ownership or business interest in
16 property located in the development area. At least 1 of the members
17 shall be a resident of the development area or of an area within
18 1/2 mile of any part of the development area. Of the members first
19 appointed, an equal number of the members, as near as is
20 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
21 years. A member shall hold office until the member's successor is
22 appointed. After the initial appointment, each member shall serve
23 for a term of 4 years. An appointment to fill a vacancy shall be
24 made by the chief executive officer of the municipality for the
25 unexpired term only. Members of the board shall serve without
26 compensation, but shall be reimbursed for actual and necessary
27 expenses. The chairperson of the board shall be elected by the

1 board.

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

5 (3) The proceedings and rules of the board are subject to the
6 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
7 shall adopt rules governing its procedure and the holding of
8 regular meetings, subject to the approval of the governing body.
9 Special meetings may be held if called in the manner provided in
10 the rules of the board.

11 (4) After having been given notice and an opportunity to be
12 heard, a member of the board may be removed for cause by the
13 governing body.

14 (5) All expense items of the authority shall be publicized
15 monthly and the financial records shall always be open to the
16 public.

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

21 Sec. 708. (1) The board may employ and fix the compensation of
22 a director, subject to the approval of the governing body of the
23 municipality. The director shall serve at the pleasure of the
24 board. A member of the board is not eligible to hold the position
25 of director. Before beginning his or her duties, the director shall
26 take and subscribe to the constitutional oath, and furnish bond, by
27 posting a bond in the sum determined in the ordinance establishing

1 the authority payable to the authority for use and benefit of the
2 authority, approved by the board, and filed with the municipal
3 clerk. The premium on the bond shall be considered an operating
4 expense of the authority, payable from funds available to the
5 authority for expenses of operation. The director shall be the
6 chief executive officer of the authority. Subject to the approval
7 of the board, the director shall supervise and be responsible for
8 the preparation of plans and the performance of the functions of
9 the authority in the manner authorized by this part. The director
10 shall attend the meetings of the board and shall provide to the
11 board and to the governing body of the municipality a regular
12 report covering the activities and financial condition of the
13 authority. If the director is absent or disabled, the board may
14 designate a qualified person as acting director to perform the
15 duties of the office. Before beginning his or her duties, the
16 acting director shall take and subscribe to the oath, and furnish
17 bond, as required of the director. The director shall furnish the
18 board with information or reports governing the operation of the
19 authority as the board requires.

20 (2) The board may employ and fix the compensation of a
21 treasurer, who shall keep the financial records of the authority
22 and who, together with the director, shall approve all vouchers for
23 the expenditure of funds of the authority. The treasurer shall
24 perform all duties delegated to him or her by the board and shall
25 furnish bond in an amount prescribed by the board.

26 (3) The board may employ and fix the compensation of a
27 secretary, who shall maintain custody of the official seal and of

1 records, books, documents, or other papers not required to be
2 maintained by the treasurer. The secretary shall attend meetings of
3 the board and keep a record of its proceedings and shall perform
4 other duties delegated by the board.

5 (4) The board may retain legal counsel to advise the board in
6 the proper performance of its duties. The legal counsel shall
7 represent the authority in actions brought by or against the
8 authority.

9 (5) The board may employ other personnel considered necessary
10 by the board.

11 Sec. 709. The employees of an authority shall be eligible to
12 participate in municipal retirement and insurance programs of the
13 municipality as if they were civil service employees except that
14 the employees of an authority are not civil service employees.

15 Sec. 710. (1) The board may do any of the following:

16 (a) Prepare an analysis of water resource improvement and
17 access to inland lakes issues taking place in the development area.

18 (b) Study and analyze the need for water resource improvements
19 and access to inland lakes upon the development area.

20 (c) Plan and propose the construction, renovation, repair,
21 remodeling, rehabilitation, restoration, preservation, or
22 reconstruction of a public facility that may be necessary or
23 appropriate to the execution of a plan that, in the opinion of the
24 board, aids in water resource improvement or access to inland lakes
25 in the development area. The board is encouraged to develop a plan
26 that conserves the natural features, reduces impervious surfaces,
27 and uses landscaping and natural features to reflect the

1 predevelopment site.

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 for water resource improvement
8 and access to inland lakes within the district.

9 (f) Implement any plan of development for water resource
10 improvement and access to inland lakes in the development area
11 necessary to achieve the purposes of this part in accordance with
12 the powers of the authority granted by this part.

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

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

22 (i) Improve land and construct, reconstruct, rehabilitate,
23 restore and preserve, equip, clear, improve, maintain, and repair
24 any public facility, building, and any necessary or desirable
25 appurtenances to those buildings and operate a water resource
26 improvement, as determined by the authority to be reasonably
27 necessary to achieve the purposes of this part, within the

1 development area for the use, in whole or in part, of any public or
2 private person or corporation, or a combination thereof.

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

8 (k) Lease, in whole or in part, any facility, building, or
9 property under its control.

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

12 (m) Acquire and construct public facilities.

13 (n) Plan and implement water resource improvements in harbors
14 of the Great Lakes and their tributaries, including, but not
15 limited to, dredging, removal of spoils, and other improvements or
16 maintenance activities that enhance navigability of a waterway.

17 (2) The board shall prepare a water resource management plan
18 in consultation with the department of environmental quality, the
19 department of natural resources, or any other entity with expertise
20 in water quality management and invasive species management.

21 (3) The board may apply for the necessary state and federal
22 permits required for a public facility or a water resource
23 improvement under this part.

24 Sec. 711. The authority is an instrumentality of a political
25 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

26 Sec. 712. (1) The activities of the authority shall be
27 financed from 1 or more of the following sources:

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

3 (b) Money borrowed and to be repaid as authorized by sections
4 713 and 714.

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

9 (d) Proceeds of a tax increment financing plan established
10 under sections 715 to 717.

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

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

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

24 Sec. 713. The authority may borrow money and issue its
25 negotiable revenue bonds under the revenue bond act of 1933, 1933
26 PA 94, MCL 141.101 to 141.140.

27 Sec. 714. (1) The authority may with approval of the local

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

4 (a) The implementation of a development plan in the
5 development area.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

24 Sec. 715. (1) If the authority determines that it is necessary
25 for the achievement of the purposes of this part, the authority
26 shall prepare and submit a tax increment financing plan to the
27 governing body of the municipality. The plan shall include a

1 development plan as provided in section 718, a detailed explanation
2 of the tax increment procedure, the maximum amount of bonded
3 indebtedness to be incurred, and the duration of the program, and
4 shall be in compliance with section 716. The plan shall contain a
5 statement of the estimated impact of tax increment financing on the
6 assessed values of all taxing jurisdictions in which the
7 development area is located. The plan may provide for the use of
8 part or all of the captured assessed value, but the portion
9 intended to be used by the authority shall be clearly stated in the
10 tax increment financing plan. The authority or municipality may
11 exclude from captured assessed value growth in property value
12 resulting solely from inflation. The plan shall set forth the
13 method for excluding growth in property value resulting solely from
14 inflation.

