

SENATE BILL No. 309

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

A bill to amend 1986 PA 281, entitled
"The local development financing act,"
by amending sections 2, 4, 12, 12a, 12b, and 12c (MCL 125.2152,
125.2154, 125.2162, 125.2162a, 125.2162b, and 125.2162c), sections
2 and 4 as amended by 2016 PA 509, sections 12, 12a, and 12c as
amended by 2012 PA 290, and section 12b as amended by 2015 PA 125.

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.

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

(i) The storage, generation, reformation, or distribution of clean fuels integrated within an alternative energy system or alternative energy vehicle, not including an anaerobic digester energy system or a hydroelectric energy system, for use within the alternative energy system or alternative energy vehicle.

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

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

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

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

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

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

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

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

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

8 (e) "Authority" means a local development finance authority
9 created pursuant to this act.

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

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

13 (h) "Business development area" means an area designated as a
14 certified industrial park under this act prior to June 29, 2000, or
15 an area designated in the tax increment financing plan that meets
16 all of the following requirements:

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

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

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

22 (i) Is located in a certified technology park or a certified
23 alternative energy park.

24 (ii) Is subject to an agreement under section 12a or 12c.

25 (iii) Is developed for the primary purpose of attracting 1 or
26 more owners or tenants who will engage in activities that would
27 each separately qualify the property as eligible property under

1 subdivision (s) (iii) .

2 (j) "Captured assessed value" means the amount in any 1 year
3 by which the current assessed value of the eligible property
4 identified in the tax increment financing plan or, for a certified
5 technology park, a certified alternative energy park, or a Next
6 Michigan development area, the real and personal property included
7 in the tax increment financing plan, including the current assessed
8 value of property for which specific local taxes are paid in lieu
9 of property taxes as determined pursuant to subdivision ~~(hh)~~, ~~(II)~~,
10 exceeds the initial assessed value. The state tax commission shall
11 prescribe the method for calculating captured assessed value.
12 Except as otherwise provided in this act, tax abated property in a
13 renaissance zone as defined under section 3 of the Michigan
14 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded
15 from the calculation of captured assessed value to the extent that
16 the property is exempt from ad valorem property taxes or specific
17 local taxes.

18 (k) "Certified alternative energy park" means that portion of
19 an authority district designated by a written agreement entered
20 into pursuant to section 12c between the authority, the
21 municipality or municipalities, and the Michigan economic
22 development corporation.

23 (l) "Certified business park" means a business development
24 area that has been designated by the Michigan economic development
25 corporation as meeting criteria established by the Michigan
26 economic development corporation. The criteria shall establish
27 standards for business development areas including, but not limited

1 to, use, types of building materials, landscaping, setbacks,
2 parking, storage areas, and management.

3 (m) "Certified technology park" means that portion of the
4 authority district designated by a written agreement entered into
5 pursuant to section 12a between the authority, the municipality,
6 and the Michigan economic development corporation.

7 (n) "Chief executive officer" means the mayor or city manager
8 of a city, the president of a village, or, for other local units of
9 government or school districts, the person charged by law with the
10 supervision of the functions of the local unit of government or
11 school district.

12 (o) "Development plan" means that information and those
13 requirements for a development set forth in section 15.

14 (p) "Development program" means the implementation of a
15 development plan.

16 (q) "Eligible advance" means an advance made before August 19,
17 1993.

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

25 (s) "Eligible property" means land improvements, buildings,
26 structures, and other real property, and machinery, equipment,
27 furniture, and fixtures, or any part or accessory thereof whether

1 completed or in the process of construction comprising an
2 integrated whole, located within an authority district, of which
3 the primary purpose and use is or will be 1 of the following:

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

6 (ii) Agricultural processing.

7 (iii) A ~~high technology~~ **HIGH-TECHNOLOGY** activity.

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

17 (A) Tax increment revenues captured from the eligible property
18 will be used to finance, or will be pledged for debt service on tax
19 increment bonds used to finance, a public facility in or near the
20 authority district designed to reduce, eliminate, or prevent the
21 spread of identified soil and groundwater contamination, pursuant
22 to law.

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

27 (C) The municipality that created the authority establishes a

1 special assessment district whereby not less than 50% of the
2 operating expenses of the public facility described in this
3 subparagraph will be paid for by special assessments. Not less than
4 50% of the amount specially assessed against all parcels in the
5 special assessment district shall be assessed against parcels owned
6 by parties potentially responsible for the identified groundwater
7 contamination pursuant to law.

8 (v) A business incubator.

9 (vi) An alternative energy technology business.

10 (vii) A transit-oriented facility.

11 (viii) A transit-oriented development.

12 (ix) An eligible Next Michigan business, as that term is
13 defined in section 3 of the Michigan economic growth authority act,
14 1995 PA 24, MCL 207.803, and other businesses within a Next
15 Michigan development area, but only to the extent designated as
16 eligible property within a development plan approved by a Next
17 Michigan development corporation.

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

19 (u) "Governing body" means, except as otherwise provided in
20 this subdivision, the elected body having legislative powers of a
21 municipality creating an authority under this act. For a Next
22 Michigan development corporation, governing body means the
23 executive committee of the Next Michigan development corporation,
24 unless otherwise provided in the interlocal agreement or articles
25 of incorporation creating the Next Michigan development corporation
26 or the governing body of an eligible urban entity or its designee
27 as provided in the ~~Next~~**NEXT** Michigan development act, 2010 PA 275,

1 MCL 125.2951 to 125.2959.

2 (v) "High-technology activity" means that term as defined in
3 section 3 of the Michigan economic growth authority act, 1995 PA
4 24, MCL 207.803.

5 (w) "Initial assessed value" means the assessed value of the
6 eligible property identified in the tax increment financing plan
7 or, for a certified technology park, a certified alternative energy
8 park, or a Next Michigan development area, the assessed value of
9 any real and personal property included in the tax increment
10 financing plan, at the time the resolution establishing the tax
11 increment financing plan is approved as shown by the most recent
12 assessment roll for which equalization has been completed at the
13 time the resolution is adopted or, for property that becomes
14 eligible property in other than a certified technology park or a
15 certified alternative energy park after the date the plan is
16 approved, at the time the property becomes eligible property.
17 Property exempt from taxation at the time of the determination of
18 the initial assessed value shall be included as zero. Property for
19 which a specific local tax is paid in lieu of property tax shall
20 not be considered exempt from taxation. The initial assessed value
21 of property for which a specific local tax was paid in lieu of
22 property tax shall be determined as provided in subdivision
23 ~~(hh)~~-(II).

24 (X) "LIBRARY CAPTURE OBLIGATION" MEANS A BOND, NOTE, OR
25 SIMILAR INSTRUMENT EVIDENCING DEBT FOR BORROWED MONEY ISSUED BY THE
26 AUTHORITY BEFORE JANUARY 1, 2017, WHICH PLEDGES PAYMENT OF THE DEBT
27 BY THE AUTHORITY FROM AN IDENTIFIED SOURCE OF REVENUE.

1 **(Y)** ~~(x)~~—"Michigan economic development corporation" means the
2 public body corporate created under section 28 of article VII of
3 the state constitution of 1963 and the urban cooperation act of
4 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
5 interlocal agreement effective April 5, 1999 between local
6 participating economic development corporations formed under the
7 economic development corporations act, 1974 PA 338, MCL 125.1601 to
8 125.1636, and the Michigan strategic fund. If the Michigan economic
9 development corporation is unable for any reason to perform its
10 duties under this act, those duties may be exercised by the
11 Michigan strategic fund.

