

SENATE BILL No. 308

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

A bill to amend 2008 PA 94, entitled
"Water resource improvement tax increment finance authority act,"
by amending sections 2 and 15 (MCL 125.1772 and 125.1785), section
15 as amended by 2016 PA 508.

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
10 under section 27a of the general property tax act, 1893 PA 206, MCL

1 211.27a.

2 (c) "Authority" means a water resource improvement tax
3 increment finance authority created under this act.

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

5 (e) "Captured assessed value" means the amount in any 1 year
6 by which the current assessed value of the development area,
7 including the assessed value of property for which specific local
8 taxes are paid in lieu of property taxes as determined in section
9 3(d), exceeds the initial assessed value. The state tax commission
10 shall prescribe the method for calculating captured assessed value.

11 (f) "Chief executive officer" means the mayor or city manager
12 of a city, the president or village manager of a village, or the
13 supervisor of a township.

14 (g) "Development area" means that area described in section 5
15 to which a development plan is applicable.

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

18 (i) "Development program" means the implementation of the
19 development plan.

20 (j) "Fiscal year" means the fiscal year of the authority.

21 (k) "Governing body" or "governing body of a municipality"
22 means the elected body of a municipality having legislative powers.

23 (l) "Initial assessed value" means the assessed value of all
24 the taxable property within the boundaries of the development area
25 at the time the ordinance establishing the tax increment financing
26 plan is approved, as shown by the most recent assessment roll of
27 the municipality at the time the resolution is adopted. Property

1 exempt from taxation at the time of the determination of the
2 initial assessed value shall be included as zero. For the purpose
3 of determining initial assessed value, property for which a
4 specific local tax is paid in lieu of a property tax shall not be
5 considered to be property that is exempt from taxation. The initial
6 assessed value of property for which a specific local tax was paid
7 in lieu of a property tax shall be determined as provided in
8 section 3(d).

9 (m) "Inland lake" means a natural or artificial lake, pond, or
10 impoundment. Inland lake does not include the Great Lakes, Lake St.
11 Clair, or a lake or pond that has a surface area of less than 5
12 acres.

13 (n) "Land use plan" means a plan prepared under former 1921 PA
14 207, or a site plan under the Michigan zoning enabling act, 2006 PA
15 110, MCL 125.3101 to ~~125.3102~~.125.3702.

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

20 (P) ~~(e)~~—"Municipality" means a city, village, or township.

21 Sec. 15. (1) If the authority determines that it is necessary
22 for the achievement of the purposes of this act, the authority
23 shall prepare and submit a tax increment financing plan to the
24 governing body of the municipality. The plan shall include a
25 development plan as provided in section 18, a detailed explanation
26 of the tax increment procedure, the maximum amount of bonded
27 indebtedness to be incurred, and the duration of the program, and

1 shall be in compliance with section 16. The plan shall contain a
2 statement of the estimated impact of tax increment financing on the
3 assessed values of all taxing jurisdictions in which the
4 development area is located. The plan may provide for the use of
5 part or all of the captured assessed value, but the portion
6 intended to be used by the authority shall be clearly stated in the
7 tax increment financing plan. The authority or municipality may
8 exclude from captured assessed value growth in property value
9 resulting solely from inflation. The plan shall set forth the
10 method for excluding growth in property value resulting solely from
11 inflation.

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

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

1 (4) A tax increment financing plan may be modified if the
2 modification is approved by the governing body upon notice and
3 after public hearings and agreements as are required for approval
4 of the original plan.

5 (5) Not more than 60 days after the public hearing, the
6 governing body in a taxing jurisdiction levying ad valorem property
7 taxes that would otherwise be subject to capture may exempt its
8 taxes from capture by adopting a resolution to that effect and
9 filing a copy with the clerk of the municipality proposing to
10 create the authority. In the event that the governing body levies a
11 separate millage for public library purposes, at the request of the
12 public library board, that separate millage shall be exempt from
13 the capture. The resolution shall take effect when filed with the
14 clerk and remains effective until a copy of a resolution rescinding
15 that resolution is filed with that clerk. If a separate millage for
16 public library purposes was ~~levied~~**IN EFFECT OR APPROVED BY**
17 **ELECTORS** before January 1, 2017, and all **LIBRARY CAPTURE**
18 obligations of the authority are paid, then the levy is exempt from
19 capture under this act, unless the library board or commission
20 allows all or a portion of its taxes levied to be included as tax
21 increment revenues and subject to capture under this act 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 a separate millage
25 for public library purposes was ~~levied~~**IN EFFECT OR APPROVED BY**
26 **ELECTORS** before January 1, 2017, and the authority alters or amends
27 the boundaries of the ~~district~~**DEVELOPMENT AREA, ADOPTS A NEW**

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