15 (2) Approval of the tax increment financing plan shall comply
16 with the notice, hearing, and disclosure provisions of section 821.
17 If the development plan is part of the tax increment financing
18 plan, only 1 hearing and approval procedure is required for the 2
19 plans together.

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

1 taxing jurisdictions and the governing body of the municipality in
2 which the development area is located to share a portion of the
3 captured assessed value of the development area.

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

8 (5) Not more than 60 days after the public hearing, the
9 governing body in a taxing jurisdiction levying ad valorem property
10 taxes that would otherwise be subject to capture may exempt its
11 taxes from capture by adopting a resolution to that effect and
12 filing a copy with the clerk of the municipality proposing to
13 create the authority. In the event that the governing body levies a
14 separate millage for public library purposes, at the request of the
15 public library board, that separate millage shall be exempt from
16 the capture. The resolution shall take effect when filed with the
17 clerk and remains effective until a copy of a resolution rescinding
18 that resolution is filed with that clerk. If a separate millage for
19 public library purposes was levied before January 1, 2017, and all
20 obligations of the authority are paid, then the levy is exempt from
21 capture under this part, unless the library board or commission
22 allows all or a portion of its taxes levied to be included as tax
23 increment revenues and subject to capture under this part under the
24 terms of a written agreement between the library board or
25 commission and the authority. The written agreement shall be filed
26 with the clerk of the municipality. However, if a separate millage
27 for public library purposes was levied before January 1, 2017, and

1 the authority alters or amends the boundaries of the district or
2 extends the duration of the existing finance plan, then the library
3 board or commission may, not later than 60 days after a public
4 hearing is held under this subsection, exempt all or a portion of
5 its taxes from capture by adopting a resolution to that effect and
6 filing a copy with the clerk of the municipality that created the
7 authority. For ad valorem property taxes or specific local taxes
8 attributable to those ad valorem property taxes levied for a
9 separate millage for public library purposes approved by the
10 electors after December 31, 2016, a library board or commission may
11 allow all or a portion of its taxes levied to be included as tax
12 increment revenues and subject to capture under this part under the
13 terms of a written agreement between the library board or
14 commission and the authority. The written agreement shall be filed
15 with the clerk of the municipality. However, if the library was
16 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
17 397.210a, or established under 1869 LA 233, then any action of the
18 library board or commission under this subsection shall have the
19 concurrence of the chief executive officer of the city that created
20 the library to be effective.

21 Sec. 716. (1) The municipal and county treasurers shall
22 transmit tax increment revenues to the authority.

23 (2) The authority shall expend the tax increment revenues
24 received for the development program only under the terms of the
25 tax increment financing plan. Unused funds shall revert
26 proportionately to the respective taxing bodies. Tax increment
27 revenues shall not be used to circumvent existing property tax

1 limitations. The governing body of the municipality may abolish the
2 tax increment financing plan if it finds that the purposes for
3 which it was established are accomplished. However, the tax
4 increment financing plan shall not be abolished, allowed to expire,
5 or otherwise terminate until the principal of, and interest on,
6 bonds issued under section 717 have been paid or funds sufficient
7 to make the payment have been segregated.

8 Sec. 717. (1) By resolution of its governing body, the
9 authority may authorize, issue, and sell tax increment bonds
10 subject to the limitations set forth in this subsection to finance
11 the development program of the tax increment financing plan. The
12 tax increment bonds issued by the authority under this subsection
13 shall pledge solely the tax increment revenues of a development
14 area in which the project is located or a development area from
15 which tax increment revenues may be used for this project, or both.
16 In addition or in the alternative, the bonds issued by the
17 authority under this subsection may be secured by any other
18 revenues identified in section 712 as sources of financing for
19 activities of the authority that the authority shall specifically
20 pledge in the resolution. However, except as otherwise provided in
21 this section, the full faith and credit of the municipality shall
22 not be pledged to secure bonds issued under this subsection. The
23 bond issue may include a sum sufficient to pay interest on the tax
24 increment bonds until full development of tax increment revenues
25 from the project and also a sum to provide a reasonable reserve for
26 payment of principal and interest on the bonds. The resolution
27 authorizing the bonds shall create a lien on the tax increment

1 revenues and other revenues pledged by the resolution that shall be
2 a statutory lien and shall be a first lien subject only to liens
3 previously created. The resolution may provide the terms upon which
4 additional bonds may be issued of equal standing and parity of lien
5 as to the tax increment revenues and other revenues pledged under
6 the resolution. Bonds issued under this subsection that pledge
7 revenue received under section 715 for repayment of the bonds are
8 subject to the revised municipal finance act, 2001 PA 34, MCL
9 141.2101 to 141.2821.

10 (2) The municipality, by majority vote of the members of its
11 governing body, may make a limited tax pledge to support the
12 authority's tax increment bonds or notes or, if authorized by the
13 voters of the municipality, may pledge its unlimited tax full faith
14 and credit for the payment of the principal of and interest on the
15 authority's tax increment bonds or notes.

16 Sec. 718. (1) If a board decides to finance a project in a
17 development area by the use of revenue bonds as authorized in
18 section 713 or tax increment financing as authorized in sections
19 715, 716, and 717, it shall prepare a development plan.

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

21 (a) The designation of boundaries of the development area in
22 relation to highways, streets, streams, lakes, other bodies of
23 water, or otherwise.

24 (b) The location and extent of existing streets and other
25 public facilities within the development area, designating the
26 location, character, and extent of the categories of public and
27 private land uses then existing and proposed for the development

1 area, including residential, recreational, commercial, industrial,
2 educational, and other uses, and including a legal description of
3 the development area.

4 (c) A description of existing improvements in the development
5 area to be demolished, repaired, or altered, a description of any
6 repairs and alterations, and an estimate of the time required for
7 completion.

8 (d) The location, extent, character, and estimated cost of the
9 improvements including rehabilitation contemplated for the
10 development area and an estimate of the time required for
11 completion.

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

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

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

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

21 (i) An estimate of the cost of the development, a statement of
22 the proposed method of financing the development, and the ability
23 of the authority to arrange the financing.

24 (j) Designation of the person or persons, natural or
25 corporate, to whom all or a portion of the development is to be
26 leased, sold, or conveyed in any manner and for whose benefit the
27 project is being undertaken if that information is available to the

1 authority.