12 **(Z)** ~~(y)~~—"Michigan strategic fund" means the Michigan strategic
13 fund as described in the Michigan strategic fund act, 1984 PA 270,
14 MCL 125.2001 to 125.2094.

15 **(AA)** ~~(z)~~—"Municipality" means a city, village, or urban
16 township. However, for purposes of creating and operating a
17 certified alternative energy park or a certified technology park,
18 municipality includes townships that are not urban townships.

19 **(BB)** ~~(aa)~~—"Next Michigan development area" means a portion of
20 an authority district designated by a Next Michigan development
21 corporation under section 12e to which a development plan is
22 applicable.

23 **(CC)** ~~(bb)~~—"Next Michigan development corporation" means that
24 term as defined in section 3 of the next Michigan development act,
25 2010 PA 275, MCL 125.2953.

26 **(DD)** ~~(cc)~~—"Obligation" means a written promise to pay, whether
27 evidenced by a contract, agreement, lease, sublease, bond, or note,

1 or a requirement to pay imposed by law. An obligation does not
2 include a payment required solely because of default upon an
3 obligation, employee salaries, or consideration paid for the use of
4 municipal offices. An obligation does not include those bonds that
5 have been economically defeased by refunding bonds issued under
6 this act. Obligation includes, but is not limited to, the
7 following:

8 (i) A requirement to pay proceeds derived from ad valorem
9 property taxes or taxes levied in lieu of ad valorem property
10 taxes.

11 (ii) A management contract or a contract for professional
12 services.

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

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

19 (v) A letter of credit, paying agent, transfer agent, bond
20 registrar, or trustee fee associated with a contract, agreement,
21 bond, or note.

22 **(EE)** ~~(dd)~~—"On behalf of an authority", in relation to an
23 eligible advance made by a municipality or an eligible obligation
24 or other protected obligation issued or incurred by a municipality,
25 means in anticipation that an authority would transfer tax
26 increment revenues or reimburse the municipality from tax increment
27 revenues in an amount sufficient to fully make payment required by

1 the eligible advance made by a municipality, or eligible obligation
2 or other protected obligation issued or incurred by the
3 municipality, if the anticipation of the transfer or receipt of tax
4 increment revenues from the authority is pursuant to or evidenced
5 by 1 or more of the following:

6 (i) A reimbursement agreement between the municipality and an
7 authority it established.

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

10 (iii) A resolution of the authority agreeing to make payments
11 to the incorporating unit.

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

14 **(FF)** ~~(ee)~~ "Other protected obligation" means:

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

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

27 (iii) An obligation incurred by an authority or municipality

1 after August 19, 1993, to reimburse a party to a development
2 agreement entered into by a municipality or authority before August
3 19, 1993, for a project described in a tax increment financing plan
4 approved in accordance with this act before August 19, 1993, and
5 undertaken and installed by that party in accordance with the
6 development agreement.

7 (iv) An ongoing management or professional services contract
8 with the governing body of a county that was entered into before
9 March 1, 1994 and that was preceded by a series of limited term
10 management or professional services contracts with the governing
11 body of the county, the last of which was entered into before
12 August 19, 1993.

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

14 (i) A street, road, bridge, ~~storm water~~ **STORMWATER** or sanitary
15 sewer, sewage treatment facility, facility designed to reduce,
16 eliminate, or prevent the spread of identified soil or groundwater
17 contamination, drainage system, retention basin, pretreatment
18 facility, waterway, waterline, water storage facility, rail line,
19 electric, gas, telephone or other communications, or any other type
20 of utility line or pipeline, transit-oriented facility, transit-
21 oriented development, or other similar or related structure or
22 improvement, together with necessary easements for the structure or
23 improvement. Except for rail lines, utility lines, or pipelines,
24 the structures or improvements described in this subparagraph shall
25 be either owned or used by a public agency, functionally connected
26 to similar or supporting facilities owned or used by a public
27 agency, or designed and dedicated to use by, for the benefit of, or

1 for the protection of the health, welfare, or safety of the public
2 generally, whether or not used by a single business entity. Any
3 road, street, or bridge shall be continuously open to public
4 access. A public facility shall be located on public property or in
5 a public, utility, or transportation easement or right-of-way.

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

10 (iii) All administrative and real and personal property
11 acquisition and disposal costs related to a public facility
12 described in subparagraphs (i) and (iv), including, but not limited
13 to, architect's, engineer's, legal, and accounting fees as
14 permitted by the district's development plan.

15 (iv) An improvement to a facility used by the public or a
16 public facility as those terms are defined in section 1 of 1966 PA
17 1, MCL 125.1351, which improvement is made to comply with the
18 barrier free design requirements of the state construction code
19 promulgated under the Stille-DeRossett-Hale single state
20 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

21 (v) All of the following costs approved by the Michigan
22 economic development corporation:

23 (A) Operational costs and the costs related to the
24 acquisition, improvement, preparation, demolition, disposal,
25 construction, reconstruction, remediation, rehabilitation,
26 restoration, preservation, maintenance, repair, furnishing, and
27 equipping of land and other assets that are or may become eligible

1 for depreciation under the internal revenue code of 1986 for a
2 business incubator located in a certified technology park or
3 certified alternative energy park.

4 (B) Costs related to the acquisition, improvement,
5 preparation, demolition, disposal, construction, reconstruction,
6 remediation, rehabilitation, restoration, preservation,
7 maintenance, repair, furnishing, and equipping of land and other
8 assets that, if privately owned, would be eligible for depreciation
9 under the internal revenue code of 1986 for laboratory facilities,
10 research and development facilities, conference facilities,
11 teleconference facilities, testing, training facilities, and
12 quality control facilities that are or that support eligible
13 property under subdivision (s)(iii), that are owned by a public
14 entity, and that are located within a certified technology park.

15 (C) Costs related to the acquisition, improvement,
16 preparation, demolition, disposal, construction, reconstruction,
17 remediation, rehabilitation, restoration, preservation,
18 maintenance, repair, furnishing, and equipping of land and other
19 assets that, if privately owned, would be eligible for depreciation
20 under the internal revenue code of 1986 for facilities that are or
21 that will support eligible property under subdivision (s)(vi), that
22 have been or will be owned by a public entity at the time such
23 costs are incurred, that are located within a certified alternative
24 energy park, and that have been or will be conveyed, by gift or
25 sale, by such public entity to an alternative energy technology
26 business.

27 (vi) Operating and planning costs included in a plan pursuant

1 to section 12(1)(f), including costs of marketing property within
 2 the district and attracting development of eligible property within
 3 the district.

