

# SENATE BILL No. 306

April 20, 2017, Introduced by Senators BRANDENBURG, ROBERTSON, JONES and  
MACGREGOR and referred to the Committee on Finance.

A bill to amend 1975 PA 197, entitled

"An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials,"

by amending sections 1 and 3 (MCL 125.1651 and 125.1653), as amended by 2016 PA 506.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 1. As used in this act:

(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

1 to repay an advance may include, but is not limited to, an executed  
2 agreement to repay, provisions contained in a tax increment  
3 financing plan approved prior to the advance, or a resolution of  
4 the authority or the municipality.

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

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

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

12 (c) "Authority" means a downtown development authority created  
13 pursuant to this act.

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

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

17 (f) "Captured assessed value" means the amount in any 1 year  
18 by which the current assessed value of the project area, including  
19 the assessed value of property for which specific local taxes are  
20 paid in lieu of property taxes as determined in subdivision ~~(aa)~~,  
21 **(BB)**, exceeds the initial assessed value. The state tax commission  
22 shall prescribe the method for calculating captured assessed value.

23 (g) "Catalyst development project" means a project that is  
24 located in a municipality with a population greater than 600,000,  
25 is designated by the authority as a catalyst development project,  
26 and is expected to result in at least \$300,000,000.00 of capital  
27 investment. There shall be no more than 1 catalyst development

1 project designated within each authority.

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

7 (i) "Development area" means that area to which a development  
8 plan is applicable.

9 (j) "Development plan" means that information and those  
10 requirements for a development plan set forth in section 17.

11 (k) "Development program" means the implementation of the  
12 development plan.

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

25 (m) "Eligible advance" means an advance made before August 19,  
26 1993.

27 (n) "Eligible obligation" means an obligation issued or

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

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

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

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

13 (r) "Initial assessed value" means the assessed value, as  
14 equalized, of all the taxable property within the boundaries of the  
15 development area at the time the ordinance establishing the tax  
16 increment financing plan is approved, as shown by the most recent  
17 assessment roll of the municipality for which equalization has been  
18 completed at the time the resolution is adopted. Property exempt  
19 from taxation at the time of the determination of the initial  
20 assessed value shall be included as zero. For the purpose of  
21 determining initial assessed value, property for which a specific  
22 local tax is paid in lieu of a property tax shall not be considered  
23 to be property that is exempt from taxation. The initial assessed  
24 value of property for which a specific local tax was paid in lieu  
25 of a property tax shall be determined as provided in subdivision  
26 ~~(aa)~~ **(BB)**. In the case of a municipality having a population of  
27 less than 35,000 that established an authority prior to 1985,

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

17 (S) "LIBRARY CAPTURE OBLIGATION" MEANS A BOND, NOTE, OR  
18 SIMILAR INSTRUMENT EVIDENCING DEBT FOR BORROWED MONEY ISSUED BY THE  
19 AUTHORITY BEFORE JANUARY 1, 2017, WHICH PLEDGES PAYMENT OF THE DEBT  
20 BY THE AUTHORITY FROM AN IDENTIFIED SOURCE OF REVENUE.

21 (T) ~~(s)~~—"Municipality" means a city, village, or township.

22 (U) ~~(t)~~—"Obligation" means a written promise to pay, whether  
23 evidenced by a contract, agreement, lease, sublease, bond, or note,  
24 or a requirement to pay imposed by law. An obligation does not  
25 include a payment required solely because of default upon an  
26 obligation, employee salaries, or consideration paid for the use of  
27 municipal offices. An obligation does not include those bonds that

1 have been economically defeased by refunding bonds issued under  
2 this act. Obligation includes, but is not limited to, the  
3 following:

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

7 (ii) A management contract or a contract for professional  
8 services.

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

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

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

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

1 by 1 or more of the following:

2 (i) A reimbursement agreement between the municipality and an  
3 authority it established.

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

6 (iii) A resolution of the authority agreeing to make payments  
7 to the incorporating unit.

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

10 (W) ~~(v)~~—"Operations" means office maintenance, including  
11 salaries and expenses of employees, office supplies, consultation  
12 fees, design costs, and other expenses incurred in the daily  
13 management of the authority and planning of its activities.

14 (X) ~~(w)~~—"Other protected obligation" means:

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

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

1 with a developer, titled preferred development agreement, was  
2 entered into by or on behalf of the municipality or authority in  
3 July 1993.

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

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

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

17 (B) Before June 30, 1995, the authority enters a contract for  
18 the development of the real property located within the development  
19 area.

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

22 (I) The department of natural resources for site reclamation  
23 of the real property.