2 (k) The procedures for bidding for the leasing, purchasing, or
3 conveying in any manner of all or a portion of the development upon
4 its completion, if there is no express or implied agreement between
5 the authority and persons, natural or corporate, that all or a
6 portion of the development will be leased, sold, or conveyed in any
7 manner to those persons.

8 (l) The requirement that amendments to an approved development
9 plan or tax increment plan must be submitted by the authority to
10 the governing body for approval or rejection.

11 (m) The water resource improvements that will be made in the
12 development area.

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

15 (o) Based on consultation with the affected state and federal
16 authorities, an identification of the permits the board believes
17 necessary to complete the proposed public facility and an
18 explanation of how the proposed public facility will meet the
19 requirements necessary for issuance of each permit.

20 Sec. 719. (1) The governing body, before adoption of an
21 ordinance approving a development plan or tax increment financing
22 plan, shall hold a public hearing on the development plan. Notice
23 of the time and place of the hearing shall be given by publication
24 twice in a newspaper of general circulation designated by the
25 municipality, the first of which shall be not less than 20 days
26 before the date set for the hearing. Notice of the hearing shall be
27 posted in at least 20 conspicuous and public places in the

1 development area not less than 20 days before the hearing. Notice
2 shall also be mailed to all property taxpayers of record in the
3 development area and to the governing body of each taxing
4 jurisdiction levying taxes that would be subject to capture if the
5 tax increment financing plan is approved not less than 20 days
6 before the hearing.

7 (2) Notice of the time and place of hearing on a development
8 plan shall contain all of the following:

9 (a) A description of the proposed development area in relation
10 to highways, streets, streams, or otherwise.

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

15 (c) A statement that all aspects of the development plan will
16 be open for discussion at the public hearing.

17 (d) Other information that the governing body considers
18 appropriate.

19 (3) At the time set for the hearing, the governing body shall
20 provide an opportunity for interested persons to speak and shall
21 receive and consider communications in writing. The hearing shall
22 provide the fullest opportunity for expression of opinion, for
23 argument on the merits, and for consideration of documentary
24 evidence pertinent to the development plan. The governing body
25 shall make and preserve a record of the public hearing, including
26 all data presented at the hearing.

27 Sec. 720. The governing body after a public hearing on the

1 development plan or the tax increment financing plan, or both, with
2 notice given under section 819, shall determine whether the
3 development plan or tax increment financing plan constitutes a
4 public purpose. If it determines that the development plan or tax
5 increment financing plan constitutes a public purpose, it shall by
6 ordinance approve or reject the plan, or approve it with
7 modification, based on the following considerations:

8 (a) The findings and recommendations of a development area
9 citizens council, if a development area citizens council was
10 formed.

11 (b) The plan meets the requirements under section 818(2).

12 (c) The proposed method of financing the development is
13 feasible and the authority has the ability to arrange the
14 financing.

15 (d) The development is reasonable and necessary to carry out
16 the purposes of this part.

17 (e) The land included within the development area to be
18 acquired is reasonably necessary to carry out the purposes of the
19 plan and of this part in an efficient and economically satisfactory
20 manner.

21 (f) The development plan is in reasonable accord with the land
22 use plan of the municipality.

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

25 (h) Changes in zoning, streets, street levels, intersections,
26 and utilities are reasonably necessary for the project and for the
27 municipality.

Sec. 721. (1) The director of the authority shall submit a budget to the board for the operation of the authority for each fiscal year before the beginning of the fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. After review by the board, the budget shall be submitted to the governing body. The governing body must approve the budget before the board may adopt the budget. Unless authorized by the governing body or this part, funds of the municipality shall not be included in the budget of the authority.

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

Sec. 722. An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

PART 8

NEIGHBORHOOD IMPROVEMENT AUTHORITIES

Sec. 802. As used in this part:

(a) "Advance" means a transfer of funds made by a municipality to an authority or to another person on behalf of the authority in anticipation of repayment by the authority. Evidence of the intent to repay an advance may include, but is not limited to, an executed agreement to repay, provisions contained in a tax increment

1 financing plan approved prior to the advance, or a resolution of
2 the authority or the municipality.

3 (b) "Assessed value" means the taxable value as determined
4 under section 27a of the general property tax act, 1893 PA 206, MCL
5 211.27a.

6 (c) "Authority" means a neighborhood improvement authority
7 created under this part.

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

9 (e) "Captured assessed value" means the amount in any 1 year
10 by which the current assessed value of the development area,
11 including the assessed value of property for which specific local
12 taxes are paid in lieu of property taxes as determined in section
13 803(d), exceeds the initial assessed value. The state tax
14 commission shall prescribe the method for calculating captured
15 assessed value.

16 (f) "Chief executive officer" means the mayor or city manager
17 of a city or the president or village manager of a village.

18 (g) "Development area" means that area described in section
19 805 to which a development plan is applicable.

20 (h) "Development plan" means that information and those
21 requirements for a development area set forth in section 819.

22 (i) "Development program" means the implementation of the
23 development plan.

24 (j) "Fiscal year" means the fiscal year of the authority.

25 (k) "Governing body" or "governing body of a municipality"
26 means the elected body of a municipality having legislative powers.

27 (l) "Housing" means publicly owned housing, individual or

1 multifamily.

2 (m) "Initial assessed value" means the assessed value of all
3 the taxable property within the boundaries of the development area
4 at the time the ordinance establishing the tax increment financing
5 plan is approved, as shown by the most recent assessment roll of
6 the municipality at the time the resolution is adopted. Property
7 exempt from taxation at the time of the determination of the
8 initial assessed value shall be included as zero. For the purpose
9 of determining initial assessed value, property for which a
10 specific local tax is paid in lieu of a property tax shall not be
11 considered to be property that is exempt from taxation. The initial
12 assessed value of property for which a specific local tax was paid
13 in lieu of a property tax shall be determined as provided in
14 section 803(d).

15 (n) "Land use plan" means a plan prepared under former 1921 PA
16 207 or a site plan under the Michigan zoning enabling act, 2006 PA
17 110, MCL 125.3101 to 125.3702.

18 (o) "Municipality" means a city or a village.

19 Sec. 803. As used in this part:

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

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

26 (c) "Public facility" means housing, a street, plaza,
27 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, or building, including access routes designed and dedicated
5 to use by the public generally, or used by a public agency. Public
6 facility includes an improvement to a facility used by the public
7 or a public facility as those terms are defined in section 1 of
8 1966 PA 1, MCL 125.1351, if the improvement complies with the
9 barrier free design requirements of the state construction code
10 promulgated under the Stille-DeRossett-Hale single state
11 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

12 (d) "Residential district" means an area of a municipality
13 where 75% or more of the area is zoned for residential housing.