4 **(HH)** ~~(gg)~~—"Qualified refunding obligation" means an obligation
 5 issued or incurred by an authority or by a municipality on behalf
 6 of an authority to refund an obligation if the refunding obligation
 7 meets both of the following:

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

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

21 **(II)** ~~(hh)~~—"Specific local taxes" means a tax levied under 1974
 22 PA 198, MCL 207.551 to 207.572, the obsolete property
 23 rehabilitation act, 2000 PA 146, MCL 125.2781 to 125.2797, the
 24 commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668,
 25 the enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123,
 26 1953 PA 189, MCL 211.181 to 211.182, and the technology park
 27 development act, 1984 PA 385, MCL 207.701 to 207.718. The initial

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

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

9 (KK) ~~(jj)~~ "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 eligible property within the district
13 or, for purposes of a certified technology park, a Next Michigan
14 development area, or a certified alternative energy park, real or
15 personal property that is located within the certified technology
16 park, a Next Michigan development area, or a certified alternative
17 energy park and included within the tax increment financing plan,
18 subject to the following requirements:

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

26 (ii) Tax increment revenues include ad valorem property taxes
27 and specific local taxes attributable to the application of the

1 levy of the state pursuant to the state education tax act, 1993 PA
2 331, MCL 211.901 to 211.906, and local or intermediate school
3 districts upon the captured assessed value of real and personal
4 property in the development area in an amount equal to the amount
5 necessary, without regard to subparagraph (i), for the following
6 purposes:

7 (A) To repay eligible advances, eligible obligations, and
8 other protected obligations.

9 (B) To fund or to repay an advance or obligation issued by or
10 on behalf of an authority to fund the cost of public facilities
11 related to or for the benefit of eligible property located within a
12 certified technology park or a certified alternative energy park to
13 the extent the public facilities have been included in an agreement
14 under section 12a(3), 12b, or 12c(3), not to exceed 50%, as
15 determined by the state treasurer, of the amounts levied by the
16 state pursuant to the state education tax act, 1993 PA 331, MCL
17 211.901 to 211.906, and local and intermediate school districts for
18 a period, except as otherwise provided in this sub-subparagraph,
19 not to exceed 15 years, as determined by the state treasurer, if
20 the state treasurer determines that the capture under this sub-
21 subparagraph is necessary to reduce unemployment, promote economic
22 growth, and increase capital investment in the municipality.
23 However, upon approval of the state treasurer and the president of
24 the Michigan economic development corporation, a certified
25 technology park may capture under this sub-subparagraph for an
26 additional period of 5 years if the authority agrees to additional
27 reporting requirements and modifies its tax increment financing

1 plan to include regional collaboration as determined by the state
2 treasurer and the president of the Michigan economic development
3 corporation. In addition, upon approval of the state treasurer and
4 the president of the Michigan economic development corporation, if
5 a municipality that has created a certified technology park that
6 has entered into an agreement with another authority that does not
7 contain a certified technology park to designate a distinct
8 geographic area under section 12b, that authority that has created
9 the certified technology park and the associated distinct
10 geographic area may both capture under this sub-subparagraph for an
11 additional period of 15 years as determined by the state treasurer
12 and the president of the Michigan economic development corporation.

13 (C) To fund the cost of public facilities related to or for
14 the benefit of eligible property located within a Next Michigan
15 development area to the extent that the public facilities have been
16 included in a development plan, not to exceed 50%, as determined by
17 the state treasurer, of the amounts levied by the state pursuant to
18 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
19 and local and intermediate school districts for a period not to
20 exceed 15 years, as determined by the state treasurer, if the state
21 treasurer determines that the capture under this sub-subparagraph
22 is necessary to reduce unemployment, promote economic growth, and
23 increase capital investment in the authority district.

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

26 (A) Ad valorem property taxes or specific local taxes that are
27 excluded from and not made part of the tax increment financing

1 plan. Ad valorem personal property taxes or specific local taxes
2 associated with personal property may be excluded from and may not
3 be part of the tax increment financing plan.

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

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

12 (D) Ad valorem property taxes specifically levied for the
13 payment of principal and interest of obligations approved by the
14 electors or obligations pledging the unlimited taxing power of the
15 local governmental unit or specific local taxes attributable to
16 such ad valorem property taxes.

17 (E) The amount of ad valorem property taxes or specific taxes
18 captured by a downtown development authority under 1975 PA 197, MCL
19 125.1651 to 125.1681, tax increment financing authority under the
20 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to
21 125.1830, or brownfield redevelopment authority under the
22 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
23 to 125.2672, if those taxes were captured by these other
24 authorities on the date that the initial assessed value of a parcel
25 of property was established under this act.

26 (F) Ad valorem property taxes levied under 1 or more of the
27 following or specific local taxes attributable to those ad valorem

1 property taxes:

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

4 (II) The art institute authorities act, 2010 PA 296, MCL
5 123.1201 to 123.1229.

6 (III) Except as otherwise provided in section 4(3), ad valorem
7 property taxes or specific local taxes attributable to those ad
8 valorem property taxes levied for a separate millage for public
9 library purposes approved by the electors after December 31, 2016.

10 (iv) The amount of tax increment revenues authorized to be
11 included under subparagraph (ii), and required to be transmitted to
12 the authority under section 13(1), from ad valorem property taxes
13 and specific local taxes attributable to the application of the
14 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
15 211.906, or a local school district or an intermediate school
16 district upon the captured assessed value of real and personal
17 property in a development area shall be determined separately for
18 the levy by the state, each school district, and each intermediate
19 school district as the product of sub-subparagraphs (A) and (B):

20 (A) The percentage that the total ad valorem taxes and
21 specific local taxes available for distribution by law to the
22 state, local school district, or intermediate school district,
23 respectively, bears to the aggregate amount of ad valorem millage
24 taxes and specific taxes available for distribution by law to the
25 state, each local school district, and each intermediate school
26 district.

27 (B) The maximum amount of ad valorem property taxes and

1 specific local taxes considered tax increment revenues under
2 subparagraph (ii).

3 (II) ~~(kk)~~—"Transit-oriented development" means infrastructure
4 improvements that are located within 1/2 mile of a transit station
5 or transit-oriented facility that promotes transit ridership or
6 passenger rail use as determined by the board and approved by the
7 municipality in which it is located.

8 (MM) ~~(ll)~~—"Transit-oriented facility" means a facility that
9 houses a transit station in a manner that promotes transit
10 ridership or passenger rail use.

11 (NN) ~~(mm)~~—"Urban township" means a township that meets 1 or
12 more of the following:

13 (i) Meets all of the following requirements:

14 (A) Has a population of 20,000 or more, or has a population of
15 10,000 or more but is located in a county with a population of
16 400,000 or more.

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

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

20 (ii) Meets all of the following requirements:

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

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

25 (C) Has within its boundaries a parcel of property under
26 common ownership that is 800 acres or larger and is capable of
27 being served by a railroad, and located within 3 miles of a limited

1 access highway.

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

3 (iii) Meets all of the following requirements:

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

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

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

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

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

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

15 (iv) Meets all of the following requirements:

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

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

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

20 (v) Meets all of the following requirements:

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

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

26 (C) Has a master plan in effect.

27 (vi) Meets all of the following requirements:

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

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

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

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

9 (E) Has rail service.

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

11 (vii) Has joined an authority under section 3(2) which is
12 seeking or has entered into an agreement for a certified technology
13 park.

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

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

20 (2) In the resolution of intent, the governing body proposing
21 to create the authority shall set a date for holding a public
22 hearing on the adoption of a proposed resolution creating the
23 authority and designating the boundaries of the authority district
24 or districts. Notice of the public hearing shall be published twice
25 in a newspaper of general circulation in the municipality, not less
26 than 20 nor more than 40 days before the date of the hearing.