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

26 (v) An ongoing management or professional services contract  
27 with the governing body of a county which was entered into before



1 March 1, 1994 and which was preceded by a series of limited term  
2 management or professional services contracts with the governing  
3 body of the county, the last of which was entered into before  
4 August 19, 1993.

5 (vi) A loan from a municipality to an authority if the loan  
6 was approved by the legislative body of the municipality on April  
7 18, 1994.

8 (vii) Funds expended to match a grant received by a  
9 municipality on behalf of an authority for sidewalk improvements  
10 from the Michigan department of transportation if the legislative  
11 body of the municipality approved the grant application on April 5,  
12 1993 and the grant was received by the municipality in June 1993.

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

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

20 (B) The obligation was part of a development plan and the tax  
21 increment financing plan was approved by a municipality on May 6,  
22 1991.

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

26 (D) The authority or municipality captured school taxes during  
27 1994.

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

4           (Y) ~~(x)~~—"Public facility" means a street, plaza, pedestrian  
5 mall, and any improvements to a street, plaza, or pedestrian mall  
6 including street furniture and beautification, park, parking  
7 facility, recreational facility, right-of-way, structure, waterway,  
8 bridge, lake, pond, canal, utility line or pipe, building, and  
9 access routes to any of the foregoing, designed and dedicated to  
10 use by the public generally, or used by a public agency. Public  
11 facility includes an improvement to a facility used by the public  
12 or a public facility as those terms are defined in section 1 of  
13 1966 PA 1, MCL 125.1351, which improvement is made to comply with  
14 the barrier free design requirements of the state construction code  
15 promulgated under the Stille-DeRossett-Hale single state  
16 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.  
17 Public facility also includes the acquisition, construction,  
18 improvement, and operation of a building owned or leased by the  
19 authority to be used as a retail business incubator.

20           (Z) ~~(y)~~—"Qualified refunding obligation" means an obligation  
21 issued or incurred by an authority or by a municipality on behalf  
22 of an authority to refund an obligation if 1 or more of the  
23 following apply:

24           (i) The obligation is issued to refund a qualified refunding  
25 obligation issued in November 1997 and any subsequent refundings of  
26 that obligation issued before January 1, 2010 or the obligation is  
27 issued to refund a qualified refunding obligation issued on May 15,

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

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

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

22 (B) The net present value of the sum of the tax increment  
23 revenues described in subdivision ~~(cc) (ii)~~ **(DD) (ii)** and the  
24 distributions under section 13b to repay the refunding obligation  
25 will not be greater than the net present value of the sum of the  
26 tax increment revenues described in subdivision ~~(cc) (ii)~~ **(DD) (ii)**  
27 and the distributions under section 13b to repay the obligation

1 being refunded, as calculated using a method approved by the  
2 department of treasury.

3 (iii) The obligation is issued to refund an other protected  
4 obligation issued as a capital appreciation bond delivered to the  
5 Michigan municipal bond authority on December 21, 1994 and any  
6 subsequent refundings of that obligation issued before January 1,  
7 2012. Qualified refunding obligations issued under this  
8 subparagraph are not subject to the requirements of section 305(2),  
9 (3), (5), and (6), section 501, section 503, or section 611 of the  
10 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,  
11 141.2503, and 141.2611, if issued before January 1, 2012. The  
12 duration of the development program described in the tax increment  
13 financing plan relating to the qualified refunding obligations  
14 issued under this subparagraph is extended to 1 year after the  
15 final date of maturity of the qualified refunding obligations. The  
16 obligation may be payable through the year 2025 at an interest rate  
17 not exceeding the maximum rate permitted by law, notwithstanding  
18 the bond maturity dates contained in the notice of intent to issue  
19 bonds published by the municipality. An obligation issued under  
20 this subparagraph is a qualified refunding obligation only to the  
21 extent that revenues described in subdivision ~~(ee) (ii)~~ **(DD) (ii)** and  
22 distributions under section 13b to repay the qualified refunding  
23 obligation do not exceed \$750,000.00.

24 (iv) The obligation is issued to refund a qualified refunding  
25 obligation issued on February 13, 2008, and any subsequent  
26 refundings of that obligation, issued before December 31, 2018.  
27 Qualified refunding obligations issued under this subparagraph are

not subject to the requirements of section 305(2), (3), (5), and (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of the development program described in the tax increment financing plan relating to the qualified refunding obligations issued under this subparagraph is extended to 1 year after the final date of maturity of the qualified refunding obligations. Revenues described in subdivision ~~(cc)~~ ~~(ii)~~ **(DD)** **(ii)** and distributions made under section 13b in excess of the amount needed for current year debt service on an obligation issued under this subparagraph may be paid to the authority to the extent necessary to pay future years' debt service on the obligation as determined by the board.