14 (e) "Specific local tax" means a tax levied under 1974 PA 198,
15 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
16 255, MCL 207.651 to 207.668, the technology park development act,
17 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
18 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
19 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA
20 210, MCL 207.841 to 207.856. The initial assessed value or current
21 assessed value of property subject to a specific local tax shall be
22 the quotient of the specific local tax paid divided by the ad
23 valorem millage rate. The state tax commission shall prescribe the
24 method for calculating the initial assessed value and current
25 assessed value of property for which a specific local tax was paid
26 in lieu of a property tax.

27 (f) "State fiscal year" means the annual period commencing

1 October 1 of each year.

2 (g) "Tax increment revenues" means the amount of ad valorem
3 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. Tax increment revenues do not include any of the
7 following:

8 (i) Taxes under the state education tax act, 1993 PA 331, MCL
9 211.901 to 211.906.

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

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

17 (iv) Ad valorem property taxes excluded by the tax increment
18 financing plan of the authority from the determination of the
19 amount of tax increment revenues to be transmitted to the authority
20 or specific local taxes attributable to the ad valorem property
21 taxes.

22 (v) Ad valorem property taxes exempted from capture under
23 section 814(5) or specific local taxes attributable to those ad
24 valorem property taxes.

25 (vi) Ad valorem property taxes specifically levied for the
26 payment of principal and interest of obligations approved by the
27 electors or obligations pledging the unlimited taxing power of the

1 local governmental unit or specific taxes attributable to those ad
2 valorem property taxes.

3 (vii) Ad valorem property taxes levied under 1 or more of the
4 following or specific local taxes attributable to those ad valorem
5 property taxes:

6 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
7 to 123.1183.

8 (B) The art institute authorities act, 2010 PA 296, MCL
9 123.1201 to 123.1229.

10 (C) Except as otherwise provided in section 814(5), ad valorem
11 property taxes or specific local taxes attributable to those ad
12 valorem property taxes levied for a separate millage for public
13 library purposes approved by the electors after December 31, 2016.

14 Sec. 804. (1) Except as otherwise provided in this subsection,
15 a municipality may establish multiple authorities. A parcel of
16 property shall not be included in more than 1 authority created
17 under this part.

18 (2) An authority is a public body corporate that may sue and
19 be sued in any court of this state. An authority possesses all the
20 powers necessary to carry out its purpose. The enumeration of a
21 power in this part shall not be construed as a limitation upon the
22 general powers of an authority.

23 Sec. 805. (1) If the governing body of a municipality
24 determines that it is necessary for the best interests of the
25 public to promote residential growth in a residential district and
26 to promote economic growth, the governing body may, by resolution,
27 declare its intention to create and provide for the operation of an

1 authority.

2 (2) In the resolution of intent, the governing body shall set
3 a date for a public hearing on the adoption of a proposed ordinance
4 creating the authority and designating the boundaries of the
5 development area. Notice of the public hearing shall be published
6 twice in a newspaper of general circulation in the municipality,
7 not less than 20 or more than 40 days before the date of the
8 hearing. Not less than 20 days before the hearing, the governing
9 body proposing to create the authority shall also mail notice of
10 the hearing to the property taxpayers of record in the proposed
11 development area and to the governing body of each taxing
12 jurisdiction levying taxes that would be subject to capture if the
13 authority is established and a tax increment financing plan is
14 approved. Failure of a property taxpayer to receive the notice does
15 not invalidate these proceedings. Notice of the hearing shall be
16 posted in at least 20 conspicuous and public places in the proposed
17 development area not less than 20 days before the hearing. The
18 notice shall state the date, time, and place of the hearing and
19 shall describe the boundaries of the proposed development area. A
20 citizen, taxpayer, or property owner of the municipality or an
21 official from a taxing jurisdiction with millage that would be
22 subject to capture has the right to be heard in regard to the
23 establishment of the authority and the boundaries of the proposed
24 development area. The governing body of the municipality shall not
25 incorporate land into the development area not included in the
26 description contained in the notice of public hearing, but it may
27 eliminate described lands from the development area in the final

1 determination of the boundaries.

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

15 (4) The governing body of the municipality may alter or amend
16 the boundaries of the development area to include or exclude lands
17 from the development area in the same manner as adopting the
18 ordinance creating the authority.

19 (5) A residential district or development area under this part
20 shall not include an area of a municipality that is part of a
21 residential district or a development area under the historical
22 neighborhood tax increment finance authority act, 2004 PA 530, MCL
23 125.2841 to 125.2866.

24 (6) An authority created under this part shall have a duration
25 of not more than 30 years from the date of the resolution creating
26 the authority. The governing body of a municipality may extend the
27 duration of the authority by resolution if the purposes for which

1 the authority was created still exist.

2 Sec. 806. If a development area is part of an area annexed to
3 or consolidated with another municipality, the authority managing
4 that development area shall become an authority of the annexing or
5 consolidated municipality. Obligations of that authority incurred
6 under a development or tax increment plan, agreements related to a
7 development or tax increment plan, and bonds issued under this part
8 shall remain in effect following the annexation or consolidation.

9 Sec. 807. (1) An authority shall be under the supervision and
10 control of a board consisting of the chief executive officer of the
11 municipality or his or her designee and not less than 5 or more
12 than 9 members as determined by the governing body of the
13 municipality. Members shall be appointed by the chief executive
14 officer of the municipality, subject to approval by the governing
15 body of the municipality. Not less than a majority of the members
16 shall be persons having an ownership or business interest in
17 property located in the development area. At least 1 of the members
18 shall be a resident of the development area or of an area within
19 1/2 mile of any part of the development area. Of the members first
20 appointed, an equal number of the members, as near as is
21 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
22 years. A member shall hold office until the member's successor is
23 appointed. After the initial appointment, each member shall serve
24 for a term of 4 years. An appointment to fill a vacancy shall be
25 made by the chief executive officer of the municipality for the
26 unexpired term only. Members of the board shall serve without
27 compensation, but shall be reimbursed for actual and necessary

1 expenses. The chairperson of the board shall be elected by the
2 board.

3 (2) Before assuming the duties of office, a member shall
4 qualify by taking and subscribing to the constitutional oath of
5 office.

6 (3) The proceedings and rules of the board are subject to the
7 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
8 shall adopt rules governing its procedure and the holding of
9 regular meetings, subject to the approval of the governing body.
10 Special meetings may be held if called in the manner provided in
11 the rules of the board.

12 (4) After having been given notice and an opportunity to be
13 heard, a member of the board may be removed for cause by the
14 governing body.