27 Except as otherwise provided in subsection (8), not less than 20

1 days before the hearing, the governing body proposing to create the
2 authority shall also mail notice of the hearing to the property
3 taxpayers of record in a proposed authority district and, for a
4 public hearing to be held after February 15, 1994, to the governing
5 body of each taxing jurisdiction levying taxes that would be
6 subject to capture if the authority is established and a tax
7 increment financing plan is approved. Beginning June 1, 2005, the
8 notice of hearing within the time frame described in this
9 subsection shall be mailed by certified mail to the governing body
10 of each taxing jurisdiction levying taxes that would be subject to
11 capture if the authority is established and a tax increment
12 financing plan is approved. Failure of a property taxpayer to
13 receive the notice shall not invalidate these proceedings. The
14 notice shall state the date, time, and place of the hearing, and
15 shall describe the boundaries of the proposed authority district or
16 districts. At that hearing, a resident, taxpayer, or property owner
17 from a taxing jurisdiction in which the proposed district is
18 located or an official from a taxing jurisdiction with millage that
19 would be subject to capture has the right to be heard in regard to
20 the establishment of the authority and the boundaries of that
21 proposed authority district. The governing body of the municipality
22 in which a proposed district is to be located shall not incorporate
23 land into an authority district not included in the description
24 contained in the notice of public hearing, but it may eliminate
25 lands described in the notice of public hearing from an authority
26 district in the final determination of the boundaries.

27 (3) Except as otherwise provided in subsection (8), not more

1 than 60 days after a public hearing held after February 15, 1994,
2 the governing body of a taxing jurisdiction with millage that would
3 otherwise be subject to capture may exempt its taxes from capture
4 by adopting a resolution to that effect and filing a copy with the
5 clerk of the municipality proposing to create the authority.
6 However, a resolution by a governing body of a taxing jurisdiction
7 to exempt its taxes from capture is not effective for the capture
8 of taxes that are used for a certified technology park or a
9 certified alternative energy park. The resolution takes effect when
10 filed with that clerk and remains effective until a copy of a
11 resolution rescinding that resolution is filed with that clerk. If
12 a separate millage for public library purposes was ~~levied~~**IN EFFECT**
13 **OR APPROVED BY ELECTORS** before January 1, 2017, and all **LIBRARY**
14 **CAPTURE** obligations ~~and other protected obligations~~ of the
15 authority are paid, then the levy is exempt from capture under this
16 act, unless the library board or commission allows all or a portion
17 of its taxes levied to be included as tax increment revenues and
18 subject to capture under this act under the terms of a written
19 agreement between the library board or commission and the
20 authority. The written agreement shall be filed with the clerk of
21 the municipality. However, if a separate millage for public library
22 purposes was ~~levied~~**IN EFFECT OR APPROVED BY ELECTORS** before
23 January 1, 2017, and the authority alters or amends the boundaries
24 of the authority district, **ADOPTS A NEW DEVELOPMENT PLAN OR FINANCE**
25 **PLAN**, or extends the duration of, **OR OTHERWISE MODIFIES OR AMENDS**,
26 the existing **DEVELOPMENT PLAN OR** finance plan, then the library
27 board or commission may, not later than 60 days after a public

1 hearing **REQUIRED FOR THAT ACTION** is held under this ~~subsection,~~
2 **ACT**, exempt all or a portion of its taxes from capture by adopting
3 a resolution to that effect and filing a copy with the clerk of the
4 municipality that created the authority. For ad valorem property
5 taxes or specific local taxes attributable to those ad valorem
6 property taxes levied for a separate millage for public library
7 purposes approved by the electors after December 31, 2016, a
8 library board or commission may allow all or a portion of its taxes
9 levied to be included as tax increment revenues and subject to
10 capture under this act under the terms of a written agreement
11 between the library board or commission and the authority. The
12 written agreement shall be filed with the clerk of the
13 municipality. However, if the library was created under section 1
14 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
15 under 1869 LA 233, then any action of the library board or
16 commission under this subsection shall have the concurrence of the
17 chief executive officer of the city that created the library to be
18 effective.

19 (4) Except as otherwise provided in subsection (8), not less
20 than 60 days after the public hearing or a shorter period as
21 determined by the governing body for a certified technology park or
22 a certified alternative energy park, if the governing body creating
23 the authority intends to proceed with the establishment of the
24 authority, it shall adopt, by majority vote of its members elected
25 and serving, a resolution establishing the authority and
26 designating the boundaries of the authority district or districts
27 within which the authority shall exercise its powers. The adoption

1 of the resolution is subject to any applicable statutory or charter
2 provisions with respect to the approval or disapproval of
3 resolutions by the chief executive officer of the municipality and
4 the adoption of a resolution over his or her veto. This resolution
5 shall be filed with the secretary of state promptly after its
6 adoption and shall be published at least once in a newspaper of
7 general circulation in the municipality.

8 (5) The governing body may alter or amend the boundaries of an
9 authority district to include or exclude lands from that authority
10 district or create new authority districts pursuant to the same
11 requirements prescribed for adopting the resolution creating the
12 authority.

13 (6) The validity of the proceedings establishing an authority
14 shall be conclusive unless contested in a court of competent
15 jurisdiction within 60 days after the last of the following takes
16 place:

17 (a) Publication of the resolution creating the authority as
18 adopted.

19 (b) Filing of the resolution creating the authority with the
20 secretary of state.

21 (7) Except as otherwise provided by this subsection, if 2 or
22 more municipalities desire to establish an authority under section
23 3(2), each municipality in which the authority district will be
24 located shall comply with the procedures prescribed by this act.
25 The notice required by subsection (2) may be published jointly by
26 the municipalities establishing the authority. The resolutions
27 establishing the authority shall include, or shall approve an

1 agreement including, provisions governing the number of members on
2 the board, the method of appointment, the members to be represented
3 by governmental units or agencies, the terms of initial and
4 subsequent appointments to the board, the manner in which a member
5 of the board may be removed for cause before the expiration of his
6 or her term, the manner in which the authority may be dissolved,
7 and the disposition of assets upon dissolution. An authority
8 described in this subsection shall not be considered established
9 unless all of the following conditions are satisfied:

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

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

16 (c) The governing body of the county in which a majority of
17 the authority district will be located has approved by resolution
18 the creation of the authority.

19 (8) For an authority created under section 3(3), except as
20 otherwise provided by this subsection, the Next Michigan
21 development corporation shall comply with the procedures prescribed
22 for a municipality by subsections (1) and (2) and this subsection.
23 The provisions of subsections (3) and (4) shall not apply to an
24 authority exercising its powers under section 3(3). The notice
25 required by subsection (2) may be published by the Next Michigan
26 development corporation in a newspaper or newspapers of general
27 circulation within the municipalities which are constituent members

1 of the Next Michigan development corporation, and notice shall not
2 be required to be mailed to the property taxpayers of record in the
3 proposed authority district. The governing body of the Next
4 Michigan development corporation shall be the governing body of the
5 authority. A taxing jurisdiction levying ad valorem taxes within
6 the authority district that would otherwise be subject to capture
7 which is not a party to the intergovernmental agreement may exempt
8 its taxes from capture by adopting a resolution to that effect and
9 filing a copy not more than 60 days after the public hearing with
10 the recording officer of the Next Michigan development corporation.
11 The Next Michigan development corporation shall mail notice of the
12 public hearing to the governing body of each taxing jurisdiction
13 which is not a party to the intergovernmental agreement not less
14 than 20 days before the hearing. Following the public hearing, the
15 governing body of the Next Michigan development corporation shall
16 adopt a resolution designating the boundaries of the authority
17 district within which the authority shall exercise its powers,
18 which may include any certified technology park within the proposed
19 authority district in accordance with this subsection and may
20 include property adjacent to or within 1,500 feet of a road
21 classified as an arterial or collector according to the Federal
22 Highway Administration manual "Highway Functional Classification -
23 Concepts, Criteria and Procedures" or of another road in the
24 discretion of the Next Michigan development corporation, and
25 property adjacent to that property within the territory of the Next
26 Michigan development corporation, as provided in the resolution.
27 The resolution shall be effective when adopted, shall be filed with

