

SENATE BILL No. 307

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

A bill to amend 2005 PA 280, entitled
"Corridor improvement authority act,"
by amending sections 2 and 18 (MCL 125.2872 and 125.2888), section
2 as amended by 2013 PA 232 and section 18 as amended by 2016 PA
507.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Advance" means a transfer of funds made by a municipality
3 to an authority or to another person on behalf of the authority in
4 anticipation of repayment by the authority. Evidence of the intent
5 to repay an advance may include, but is not limited to, an executed
6 agreement to repay, provisions contained in a tax increment
7 financing plan approved prior to the advance, or a resolution of
8 the authority or the municipality.

9 (b) "Assessed value" means the taxable value as determined

1 under section 27a of the general property tax act, 1893 PA 206, MCL
2 211.27a.

3 (c) "Authority" means a corridor improvement authority created
4 under section 4(1) or a joint authority created under section 4(2).

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

6 (e) "Business district" means an area of a municipality zoned
7 and used principally for business.

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 section
12 3(e), exceeds the initial assessed value. The state tax commission
13 shall prescribe the method for calculating captured assessed value.

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

16 (h) "Development area" means that area described in section 5
17 to which a development plan is applicable.

18 (i) "Development plan" means that information and those
19 requirements for a development area set forth in section 21.

20 (j) "Development program" means the implementation of the
21 development plan.

22 (k) "Fiscal year" means the fiscal year of the authority.

23 (l) "Governing body" or "governing body of a municipality"
24 means the elected body of a municipality having legislative powers
25 or, for a joint authority created under section 4(2), the elected
26 body of each municipality having legislative powers that is a
27 member of the joint authority.

1 (m) "Initial assessed value" means the assessed value, as
2 equalized, of all the taxable property within the boundaries of the
3 development area at the time the resolution establishing or
4 amending the tax increment financing plan is approved, as shown by
5 the most recent assessment roll of the municipality for which
6 equalization has been completed at the time the resolution is
7 adopted. The initial assessed value may be modified once during the
8 term of the tax increment financing plan through an amendment as
9 provided in section 18(4) after the tax increment financing plan
10 fails to generate captured assessed value for 3 consecutive years
11 due to declines in assessed value. Property exempt from taxation at
12 the time of the determination of the initial or amended assessed
13 value shall be included as zero. For the purpose of determining
14 initial or amended 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 section 3(e).

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

23 (O) ~~(n)~~ "Land use plan" means a plan prepared under former
24 1921 PA 207, former 1943 PA 184, or a site plan under the Michigan
25 zoning enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

26 (P) ~~(e)~~ "Municipality" means 1 of the following:

27 (i) A city.

1 (ii) A village.

2 (iii) A township.

3 (iv) A combination of 2 or more cities, villages, or townships
4 acting jointly under a joint authority created under section 4(2).

5 Sec. 18. (1) If the authority determines that it is necessary
6 for the achievement of the purposes of this act, the authority
7 shall prepare and submit a tax increment financing plan to the
8 governing body of the municipality. The plan shall include a
9 development plan as provided in section 21, a detailed explanation
10 of the tax increment procedure, the maximum amount of bonded
11 indebtedness to be incurred, and the duration of the program, and
12 shall be in compliance with section 19. The plan shall contain a
13 statement of the estimated impact of tax increment financing on the
14 assessed values of all taxing jurisdictions in which the
15 development area is located. The plan may provide for the use of
16 part or all of the captured assessed value, but the portion
17 intended to be used by the authority shall be clearly stated in the
18 tax increment financing plan. The authority or municipality may
19 exclude from captured assessed value growth in property value
20 resulting solely from inflation. The plan shall set forth the
21 method for excluding growth in property value resulting solely from
22 inflation.

23 (2) Approval of the tax increment financing plan shall comply
24 with the notice, hearing, and disclosure provisions of section 22.
25 If the development plan is part of the tax increment financing
26 plan, only 1 hearing and approval procedure is required for the 2
27 plans together.

1 (3) 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 development area.

12 (4) 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 (5) Except for a development area located in a qualified
17 development area, not more than 60 days after the public hearing on
18 the tax increment financing plan, the governing body in a taxing
19 jurisdiction levying ad valorem property taxes that would otherwise
20 be subject to capture may exempt its taxes from capture by adopting
21 a resolution to that effect and filing a copy with the clerk of the
22 municipality proposing to create the authority. The resolution
23 shall take effect when filed with the clerk and remains effective
24 until a copy of a resolution rescinding that resolution is filed
25 with that clerk. If a separate millage for public library purposes
26 was ~~levied~~**IN EFFECT OR APPROVED BY ELECTORS** before January 1,
27 2017, and all **LIBRARY CAPTURE** obligations of the authority are

1 paid, then the levy is exempt from capture under this act, unless
2 the library board or commission allows all or a portion of its
3 taxes levied to be included as tax increment revenues and subject
4 to capture under this act under the terms of a written agreement
5 between the library board or commission and the authority. The
6 written agreement shall be filed with the clerk of the
7 municipality. However, if a separate millage for public library
8 purposes was ~~levied~~ **IN EFFECT OR APPROVED BY ELECTORS** before
9 January 1, 2017, and the authority alters or amends the boundaries
10 of the development area, **ADOPTS A NEW DEVELOPMENT PLAN OR FINANCE**
11 **PLAN**, or extends the duration of, **OR OTHERWISE MODIFIES OR AMENDS**,
12 the existing **DEVELOPMENT PLAN OR** finance plan, then the library
13 board or commission may, not later than 60 days after a public
14 hearing **REQUIRED FOR THAT ACTION** is held under this ~~subsection~~,
15 **ACT**, exempt all or a portion of its taxes from capture by adopting
16 a resolution to that effect and filing a copy with the clerk of the
17 municipality that created the authority. For ad valorem property
18 taxes or specific local taxes attributable to those ad valorem
19 property taxes levied for a separate millage for public library
20 purposes approved by the electors after December 31, 2016, a
21 library board or commission may allow all or a portion of its taxes
22 levied to be included as tax increment revenues and subject to
23 capture under this act under the terms of a written agreement
24 between the library board or commission and the authority. The
25 written agreement shall be filed with the clerk of the
26 municipality. However, if the library was created under section 1
27 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established

1 under 1869 LA 233, then any action of the library board or
2 commission under this subsection shall have the concurrence of the
3 chief executive officer of the city that created the library to be
4 effective.