15 (5) All expense items of the authority shall be publicized
16 monthly and the financial records shall always be open to the
17 public.

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

22 Sec. 808. (1) The board may employ and fix the compensation of
23 a director, subject to the approval of the governing body of the
24 municipality. The director shall serve at the pleasure of the
25 board. A member of the board is not eligible to hold the position
26 of director. Before beginning his or her duties, the director shall
27 take and subscribe to the constitutional oath, and furnish bond, by

1 posting a bond in the sum determined in the ordinance establishing
2 the authority payable to the authority for use and benefit of the
3 authority, approved by the board, and filed with the municipal
4 clerk. The premium on the bond shall be considered an operating
5 expense of the authority, payable from funds available to the
6 authority for expenses of operation. The director shall be the
7 chief executive officer of the authority. Subject to the approval
8 of the board, the director shall supervise and be responsible for
9 the preparation of plans and the performance of the functions of
10 the authority in the manner authorized by this part. The director
11 shall attend the meetings of the board and shall provide to the
12 board and to the governing body of the municipality a regular
13 report covering the activities and financial condition of the
14 authority. If the director is absent or disabled, the board may
15 designate a qualified person as acting director to perform the
16 duties of the office. Before beginning his or her duties, the
17 acting director shall take and subscribe to the oath, and furnish
18 bond, as required of the director. The director shall furnish the
19 board with information or reports governing the operation of the
20 authority as the board requires.

21 (2) The board may employ and fix the compensation of a
22 treasurer, who shall keep the financial records of the authority
23 and who, together with the director, shall approve all vouchers for
24 the expenditure of funds of the authority. The treasurer shall
25 perform all duties delegated to him or her by the board and shall
26 furnish bond in an amount prescribed by the board.

27 (3) The board may employ and fix the compensation of a

1 secretary, who shall maintain custody of the official seal and of
2 records, books, documents, or other papers not required to be
3 maintained by the treasurer. The secretary shall attend meetings of
4 the board and keep a record of its proceedings and shall perform
5 other duties delegated by the board.

6 (4) The board may retain legal counsel to advise the board in
7 the proper performance of its duties. The legal counsel shall
8 represent the authority in actions brought by or against the
9 authority.

10 (5) The board may employ other personnel considered necessary
11 by the board.

12 Sec. 809. The employees of an authority shall be eligible to
13 participate in municipal retirement and insurance programs of the
14 municipality as if they were civil service employees except that
15 the employees of an authority are not civil service employees.

16 Sec. 810. The board may do any of the following:

17 (a) Prepare an analysis of economic changes taking place in
18 the development area.

19 (b) Study and analyze the impact of metropolitan growth upon
20 the development area.

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

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

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

13 (f) Implement any plan of development, including housing for
14 low-income individuals, in the development area necessary to
15 achieve the purposes of this part in accordance with the powers of
16 the authority granted by this part.

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 the property,
23 that the authority determines is reasonably necessary to achieve
24 the purposes of this part, and to grant or acquire licenses,
25 easements, and options.

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

1 operate any public facility, building, including multiple-family
2 dwellings, and any necessary or desirable appurtenances to those
3 buildings, within the development area for the use, in whole or in
4 part, of any public or private person or corporation, or a
5 combination thereof.

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

11 (k) Lease, in whole or in part, any facility, building, or
12 property under its control.

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

15 (m) Acquire and construct public facilities.

16 Sec. 811. (1) The activities of the authority shall be
17 financed from 1 or more of the following sources:

18 (a) Donations to the authority for the performance of its
19 functions.

20 (b) Money borrowed and to be repaid as authorized by sections
21 812 and 813.

22 (c) Revenues from any property, building, or facility owned,
23 leased, licensed, or operated by the authority or under its
24 control, subject to the limitations imposed upon the authority by
25 trusts or other agreements.

26 (d) Proceeds of a tax increment financing plan established
27 under sections 814 to 816.

1 (e) Proceeds from a special assessment district created as
2 provided by law.

3 (f) Money obtained from other sources approved by the
4 governing body of the municipality or otherwise authorized by law
5 for use by the authority or the municipality to finance a
6 development program.

7 (2) Money received by the authority and not covered under
8 subsection (1) shall immediately be deposited to the credit of the
9 authority, subject to disbursement under this part. Except as
10 provided in this part, the municipality shall not obligate itself,
11 and shall not be obligated, to pay any sums from public funds,
12 other than money received by the municipality under this section,
13 for or on account of the activities of the authority.

14 Sec. 812. The authority may borrow money and issue its
15 negotiable revenue bonds under the revenue bond act of 1933, 1933
16 PA 94, MCL 141.101 to 141.140.

17 Sec. 813. (1) The authority may with approval of the local
18 governing body borrow money and issue its revenue bonds or notes to
19 finance all or part of the costs of acquiring or constructing
20 property in connection with either of the following:

21 (a) The implementation of a development plan in the
22 development area.

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

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

27 (a) The cost of purchasing, acquiring, constructing,

1 improving, enlarging, extending, or repairing property in
2 connection with the implementation of a development plan in the
3 development area.

4 (b) Any engineering, architectural, legal, accounting, or
5 financial expenses.

6 (c) The costs necessary or incidental to the borrowing of
7 money.

8 (d) Interest on the bonds or notes during the period of
9 construction.

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

12 (f) A reserve for operation and maintenance until sufficient
13 revenues have developed.

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

17 (4) A pledge made by the authority is valid and binding from
18 the time the pledge is made. The money or property pledged by the
19 authority immediately is subject to the lien of the pledge without
20 a physical delivery, filing, or further act. The lien of a pledge
21 is valid and binding against parties having claims of any kind in
22 tort, contract, or otherwise, against the authority, whether or not
23 the parties have notice of the lien. Neither the resolution, the
24 trust agreement, nor any other instrument by which a pledge is
25 created must be filed or recorded to be enforceable.

26 (5) Bonds or notes issued under this section are exempt from
27 all taxation in this state except inheritance and transfer taxes,

1 and the interest on the bonds or notes is exempt from all taxation
2 in this state, notwithstanding that the interest may be subject to
3 federal income tax.

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

8 (7) The bonds and notes of the authority may be invested in by
9 all public officers, state agencies and political subdivisions,
10 insurance companies, banks, savings and loan associations,
11 investment companies, and fiduciaries and trustees, and may be
12 deposited with and received by all public officers and the agencies
13 and political subdivisions of this state for any purpose for which
14 the deposit of bonds is authorized.