1 the secretary of state and the president of the Michigan strategic
2 fund promptly after its adoption, and shall be published at least
3 once in a newspaper of general circulation in the territory of the
4 Next Michigan development corporation. If an authority district
5 designated under this subsection or subsequently amended includes a
6 certified technology park which is within the authority district of
7 another authority and which is subject to an existing development
8 plan or tax increment financing plan, then that certified
9 technology park may be considered to be under the jurisdiction of
10 the authority established under section 3(3) if so provided in a
11 resolution of the authority established under section 3(3) and if
12 approved by resolution of the governing body of the municipality
13 which created the other authority, and by the president of the
14 Michigan strategic fund. If so provided and approved, then the
15 development plan and tax increment financing plan applicable to the
16 certified technology park, including all assets and obligations
17 under the plans, shall be considered assigned and transferred from
18 the other authority to the authority created under section 3(3),
19 and the initial assessed value of the certified technology park
20 prior to the transfer shall remain the initial assessed value of
21 the certified technology park following the transfer. The transfer
22 shall be effective as of the later of the effective date of the
23 resolution of the authority established under section 3(3), the
24 resolution approved by the governing body of the municipality which
25 created the other authority, and the approval of the president of
26 the Michigan strategic fund.

27 Sec. 12. (1) If the board determines that it is necessary for

1 the achievement of the purposes of this act, the board shall
2 prepare and submit a tax increment financing plan to the governing
3 body. The plan shall be in compliance with section 13 and shall
4 include a development plan as provided in section 15. The plan
5 shall also contain the following:

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

13 (b) An estimate of the captured assessed value for each year
14 of the plan. The plan may provide for the use of part or all of the
15 captured assessed value or, subject to subsection (3), of the tax
16 increment revenues attributable to the levy of any taxing
17 jurisdiction, but the portion intended to be used shall be clearly
18 stated in the plan. The board or the municipality creating the
19 authority may exclude from captured assessed value a percentage of
20 captured assessed value as specified in the plan or growth in
21 property value resulting solely from inflation. If excluded, the
22 plan shall set forth the method for excluding growth in property
23 value resulting solely from inflation.

24 (c) The estimated tax increment revenues for each year of the
25 plan.

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

27 (e) The maximum amount of note or bonded indebtedness to be

1 incurred, if any.

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

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

8 (h) The duration of the development plan and the tax increment
9 plan.

10 (i) An estimate of the impact of tax increment financing on
11 the revenues of all taxing jurisdictions in which the eligible
12 property is or is anticipated to be located.

13 (j) A legal description of the eligible property to which the
14 tax increment financing plan applies or shall apply upon
15 qualification as eligible property.

16 (k) An estimate of the number of jobs to be created as a
17 result of implementation of the tax increment financing plan.

18 (l) The proposed boundaries of a certified technology park to
19 be created under an agreement proposed to be entered into pursuant
20 to section 12a, or of a certified alternative energy park to be
21 created under an agreement proposed to be entered into pursuant to
22 section 12c, or of a ~~next-NEXT~~ Michigan development area designated
23 under section 12e, an identification of the real property within
24 the certified technology park, the certified alternative energy
25 park, or the ~~next-NEXT~~ Michigan development area to be included in
26 the tax increment financing plan for purposes of determining tax
27 increment revenues, and whether personal property located in the

1 certified technology park, the certified alternative energy park,
2 or the ~~next-NEXT~~ Michigan development area is exempt from
3 determining tax increment revenues.

4 (2) Except as provided in subsection (7), a tax increment
5 financing plan shall provide for the use of tax increment revenues
6 for public facilities for eligible property whose captured assessed
7 value produces the tax increment revenues or, to the extent the
8 eligible property is located within a business development area or
9 a ~~next-NEXT~~ Michigan development area, for other eligible property
10 located in the business development area or the ~~next-NEXT~~ Michigan
11 development area. Public facilities for eligible property include
12 the development or improvement of access to and around, or within
13 the eligible property, of road facilities reasonably required by
14 traffic flow to be generated by the eligible property, and the
15 development or improvement of public facilities that are necessary
16 to service the eligible property, whether or not located on that
17 eligible property. If the eligible property identified in the tax
18 increment financing plan is property to which section 2(~~p~~)(~~iv~~)
19 2(S)(iv) applies, the tax increment financing plan shall not
20 provide for the use of tax increment revenues for public facilities
21 other than those described in the development plan as of April 1,
22 1991. Whether or not provided in the tax increment financing plan,
23 if the eligible property identified in the tax increment financing
24 plan is property to which section 2(s)(iv) applies, then to the
25 extent that captured tax increment revenues are utilized for the
26 costs of cleanup of identified soil and groundwater contamination,
27 the captured tax increment revenues shall be first credited against

1 the shares of responsibility for the total costs of cleanup of
2 uncollectible parties who are responsible for the identified soil
3 and groundwater contamination pursuant to law, and then shall be
4 credited on a pro rata basis against the shares of responsibility
5 for the total costs of cleanup of other parties who are responsible
6 for the identified soil and groundwater contamination pursuant to
7 law.

8 (3) The percentage of taxes levied for school operating
9 purposes that is captured and used by the tax increment financing
10 plan and the tax increment financing plans under 1975 PA 197, MCL
11 125.1651 to 125.1681, the tax increment finance authority act, 1980
12 PA 450, MCL 125.1801 to 125.1830, and the brownfield redevelopment
13 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, shall not be
14 greater than the percentage capture and use of taxes levied by a
15 municipality or county for operating purposes under the tax
16 increment financing plan and tax increment financing plans under
17 1975 PA 197, MCL 125.1651 to 125.1681, the tax increment finance
18 authority act, 1980 PA 450, MCL 125.1801 to 125.1830, and the
19 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651
20 to 125.2672. For purposes of the previous sentence, taxes levied by
21 a county for operating purposes include only millage allocated for
22 county or charter county purposes under the property tax limitation
23 act, 1933 PA 62, MCL 211.201 to 211.217a.

24 (4) Except as otherwise provided by this subsection, approval
25 of the tax increment financing plan shall be in accordance with the
26 notice, hearing, disclosure, and approval provisions of sections 16
27 and 17. If the development plan is part of the tax increment

1 financing plan, only 1 hearing and approval procedure is required
2 for the 2 plans together. For a plan submitted by an authority
3 established by 2 or more municipalities under sections 3(2) and
4 4(7) or by an authority established by a ~~next~~**NEXT** Michigan
5 development corporation under sections 3(3) and 4(8), the notice
6 required by section 16 may be published jointly by the
7 municipalities in which the authority district is located or by the
8 ~~next~~**NEXT** Michigan development corporation. For a plan submitted by
9 an authority exercising its powers under sections 3(2) and 4(7),
10 the plan shall not be considered approved unless each governing
11 body in which the authority district is located makes the
12 determinations required by section 17 and approves the same plan,
13 including the same modifications, if any, made to the plan by any
14 other governing body. A plan submitted by an authority exercising
15 its powers under sections 3(3) and 4(8) shall be approved if the
16 governing body of the ~~next~~**NEXT** Michigan development corporation
17 makes the determinations required by section 17.