**(AA)** ~~(z)~~ "Qualified township" means a township that meets all of the following requirements:

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

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

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

**(BB)** ~~(aa)~~ "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current

1 assessed value of property subject to a specific local tax shall be  
2 the quotient of the specific local tax paid divided by the ad  
3 valorem millage rate. However, after 1993, the state tax commission  
4 shall prescribe the method for calculating the initial assessed  
5 value and current assessed value of property for which a specific  
6 local tax was paid in lieu of a property tax.

7 (CC) ~~(bb)~~ "State fiscal year" means the annual period  
8 commencing October 1 of each year.

9 (DD) ~~(ee)~~ "Tax increment revenues" means the amount of ad  
10 valorem property taxes and specific local taxes attributable to the  
11 application of the levy of all taxing jurisdictions upon the  
12 captured assessed value of real and personal property in the  
13 development area, subject to the following requirements:

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

21 (ii) Tax increment revenues include ad valorem property taxes  
22 and specific local taxes attributable to the application of the  
23 levy of the state pursuant to the state education tax act, 1993 PA  
24 331, MCL 211.901 to 211.906, and local or intermediate school  
25 districts upon the captured assessed value of real and personal  
26 property in the development area in an amount equal to the amount  
27 necessary, without regard to subparagraph (i), to repay eligible

1 advances, eligible obligations, and other protected obligations.

2 (iii) Tax increment revenues do not include any of the  
3 following:

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

10 (B) Ad valorem property taxes excluded by the tax increment  
11 financing plan of the authority from the determination of the  
12 amount of tax increment revenues to be transmitted to the authority  
13 or specific local taxes attributable to such ad valorem property  
14 taxes.

15 (C) Ad valorem property taxes exempted from capture under  
16 section 3(3) or specific local taxes attributable to such ad  
17 valorem property taxes.

18 (D) Ad valorem property taxes levied under 1 or more of the  
19 following or specific local taxes attributable to those ad valorem  
20 property taxes:

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

23 (II) The art institute authorities act, 2010 PA 296, MCL  
24 123.1201 to 123.1229.

25 (III) Except as otherwise provided in section 3(3), ad valorem  
26 property taxes or specific local taxes attributable to those ad  
27 valorem property taxes levied for a separate millage for public

1 library purposes approved by the electors after December 31, 2016.

2 (iv) The amount of tax increment revenues authorized to be  
3 included under subparagraph (ii) or (v), and required to be  
4 transmitted to the authority under section 14(1), from ad valorem  
5 property taxes and specific local taxes attributable to the  
6 application of the levy of the state education tax act, 1993 PA  
7 331, MCL 211.901 to 211.906, a local school district or an  
8 intermediate school district upon the captured assessed value of  
9 real and personal property in a development area shall be  
10 determined separately for the levy by the state, each school  
11 district, and each intermediate school district as the product of  
12 sub-subparagraphs (A) and (B):

13 (A) The percentage that the total ad valorem taxes and  
14 specific local taxes available for distribution by law to the  
15 state, local school district, or intermediate school district,  
16 respectively, bears to the aggregate amount of ad valorem millage  
17 taxes and specific taxes available for distribution by law to the  
18 state, each local school district, and each intermediate school  
19 district.

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

23 (v) Tax increment revenues include ad valorem property taxes  
24 and specific local taxes, in an annual amount and for each year  
25 approved by the state treasurer, attributable to the levy by this  
26 state under the state education tax act, 1993 PA 331, MCL 211.901  
27 to 211.906, and by local or intermediate school districts, upon the



1 captured assessed value of real and personal property in the  
2 development area of an authority established in a city with a  
3 population of 600,000 or more to pay for, or reimburse an advance  
4 for, not more than \$8,000,000.00 for the demolition of buildings or  
5 structures on public or privately owned property within a  
6 development area that commences in 2005, or to pay the annual  
7 principal of or interest on an obligation, the terms of which are  
8 approved by the state treasurer, issued by an authority, or by a  
9 city on behalf of an authority, to pay not more than \$8,000,000.00  
10 of the costs to demolish buildings or structures on public or  
11 privately owned property within a development area that commences  
12 in 2005.