15 Sec. 814. (1) If the authority determines that it is necessary
16 for the achievement of the purposes of this part, the authority
17 shall prepare and submit a tax increment financing plan to the
18 governing body of the municipality. The plan shall include a
19 development plan as provided in section 816, a detailed explanation
20 of the tax increment procedure, the maximum amount of bonded
21 indebtedness to be incurred, and the duration of the program, and
22 shall be in compliance with section 815. The plan shall contain a
23 statement of the estimated impact of tax increment financing on the
24 assessed values of all taxing jurisdictions in which the
25 development area is located. The plan may provide for the use of
26 part or all of the captured assessed value, but the portion
27 intended to be used by the authority shall be clearly stated in the

1 tax increment financing plan. The authority or municipality may
2 exclude from captured assessed value growth in property value
3 resulting solely from inflation. The plan shall set forth the
4 method for excluding growth in property value resulting solely from
5 inflation.

6 (2) Approval of the tax increment financing plan shall comply
7 with the notice, hearing, and disclosure provisions of section 818.
8 If the development plan is part of the tax increment financing
9 plan, only 1 hearing and approval procedure is required for the 2
10 plans together.

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

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

26 (5) Not more than 60 days after the public hearing, the
27 governing body in a taxing jurisdiction levying ad valorem property

1 taxes that would otherwise be subject to capture may exempt its
2 taxes from capture by adopting a resolution to that effect and
3 filing a copy with the clerk of the municipality proposing to
4 create the authority. In the event that the governing body levies a
5 separate millage for public library purposes, at the request of the
6 public library board, that separate millage shall be exempt from
7 the capture. The resolution shall take effect when filed with the
8 clerk and remains effective until a copy of a resolution rescinding
9 that resolution is filed with that clerk. If a separate millage for
10 public library purposes was levied before January 1, 2017, and all
11 obligations of the authority are paid, then the levy is exempt from
12 capture under this part, unless the library board or commission
13 allows all or a portion of its taxes levied to be included as tax
14 increment revenues and subject to capture under this part under the
15 terms of a written agreement between the library board or
16 commission and the authority. The written agreement shall be filed
17 with the clerk of the municipality. However, if a separate millage
18 for public library purposes was levied before January 1, 2017, and
19 the authority alters or amends the boundaries of a development area
20 or extends the duration of the existing finance plan, then the
21 library board or commission may, not later than 60 days after a
22 public hearing is held under this subsection, exempt all or a
23 portion of its taxes from capture by adopting a resolution to that
24 effect and filing a copy with the clerk of the municipality that
25 created the authority. For ad valorem property taxes or specific
26 local taxes attributable to those ad valorem property taxes levied
27 for a separate millage for public library purposes approved by the

1 electors after December 31, 2016, a library board or commission may
2 allow all or a portion of its taxes levied to be included as tax
3 increment revenues and subject to capture under this part under the
4 terms of a written agreement between the library board or
5 commission and the authority. The written agreement shall be filed
6 with the clerk of the municipality. However, if the library was
7 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
8 397.210a, or established under 1869 LA 233, then any action of the
9 library board or commission under this subsection shall have the
10 concurrence of the chief executive officer of the city that created
11 the library to be effective.

12 Sec. 815. (1) The municipal and county treasurers shall
13 transmit tax increment revenues to the authority.

14 (2) The authority shall expend the tax increment revenues
15 received for the development program only under the terms of the
16 tax increment financing plan. Unused funds shall revert
17 proportionately to the respective taxing bodies. Tax increment
18 revenues shall not be used to circumvent existing property tax
19 limitations. The governing body of the municipality may abolish the
20 tax increment financing plan if it finds that the purposes for
21 which it was established are accomplished. However, the tax
22 increment financing plan shall not be abolished, allowed to expire,
23 or otherwise terminate until the principal of, and interest on,
24 bonds issued under section 816 have been paid or funds sufficient
25 to make the payment have been segregated.

26 Sec. 816. (1) By resolution of its governing body, the
27 authority may authorize, issue, and sell tax increment bonds

1 subject to the limitations set forth in this subsection to finance
2 the development program of the tax increment financing plan. The
3 tax increment bonds issued by the authority under this subsection
4 shall pledge solely the tax increment revenues of a development
5 area in which the project is located or a development area from
6 which tax increment revenues may be used for this project, or both.
7 In addition or in the alternative, the bonds issued by the
8 authority under this subsection may be secured by any other
9 revenues identified in section 811 as sources of financing for
10 activities of the authority that the authority shall specifically
11 pledge in the resolution. However, except as otherwise provided in
12 this section, the full faith and credit of the municipality shall
13 not be pledged to secure bonds issued under this subsection. The
14 bond issue may include a sum sufficient to pay interest on the tax
15 increment bonds until full development of tax increment revenues
16 from the project and also a sum to provide a reasonable reserve for
17 payment of principal and interest on the bonds. The resolution
18 authorizing the bonds shall create a lien on the tax increment
19 revenues and other revenues pledged by the resolution that shall be
20 a statutory lien and shall be a first lien subject only to liens
21 previously created. The resolution may provide the terms upon which
22 additional bonds may be issued of equal standing and parity of lien
23 as to the tax increment revenues and other revenues pledged under
24 the resolution. Bonds issued under this subsection are subject to
25 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
26 141.2821.

27 (2) The municipality, by majority vote of the members of its

1 governing body, may make a limited tax pledge to support the
2 authority's tax increment bonds or notes or, if authorized by the
3 voters of the municipality, may pledge its unlimited tax full faith
4 and credit for the payment of the principal of and interest on the
5 authority's tax increment bonds or notes.

6 Sec. 817. (1) If a board decides to finance a project in a
7 development area by the use of revenue bonds as authorized in
8 section 812 or tax increment financing as authorized in sections
9 814, 815, and 816, it shall prepare a development plan.

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

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

13 (b) The location and extent of existing streets and other
14 public facilities within the development area, designating the
15 location, character, and extent of the categories of public and
16 private land uses then existing and proposed for the development
17 area, including residential, recreational, commercial, industrial,
18 educational, and other uses, and including a legal description of
19 the development area.

20 (c) A description of existing improvements in the development
21 area to be demolished, repaired, or altered, a description of any
22 repairs and alterations, and an estimate of the time required for
23 completion.

24 (d) The location, extent, character, and estimated cost of the
25 improvements including rehabilitation contemplated for the
26 development area and an estimate of the time required for
27 completion.

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

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

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

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

10 (i) An estimate of the cost of the development, a statement of
11 the proposed method of financing the development, and the ability
12 of the authority to arrange the financing.

13 (j) Designation of the person or persons, natural or
14 corporate, to whom all or a portion of the development is to be
15 leased, sold, or conveyed in any manner and for whose benefit the
16 project is being undertaken if that information is available to the
17 authority.