18 (5) Before the public hearing on the tax increment financing
19 plan, the governing body shall provide a reasonable opportunity to
20 the taxing jurisdictions levying taxes subject to capture to
21 express their views and recommendations regarding the tax increment
22 financing plan. The authority shall fully inform the taxing
23 jurisdictions about the fiscal and economic implications of the
24 proposed tax increment financing plan. The taxing jurisdictions may
25 present their recommendations at the public hearing on the tax
26 increment financing plan. The authority may enter into agreements
27 with the taxing jurisdictions and the governing body of the

1 municipality in which the authority district is located to share a
2 portion of the captured assessed value of the district or to
3 distribute tax increment revenues among taxing jurisdictions. Upon
4 adoption of the plan, the collection and transmission of the amount
5 of tax increment revenues, as specified in this act, shall be
6 binding on all taxing units levying ad valorem property taxes or
7 specific local taxes against property located in the authority
8 district.

9 (6) Property qualified as a public facility under section
10 ~~2(ff)(ii)~~ **2(GG)(ii)**, that is acquired by an authority may be sold,
11 conveyed, or otherwise disposed to any person, public or private,
12 for fair market value or reasonable monetary consideration
13 established by the authority with the concurrence of the Michigan
14 economic development corporation and the municipality in which the
15 eligible property is located based on a fair market value appraisal
16 from a fee appraiser only if the property is sold for fair market
17 value. Unless the property acquired by an authority was located
18 within a certified business park, a certified technology park, a
19 certified alternative energy park, or a ~~next~~ **NEXT** Michigan
20 development area at the time of disposition, an authority shall
21 remit all monetary proceeds received from the sale or disposition
22 of property that qualified as a public facility under section
23 ~~2(ff)(ii)~~ **2(GG)(ii)** and was purchased with tax increment revenues
24 to the taxing jurisdictions. Proceeds distributed to taxing
25 jurisdictions shall be remitted in proportion to the amount of tax
26 increment revenues attributable to each taxing jurisdiction in the
27 year the property was acquired. If the property was acquired in

1 part with funds other than tax increment revenues, only that
2 portion of the monetary proceeds received upon disposition that
3 represent the proportion of the cost of acquisition paid with tax
4 increment revenues is required to be remitted to taxing
5 jurisdictions. If the property is located within a certified
6 business park, a certified technology park, or a certified
7 alternative energy park, or a ~~next~~**NEXT** Michigan development area
8 at the time of disposition, the monetary proceeds received from the
9 sale or disposition of that property may be retained by the
10 authority for any purpose necessary to further the development
11 program for the certified business park, certified technology park,
12 certified alternative energy park, or ~~next~~**NEXT** Michigan
13 development area in accordance with the tax increment financing
14 plan.

15 (7) The tax increment financing plan may provide for the use
16 of tax increment revenues from a certified technology park for
17 public facilities for any eligible property located in the
18 certified technology park. The tax increment financing plan may
19 provide for the use of tax increment revenues from a certified
20 alternative energy park for public facilities for any eligible
21 property located in the certified alternative energy park. The tax
22 increment financing plan may provide for the use of tax increment
23 revenues within or without the development area from which the tax
24 increment revenues are derived, provided that the tax increment
25 revenues shall be used for public facilities within a ~~next~~**NEXT**
26 Michigan development area within the municipality whose levy has
27 contributed to the tax increment revenues except as otherwise

1 provided in the interlocal agreement creating the ~~next~~**NEXT**
2 Michigan development corporation that established the authority.

3 (8) If title to property qualified as a public facility under
4 section ~~2(ff)(ii)~~**2 (GG) (ii)** and acquired by an authority with tax
5 increment revenues is sold, conveyed, or otherwise disposed of
6 pursuant to subsection (6) for less than fair market value, the
7 authority shall enter into an agreement relating to the use of the
8 property with the person to whom the property is sold, conveyed, or
9 disposed of, which agreement shall include a penalty provision
10 addressing repayment to the authority if any interest in the
11 property is sold, conveyed, or otherwise disposed of by the person
12 within 12 years after the person received title to the property
13 from the authority. This subsection shall not require enforcement
14 of a penalty provision for a conveyance incident to a merger,
15 acquisition, reorganization, sale-lease back transaction, employee
16 stock ownership plan, or other change in corporate or business form
17 or structure.

18 (9) The penalty provision described in subsection (8) shall
19 not be less than an amount equal to the difference between the fair
20 market value of the property when originally sold, conveyed, or
21 otherwise disposed of and the actual consideration paid by the
22 person to whom the property was originally sold, conveyed, or
23 otherwise disposed of.

24 Sec. 12a. (1) A municipality that has created an authority may
25 apply to the Michigan economic development corporation for
26 designation of all or a portion of the authority district as a
27 certified technology park and to enter into an agreement governing

1 the terms and conditions of the designation. The form of the
2 application shall be in a form specified by the Michigan economic
3 development corporation and shall include information the Michigan
4 economic development corporation determines necessary to make the
5 determinations required under this section.

6 (2) After receipt of an application, the Michigan economic
7 development corporation may designate, pursuant to an agreement
8 entered into under subsection (3), a certified technology park that
9 is determined by the Michigan economic development corporation to
10 satisfy 1 or more of the following criteria based on the
11 application:

12 (a) A demonstration of significant support from an institution
13 of higher education, a private research-based institute, or a
14 large, private corporate research and development center located
15 within the proximity of the proposed certified technology park, as
16 evidenced by, but not limited to, the following types of support:

17 (i) Grants of preferences for access to and commercialization
18 of intellectual property.

19 (ii) Access to laboratory and other facilities owned by or
20 under control of the institution of higher education or private
21 research-based institute.

22 (iii) Donations of services.

23 (iv) Access to telecommunication facilities and other
24 infrastructure.

25 (v) Financial commitments.

26 (vi) Access to faculty, staff, and students.

27 (vii) Opportunities for adjunct faculty and other types of

1 staff arrangements or affiliations.

2 (b) A demonstration of a significant commitment on behalf of
3 the institution of higher education, private research-based
4 institute, or a large, private corporate research and development
5 center to the commercialization of research produced at the
6 certified technology park, as evidenced by the intellectual
7 property and, if applicable, tenure policies that reward faculty
8 and staff for commercialization and collaboration with private
9 businesses.

10 (c) A demonstration that the proposed certified technology
11 park will be developed to take advantage of the unique
12 characteristics and specialties offered by the public and private
13 resources available in the area in which the proposed certified
14 technology park will be located.

15 (d) The existence of or proposed development of a business
16 incubator within the proposed certified technology park that
17 exhibits the following types of resources and organization:

18 (i) Significant financial and other types of support from the
19 public or private resources in the area in which the proposed
20 certified technology park will be located.

21 (ii) A business plan exhibiting the economic utilization and
22 availability of resources and a likelihood of successful
23 development of technologies and research into viable business
24 enterprises.

25 (iii) A commitment to the employment of a qualified full-time
26 manager to supervise the development and operation of the business
27 incubator.