13 (vi) Tax increment revenues include ad valorem property taxes  
14 and specific local taxes attributable to the levy by this state  
15 under the state education tax act, 1993 PA 331, MCL 211.201 to  
16 211.906, and by local or intermediate school districts which were  
17 levied on or after July 1, 2010, upon the captured assessed value  
18 of real and personal property in the development area of an  
19 authority established in a city with a population of 600,000 or  
20 more to pay for, or reimburse an advance for, costs associated with  
21 the land acquisition, preliminary site work, and construction of a  
22 catalyst development project.

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

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

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

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

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

8 (3) Not more than 60 days after a public hearing held after  
9 February 15, 1994, the governing body of a taxing jurisdiction  
10 levying ad valorem property taxes that would otherwise be subject  
11 to capture may exempt its taxes from capture by adopting a  
12 resolution to that effect and filing a copy with the clerk of the  
13 municipality proposing to create the authority. The resolution  
14 takes effect when filed with that clerk and remains effective until  
15 a copy of a resolution rescinding that resolution is filed with  
16 that clerk. If a separate millage for public library purposes was  
17 ~~levied~~**IN EFFECT OR APPROVED BY ELECTORS** before January 1, 2017,  
18 and all **LIBRARY CAPTURE** obligations ~~and other protected obligations~~  
19 of the authority are paid, then the levy is exempt from capture  
20 under this act, unless the library board or commission allows all  
21 or a portion of its taxes levied to be included as tax increment  
22 revenues and subject to capture under this act under the terms of a  
23 written agreement between the library board or commission and the  
24 authority. The written agreement shall be filed with the clerk of  
25 the municipality. However, if a separate millage for public library  
26 purposes was ~~levied~~**IN EFFECT OR APPROVED BY ELECTORS** before  
27 January 1, 2017, and the authority alters or amends the boundaries

1 of a downtown district, **ADOPTS A NEW DEVELOPMENT PLAN OR FINANCE**  
2 **PLAN**, or extends the duration of, **OR OTHERWISE MODIFIES OR AMENDS**,  
3 the existing **DEVELOPMENT PLAN OR** finance plan, then the library  
4 board or commission may, not later than 60 days after a public  
5 hearing **REQUIRED FOR THAT ACTION** is held under this ~~subsection~~,  
6 **ACT**, exempt all or a portion of its taxes from capture by adopting  
7 a resolution to that effect and filing a copy with the clerk of the  
8 municipality that created the authority. For ad valorem property  
9 taxes or specific local taxes attributable to those ad valorem  
10 property taxes levied for a separate millage for public library  
11 purposes approved by the electors after December 31, 2016, a  
12 library board or commission may allow all or a portion of its taxes  
13 levied to be included as tax increment revenues and subject to  
14 capture under this act under the terms of a written agreement  
15 between the library board or commission and the authority. The  
16 written agreement shall be filed with the clerk of the  
17 municipality. However, if the library was created under section 1  
18 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established  
19 under 1869 LA 233, then any action of the library board or  
20 commission under this subsection shall have the concurrence of the  
21 chief executive officer of the city that created the library to be  
22 effective, and, if the action of the library board or commission  
23 involves any bond issued by this state or a state agency, the  
24 concurrence of the state treasurer.

25 (4) Not less than 60 days after the public hearing, if the  
26 governing body of the municipality intends to proceed with the  
27 establishment of the authority, it shall adopt, by majority vote of

1 its members, an ordinance establishing the authority and  
2 designating the boundaries of the downtown district within which  
3 the authority shall exercise its powers. The adoption of the  
4 ordinance is subject to any applicable statutory or charter  
5 provisions in respect to the approval or disapproval by the chief  
6 executive or other officer of the municipality and the adoption of  
7 an ordinance over his or her veto. This ordinance shall be filed  
8 with the secretary of state promptly after its adoption and shall  
9 be published at least once in a newspaper of general circulation in  
10 the municipality.

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

15 (6) A municipality that has created an authority may enter  
16 into an agreement with an adjoining municipality that has created  
17 an authority to jointly operate and administer those authorities  
18 under an interlocal agreement under the urban cooperation act of  
19 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

20 (7) A municipality that has created an authority may enter  
21 into an agreement with a qualified township to operate its  
22 authority in a downtown district in the qualified township under an  
23 interlocal agreement under the urban cooperation act of 1967, 1967  
24 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal agreement  
25 between the municipality and the qualified township shall provide  
26 for, but is not limited to, all of the following:

27 (a) Size and makeup of the board.

- 1           (b) Determination and modification of downtown district,  
2 business district, and development area.
- 3           (c) Modification of development area and development plan.
- 4           (d) Issuance and repayment of obligations.
- 5           (e) Capture of taxes.
- 6           (f) Notice, hearing, and exemption of taxes from capture  
7 provisions described in this section.