18 (k) The procedures for bidding for the leasing, purchasing, or
19 conveying in any manner of all or a portion of the development upon
20 its completion, if there is no express or implied agreement between
21 the authority and persons, natural or corporate, that all or a
22 portion of the development will be leased, sold, or conveyed in any
23 manner to those persons.

24 (l) The requirement that amendments to an approved development
25 plan or tax increment plan must be submitted by the authority to
26 the governing body for approval or rejection.

27 (m) Other material that the authority, local public agency, or

1 governing body considers pertinent.

2 Sec. 818. (1) The governing body, before adoption of an
3 ordinance approving a development plan or tax increment financing
4 plan, shall hold a public hearing on the development plan. Notice
5 of the time and place of the hearing shall be given by publication
6 twice in a newspaper of general circulation designated by the
7 municipality, the first of which shall be not less than 20 days
8 before the date set for the hearing. Notice of the hearing shall be
9 posted in at least 20 conspicuous and public places in the
10 development area not less than 20 days before the hearing. Notice
11 shall also be mailed to all property taxpayers of record in the
12 development area and to the governing body of each taxing
13 jurisdiction levying taxes that would be subject to capture if the
14 tax increment financing plan is approved not less than 20 days
15 before the hearing.

16 (2) Notice of the time and place of hearing on a development
17 plan shall contain all of the following:

18 (a) A description of the proposed development area in relation
19 to highways, streets, streams, or otherwise.

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

25 (c) A statement that all aspects of the development plan will
26 be open for discussion at the public hearing.

27 (d) Other information that the governing body considers

1 appropriate.

2 (3) At the time set for the hearing, the governing body shall
3 provide an opportunity for interested persons to speak and shall
4 receive and consider communications in writing. The hearing shall
5 provide the fullest opportunity for expression of opinion, for
6 argument on the merits, and for consideration of documentary
7 evidence pertinent to the development plan. The governing body
8 shall make and preserve a record of the public hearing, including
9 all data presented at the hearing.

10 Sec. 819. The governing body after a public hearing on the
11 development plan or the tax increment financing plan, or both, with
12 notice given under section 818, shall determine whether the
13 development plan or tax increment financing plan constitutes a
14 public purpose. If it determines that the development plan or tax
15 increment financing plan constitutes a public purpose, it shall by
16 ordinance approve or reject the plan, or approve it with
17 modification, based on the following considerations:

18 (a) The plan meets the requirements under section 817(2).

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

22 (c) The development is reasonable and necessary to carry out
23 the purposes of this part.

24 (d) The land included within the development area to be
25 acquired is reasonably necessary to carry out the purposes of the
26 plan and of this part in an efficient and economically satisfactory
27 manner.

1 (e) The development plan is in reasonable accord with the land
2 use plan of the municipality.

3 (f) Public services, such as fire and police protection and
4 utilities, are or will be adequate to service the project area.

5 (g) Changes in zoning, streets, street levels, intersections,
6 and utilities are reasonably necessary for the project and for the
7 municipality.

8 Sec. 820. (1) The director of the authority shall submit a
9 budget to the board for the operation of the authority for each
10 fiscal year before the beginning of the fiscal year. The budget
11 shall be prepared in the manner and contain the information
12 required of municipal departments. After review by the board, the
13 budget shall be submitted to the governing body. The governing body
14 must approve the budget before the board may adopt the budget.
15 Unless authorized by the governing body or this part, funds of the
16 municipality shall not be included in the budget of the authority.

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

22 Sec. 821. An authority that has completed the purposes for
23 which it was organized shall be dissolved by ordinance of the
24 governing body. The property and assets of the authority remaining
25 after the satisfaction of the obligations of the authority belong
26 to the municipality.

27 PART 9

REPORTING REQUIREMENTS

Sec. 901. As used in this part:

(a) "Authority" means all of the following:

(i) An authority as defined in part 2.

(ii) An authority as defined in part 3.

(iii) An authority as defined in part 4.

(iv) An authority as defined in part 6.

(v) An authority as defined in part 7.

(vi) An authority as defined in part 8.

(b) "Municipality" means all of the following:

(i) A municipality as defined in part 2.

(ii) A municipality as defined in part 3.

(iii) A municipality as defined in part 4.

(iv) A municipality as defined in part 6.

(v) A municipality as defined in part 7.

(vi) A municipality as defined in part 8.

Sec. 910. (1) Subject to subsection (5), each municipality that has created an authority or that creates an authority shall create a website or utilize the existing website of the municipality that is operated and regularly maintained with access to authority records and documents for the fiscal year beginning on the effective date of this act, including all of the following:

(a) Minutes of all board meetings.

(b) Annual budget, including encumbered and unencumbered fund balances.

(c) Annual audits.

(d) Currently adopted development plan, if not included in a

1 tax increment financing plan.

2 (e) Currently adopted tax increment finance plan, if currently
3 capturing tax increment revenues.

4 (f) Current authority staff contact information.

5 (g) A listing of current contracts with a description of those
6 contracts and other documents related to management of the
7 authority and services provided to the authority.

8 (h) An updated annual synopsis of activities of the authority.
9 An updated synopsis of the activities of the authority includes all
10 of the following, if any:

11 (i) For any tax increment revenues described in the annual
12 audit that are not expended within 5 years of their receipt, a
13 description that provides the following:

14 (A) The reasons for accumulating those funds and the uses for
15 which those funds will be expended.

16 (B) A time frame when the fund will be expended.

17 (C) If any funds have not been expended within 10 years of
18 their receipt, both of the following:

19 (I) The amount of those funds.

20 (II) A written explanation of why those funds have not been
21 expended.

22 (ii) List of authority accomplishments, including progress
23 made on development plan and tax increment finance plan goals and
24 objectives for the immediately preceding fiscal year.

25 (iii) List of authority projects and investments, including
26 active and completed projects for the immediately preceding fiscal
27 year.

1 (iv) List of authority events and promotional campaigns for
2 the immediately preceding fiscal year.

3 (2) The requirements in subsection (1) are required for
4 records and documents related to fiscal years as follows:

5 (a) For the fiscal year in which this act takes effect, the
6 records and documents for that fiscal year.

7 (b) For the fiscal year 1 year following the effective date of
8 this act, the records and documents for that fiscal year and the
9 immediately preceding fiscal year.

10 (c) For the fiscal year 2 years following the effective date
11 of this act, the records and documents for that fiscal year and the
12 2 immediately preceding fiscal years.

13 (d) For the fiscal year 3 years following the effective date
14 of this act, the records and documents for the fiscal year and the
15 3 immediately preceding fiscal years.

16 (e) For the fiscal year 4 years following the effective date
17 of this act and each subsequent fiscal year, the records and
18 documents for the fiscal year and the 4 immediately preceding
19 fiscal years.