1 (e) The existence of a business plan for the proposed
2 certified technology park that identifies its objectives in a
3 clearly focused and measurable fashion and that addresses the
4 following matters:

5 (i) A commitment to new business formation.

6 (ii) The clustering of businesses, technology, and research.

7 (iii) The opportunity for and costs of development of
8 properties under common ownership or control.

9 (iv) The availability of and method proposed for development
10 of infrastructure and other improvements, including
11 telecommunications technology, necessary for the development of the
12 proposed certified technology park.

13 (v) Assumptions of costs and revenues related to the
14 development of the proposed certified technology park.

15 (f) A demonstrable and satisfactory assurance that the
16 proposed certified technology park can be developed to principally
17 contain eligible property as defined by section 2(s)(iii) and (v).

18 (3) An authority and a municipality that incorporated the
19 authority may enter into an agreement with the Michigan economic
20 development corporation establishing the terms and conditions
21 governing the certified technology park. Upon designation of the
22 certified technology park pursuant to the terms of the agreement,
23 the subsequent failure of any party to comply with the terms of the
24 agreement shall not result in the termination or rescission of the
25 designation of the area as a certified technology park. The
26 agreement shall include, but is not limited to, the following
27 provisions:

1 (a) A description of the area to be included within the
2 certified technology park.

3 (b) Covenants and restrictions, if any, upon all or a portion
4 of the properties contained within the certified technology park
5 and terms of enforcement of any covenants or restrictions.

6 (c) The financial commitments of any party to the agreement
7 and of any owner or developer of property within the certified
8 technology park.

9 (d) The terms of any commitment required from an institution
10 of higher education or private research-based institute for support
11 of the operations and activities at eligible properties within the
12 certified technology park.

13 (e) The terms of enforcement of the agreement, which may
14 include the definition of events of default, cure periods, legal
15 and equitable remedies and rights, and penalties and damages,
16 actual or liquidated, upon the occurrence of an event of default.

17 (f) The public facilities to be developed for the certified
18 technology park.

19 (g) The costs approved for public facilities under section
20 ~~2-(dd)-2 (GG)~~ .

21 (4) If the Michigan economic development corporation has
22 determined that a sale price or rental value at below market rate
23 will assist in increasing employment or private investment in the
24 certified technology park, the authority and municipality have
25 authority to determine the sale price or rental value for public
26 facilities owned or developed by the authority and municipality in
27 the certified technology park at below market rate.

1 (5) If public facilities developed pursuant to an agreement
2 entered into under this section are conveyed or leased at less than
3 fair market value or at below market rates, the terms of the
4 conveyance or lease shall include legal and equitable remedies and
5 rights to assure the public facilities are used as eligible
6 property. Legal and equitable remedies and rights may include
7 penalties and actual or liquidated damages.

8 (6) Except as otherwise provided in this section, an agreement
9 designating a certified technology park may not be made after
10 December 31, 2002, but any agreement made on or before December 31,
11 2002 may be amended after that date. However, the Michigan economic
12 development corporation may enter into an agreement with a
13 municipality after December 31, 2002 and on or before December 31,
14 2005 if that municipality has adopted a resolution of interest to
15 create a certified technology park before December 31, 2002.

16 (7) The Michigan economic development corporation shall market
17 the certified technology parks and the certified business parks.
18 The Michigan economic development corporation and an authority may
19 contract with each other or any third party for these marketing
20 services.

21 (8) Except as otherwise provided in subsections (9), (10), and
22 (11), the Michigan economic development corporation shall not
23 designate more than 10 certified technology parks. For purposes of
24 this subsection only, 2 certified technology parks located in a
25 county that contains a city with a population of more than 750,000,
26 shall be counted as 1 certified technology park. Not more than 7 of
27 the certified technology parks designated under this section may

1 not include a firm commitment from at least 1 business engaged in a
2 ~~high technology~~ **HIGH-TECHNOLOGY** activity creating a significant
3 number of jobs.

4 (9) The Michigan economic development corporation may
5 designate an additional 5 certified technology parks after November
6 1, 2002 and before December 31, 2007. The Michigan economic
7 development corporation shall not accept applications for the
8 additional certified technology parks under this subsection until
9 after November 1, 2002.

10 (10) The Michigan economic development corporation may
11 designate an additional 3 certified technology parks after February
12 1, 2008 and before December 31, 2008. The Michigan economic
13 development corporation shall not accept applications for the
14 additional certified technology parks under this subsection until
15 after February 1, 2008.

16 (11) The Michigan economic development corporation may
17 designate an additional 3 certified technology parks before March
18 31, 2013. It is the intent of the legislature that after the
19 additional 3 certified technology parks are designated under this
20 subsection, no additional certified technology parks shall be
21 designated under this section.

22 (12) The Michigan economic development corporation shall give
23 priority to applications that include new business activity.

24 (13) For an authority established by 2 or more municipalities
25 under sections 3(2) and 4(7), each municipality in which the
26 authority district is located by a majority vote of the members of
27 its governing body may make a limited tax pledge to support the

1 authority's tax increment bonds issued under section 14 or, if
2 authorized by the voters of the municipality, may pledge its full
3 faith and credit for the payment of the principal of and interest
4 on the bonds. The municipalities that have made a pledge to support
5 the authority's tax increment bonds may approve by resolution an
6 agreement among themselves establishing obligations each may have
7 to the other party or parties to the agreement for reimbursement of
8 all or any portion of a payment made by a municipality related to
9 its pledge to support the authority's tax increment bonds.

10 (14) Not including certified technology parks designated under
11 subsection (8), but for certified technology parks designated under
12 subsections (9), (10), and (11) only, this state shall do all of
13 the following:

14 (a) Reimburse intermediate school districts each year for all
15 tax revenue lost that was captured by an authority for a certified
16 technology park designated by the Michigan economic development
17 corporation after October 3, 2002.

18 (b) Reimburse local school districts each year for all tax
19 revenue lost that was captured by an authority for a certified
20 technology park designated by the Michigan economic development
21 corporation after October 3, 2002.

22 (c) Reimburse the school aid fund from funds other than those
23 appropriated in section 11 of the state school aid act of 1979,
24 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
25 calculations under subdivisions (a) and (b) and for all revenue
26 lost that was captured by an authority for a certified technology
27 park designated by the Michigan economic development corporation

1 after October 3, 2002. Foundation allowances calculated under
2 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
3 388.1620, shall not be reduced as a result of tax revenue lost that
4 was captured by an authority for a certified technology park
5 designated by the Michigan economic development corporation under
6 subsection (9), (10), or (11) after October 3, 2002.

7 Sec. 12b. (1) A municipality that has created an authority in
8 which a certified technology park has been designated under this
9 act may enter into an agreement with another authority that does
10 not contain a certified technology park to designate a distinct
11 geographic area within the authority district as a certified
12 technology park. The authority shall consider the advantages of the
13 unique characteristics and specialties offered by the public and
14 private resources available in the distinct geographic area, shall
15 consider the benefits to regional cooperation and collaboration,
16 and shall consider whether designating the additional distinct
17 geographic area adds value to the mission of the designated
18 certified technology park. The distinct geographic area is subject
19 to the provisions of section 12a(3), (4), and (5). The state
20 treasurer shall not approve the capture of amounts levied by the
21 state under the state education tax act, 1993 PA 331, MCL 211.901
22 to 211.906, and by local and intermediate school districts as
23 permitted in section ~~2(jj)(ii)(B)~~ **2(KK)(ii)(B)** for more than 9
24 distinct geographic areas designated under this section. In
25 addition, beginning on ~~the effective date of the amendatory act~~
26 ~~that added subsection (2)~~, **JULY 15, 2015**, the state treasurer shall
27 not approve the capture of amounts described in this subsection

1 unless the application for approval of a distinct geographic area
2 under this subsection is also approved by the Michigan economic
3 development corporation as provided in subsection (2). A copy of
4 the designation shall be filed with the Michigan economic
5 development corporation.