20 (3) The requirements of this section shall not take effect
21 until 180 days after the end of an authority's current fiscal year
22 as of the effective date of this act.

23 (4) Each year, the board of an authority shall hold not fewer
24 than 2 informational meetings. Notice of an informational meeting
25 shall be posted on the municipality's or authority's website not
26 less than 14 days before the date of the informational meeting. Not
27 less than 14 days before the informational meeting, the board of an

1 authority shall mail notice of the informational meeting to the
2 governing body of each taxing jurisdiction levying taxes that are
3 subject to capture by an authority under this act. As an
4 alternative to mailing notice of the informational meeting, the
5 board of the authority may notify the clerk of the governing body
6 of each taxing jurisdiction levying taxes that are subject to
7 capture by an authority under this act by electronic mail. The
8 informational meetings may be held in conjunction with other public
9 meetings of the authority or municipality.

10 (5) If the municipality creating an authority does not have an
11 existing website and chooses not to create a website under
12 subsection (1), the municipality shall maintain the records
13 described in subsection (1) at a physical location within the
14 municipality that is open to the public.

15 Sec. 911. (1) Annually, on a form and in the manner prescribed
16 by the department of treasury, an authority that is capturing tax
17 increment revenues shall submit to the governing body of the
18 municipality, the governing body of a taxing unit levying taxes
19 subject to capture by an authority, and the department of treasury
20 a report on the status of the tax increment financing account.
21 However, an authority may submit by electronic means a report
22 described in this subsection to the governing body of the
23 municipality and the governing body of a taxing unit levying taxes
24 subject to capture by the authority. The report shall include all
25 of the following:

26 (a) The name of the authority.

27 (b) The date the authority was formed, the date the tax

1 increment financing plan is set to expire or terminate, and whether
2 the tax increment financing plan expired during the immediately
3 preceding fiscal year.

4 (c) The date the authority began capturing tax increment
5 revenues.

6 (d) The current base year taxable value of the tax increment
7 financing district.

8 (e) The unencumbered fund balance for the immediately
9 preceding fiscal year.

10 (f) The encumbered fund balance for the immediately preceding
11 fiscal year.

12 (g) The amount and source of revenue in the account, including
13 the amount of revenue from each taxing jurisdiction.

14 (h) The amount in any bond reserve account.

15 (i) The amount and purpose of expenditures from the account.

16 (j) The amount of principal and interest on any outstanding
17 bonded indebtedness.

18 (k) The initial assessed value of the development area or
19 authority district by property tax classification.

20 (l) The captured assessed value retained by the authority by
21 property tax classification.

22 (m) The tax increment revenues received for the immediately
23 preceding fiscal year.

24 (n) Whether the authority amended its development plan or its
25 tax increment financing plan within the immediately preceding
26 fiscal year and if the authority amended either plan, a link to the
27 current development plan or tax increment financing plan that was

1 amended.

2 (o) Any additional information the governing body of the
3 municipality or the department of treasury considers necessary.

4 (2) The report described in subsection (1) shall be filed with
5 the department of treasury at the same time as the annual financial
6 report is filed with the department of treasury under section 4 of
7 the uniform budgeting and accounting act, 1968 PA 2, MCL 141.424.

8 (3) The department of treasury shall collect the reports
9 described in subsection (1) and annually compile a combined report
10 that summarizes the information reported in subsection (1) and
11 annually submit a copy of that combined report to each member of
12 the legislature.

13 (4) The department of treasury shall consult with the
14 professional organizations that represent municipalities in
15 developing the reporting form described in subsection (1).

16 (5) The department of treasury shall consult with the
17 professional organizations described in subsection (4) and finalize
18 and publish the form described in subsection (1) not later than 60
19 days after the effective date of this act.

20 Sec. 912. Within 90 days of the effective date of this act,
21 each authority shall send a copy or an electronic mail link of its
22 currently adopted development plan or its currently adopted tax
23 increment finance plan, if separate from the development plan, to
24 the department of treasury.

25 Sec. 915. (1) The department of treasury may institute
26 proceedings to compel enforcement of this act and shall send
27 written notification to an authority that fails to comply with this

1 act, to each taxing jurisdiction that has tax increment revenues
2 captured by the authority, and to the governing body of the
3 municipality that established the authority of a violation of any
4 provision of this act. The written notification shall specifically
5 detail the authority's noncompliance with this act.

6 (2) If the department of treasury notifies an authority in
7 writing that the authority failed to comply with any provision of
8 this act, and after 60 days following receipt of that notice the
9 authority does not comply, that authority shall not capture any tax
10 increment revenues that are in excess of amounts necessary to pay
11 bonded indebtedness and other obligations for the period of
12 noncompliance. During the period of noncompliance, an authority
13 cannot amend or approve a tax increment financing plan. However, if
14 the period of noncompliance exceeds 2 consecutive years, that
15 authority shall not capture any tax increment revenues that are in
16 excess of amounts necessary to pay bonded indebtedness and other
17 obligations without a resolution of authorization of the
18 municipality that created the authority and each taxing
19 jurisdiction whose ad valorem taxes are subject to capture by the
20 authority. Any excess funds captured shall be returned to the
21 taxing jurisdiction from which they were captured as follows:

- 22 (a) For part 2, as provided in section 215(2).
- 23 (b) For part 3, as provided in section 314(2).
- 24 (c) For part 4, as provided in section 413(2).
- 25 (d) For part 5, as provided in section 523(7).
- 26 (e) For part 6, as provided in section 619(2).
- 27 (f) For part 7, as provided in section 716(2).

1 (g) For part 8, as provided in section 815(2).

2 Enacting section 1. The following acts are repealed:

3 (a) The historic neighborhood tax increment finance authority
4 act, 2004 PA 530, MCL 125.2841 to 125.2866.

5 (b) The private investment infrastructure funding act, 2010 PA
6 250, MCL 125.1871 to 125.1883.

7 (c) 1975 PA 197, MCL 125.1651 to 125.1681.

8 (d) The tax increment finance authority act, 1980 PA 450, MCL
9 125.1801 to 125.1830.

10 (e) The local development financing act, 1986 PA 281, MCL
11 125.2151 to 125.2174.

12 (f) The corridor improvement authority act, 2005 PA 280, MCL
13 125.2871 to 125.2899.

14 (g) The neighborhood improvement authority act, 2007 PA 61,
15 MCL 125.2911 to 125.2932.

16 (h) The water resource improvement tax increment finance
17 authority act, 2008 PA 94, MCL 125.1771 to 125.1793.

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

20 Enacting section 2. This act takes effect January 1, 2019.