6 (2) Beginning on ~~the effective date of the amendatory act that~~
7 ~~added this subsection,~~ **JULY 15, 2015**, the Michigan economic
8 development corporation shall designate the distinct geographic
9 areas under subsection (1) pursuant to a competitive application
10 process that has an initial application period and a final
11 application period and that meets all the following:

12 (a) The initial application period shall begin on ~~the~~
13 ~~effective date of the amendatory act that added this subsection~~
14 **JULY 15, 2015** and end on October 1, 2015. All applications
15 submitted during the initial application period shall be approved
16 or denied not later than November 1, 2015. The Michigan economic
17 development corporation may approve up to 3 applications as a
18 result of the initial application period. Applications submitted
19 outside the initial application period shall not be considered
20 under this subdivision.

21 (b) The final application period shall begin on January 1,
22 2016 and end on July 1, 2016. All applications submitted during the
23 final application period shall be approved or denied by September
24 1, 2016. The Michigan economic development corporation may approve
25 the remaining designations available under subsection (1) as a
26 result of the final application period. However, there is no
27 requirement that all 9 designations be made under this section.

1 Applications submitted outside the final application period shall
2 not be considered under this subdivision.

3 (c) The Michigan economic development corporation shall
4 publish the application process and competitive criteria upon which
5 applications will be evaluated on its website. If an application
6 does not meet the requirements of this section, the application
7 shall not be approved by the Michigan economic development
8 corporation.

9 Sec. 12c. (1) A municipality that has created an authority may
10 apply to the Michigan economic development corporation for
11 designation of all or a portion of the authority district as a
12 certified alternative energy park and to enter into an agreement
13 governing the terms and conditions of the designation. The form of
14 the application shall be in a form specified by the Michigan
15 economic development corporation and shall include information the
16 Michigan economic development corporation determines necessary to
17 make the determinations required under this section.

18 (2) After receipt of an application, the Michigan economic
19 development corporation may designate, pursuant to an agreement
20 entered into under subsection (3), a certified alternative energy
21 park that is determined by the Michigan economic development
22 corporation to satisfy 1 or more of the following criteria based on
23 the application:

24 (a) A demonstration that the proposed alternative energy park
25 will be developed to take advantage of the unique characteristics
26 and specialties offered by public and private resources available
27 in the area in which the proposed certified alternative energy park

1 will be located.

2 (b) The existence of or strong likelihood of attracting
3 alternative energy technology businesses to the proposed
4 alternative energy park by exhibiting the following types of
5 resources and organization:

6 (i) Significant financial and other types of support from the
7 public or private resources in the area.

8 (ii) Proposed or actual ownership of land in sufficient
9 quantity as to attract 1 or more major alternative energy
10 technology businesses.

11 (c) The existence of a business plan for the proposed
12 certified alternative energy park that identifies its objectives in
13 a clearly focused and measurable fashion and that addresses the
14 following matters:

15 (i) A commitment to new business formation or major business
16 attraction.

17 (ii) The clustering of businesses, technology, and research
18 within the region.

19 (iii) The opportunity for and costs of development of
20 properties under common ownership or control.

21 (iv) The availability of and method proposed for development
22 and sale or conveyance of shovel-ready sites to include
23 infrastructure and other improvements, including telecommunications
24 technology, necessary for the successful development of the
25 proposed certified alternative energy park.

26 (v) Assumptions of costs and revenues related to the
27 development of the proposed certified alternative energy park.

1 (d) A demonstrable and satisfactory assurance that the
2 proposed certified alternative energy park can be developed to
3 principally contain eligible property as defined by section 2(s) (v)
4 and (vi) .

5 (e) The proposed certified alternative energy park includes a
6 military installation that was operated by the United States
7 department of defense and closed after 1980.

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 alternative energy park. Upon designation
12 of the certified alternative energy park pursuant to the terms of
13 the agreement, the subsequent failure of any party to comply with
14 the terms of the agreement shall not result in the termination or
15 rescission of the designation of the area as a certified
16 alternative energy park. The agreement shall include, but is not
17 limited to, the following provisions:

18 (a) A description of the area to be included within the
19 certified alternative energy park.

20 (b) Covenants and restrictions, if any, upon all or a portion
21 of the properties contained within the certified alternative energy
22 park 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, including sale or
25 transfer of ownership or options thereto upon designation of a
26 certified alternative energy park for property within the certified
27 alternative energy park.

1 (d) The terms of enforcement of the agreement, which may
2 include the definition of events of default, cure periods, legal
3 and equitable remedies and rights, and penalties and damages,
4 actual or liquidated, upon the occurrence of an event of default.

5 (e) Proposed method of ownership of the land within the
6 certified alternative energy park.

7 (f) The costs approved for public facilities under section
8 ~~2-(dd)-2 (GG)~~ .

9 (g) Proposed method of operating the certified alternative
10 energy park.

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 alternative energy park, the authority and municipality
15 have authority to determine the sale price or rental value for
16 public facilities owned or developed by the authority and
17 municipality in the certified alternative energy park at below
18 market rate.

19 (5) If public facilities developed pursuant to an agreement
20 entered into under this section are conveyed or leased at less than
21 fair market value or at below market rates, the terms of the
22 conveyance or lease shall include legal and equitable remedies and
23 rights to assure that the public facilities are used as eligible
24 property. Legal and equitable remedies and rights may include
25 penalties and actual or liquidated damages.

26 (6) Except as otherwise provided in this section, an agreement
27 designating a certified alternative energy park may not be made

1 after December 31, 2012, but any agreement made on or before
2 December 31, 2012 may be amended after that date.

3 (7) The Michigan economic development corporation shall not
4 designate more than 10 certified alternative energy parks. For
5 purposes of this subsection only, certified alternative energy
6 parks located in the same county shall be counted as 1 certified
7 alternative energy park.

8 (8) For an authority established by 2 or more municipalities
9 under sections 3(2) and 4(7), each municipality in which the
10 authority district is located by a majority vote of the members of
11 its governing body may make a limited tax pledge to support the
12 authority's tax increment bonds issued under section 14 or, if
13 authorized by the voters of the municipality, may pledge its full
14 faith and credit for the payment of the principal of and interest
15 on the bonds. The municipalities that have made a pledge to support
16 the authority's tax increment bonds may approve by resolution an
17 agreement among themselves establishing obligations each may have
18 to the other party or parties to the agreement for reimbursement of
19 all or any portion of a payment made by a municipality related to
20 its pledge to support the authority's tax increment bonds.

21 (9) Upon approval of the Michigan economic development
22 corporation, the certified alternative energy park may be owned and
23 operated by an economic development corporation created under the
24 economic development corporations act, 1974 PA 338, MCL 125.1601 to
25 125.1636, or other public body agreeable to all members.