

SENATE BILL No. 310

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

A bill to amend 2004 PA 530, entitled
"Historical neighborhood tax increment finance authority act,"
by amending sections 2 and 17 (MCL 125.2842 and 125.2857), section
17 as amended by 2016 PA 510.

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 historical neighborhood tax increment
3 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 or the supervisor of a township.

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

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) "Historic district" means that term as defined in section
24 1a of the local historic districts act, 1970 PA 169, MCL 399.201a.

25 (m) "Housing" means privately owned housing or publicly owned
26 housing, individual or multifamily.

27 (n) "Initial assessed value" means the assessed value of all

1 the taxable property within the boundaries of the development area
2 at the time the ordinance establishing the tax increment financing
3 plan is approved, as shown by the most recent assessment roll of
4 the municipality at the time the resolution is adopted. Property
5 exempt from taxation at the time of the determination of the
6 initial assessed value shall be included as zero. For the purpose
7 of determining initial assessed value, property for which a
8 specific local tax is paid in lieu of a property tax shall not be
9 considered to be property that is exempt from taxation. The initial
10 assessed value of property for which a specific local tax was paid
11 in lieu of a property tax shall be determined as provided in
12 section 3(d).

13 (o) "Land use plan" means a plan prepared under ~~section 1 of~~
14 ~~the city and village zoning act, FORMER~~ 1921 PA 207, MCL 125.581,
15 **OR A SITE PLAN UNDER THE MICHIGAN ZONING ENABLING ACT, 2006 PA 110,**
16 **MCL 125.3101 TO 125.3702.**

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

21 (Q) ~~(p)~~ "Municipality" means a city or township in which a
22 historic district is located.

23 (R) ~~(q)~~ "Residential district" means an area of a municipality
24 zoned and used principally for residential housing.

25 Sec. 17. (1) If the authority determines that it is necessary
26 for the achievement of the purposes of this act, the authority
27 shall prepare and submit a tax increment financing plan to the

governing body of the municipality. The plan shall include a development plan as provided in section 19, a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, and the duration of the program, and shall be in compliance with section 18. The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan. The authority or municipality may exclude from captured assessed value growth in property value resulting solely from inflation. The plan shall set forth the method for excluding growth in property value resulting solely from inflation.

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

(3) Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the taxing jurisdictions levying taxes subject to capture to meet with the governing body. The authority shall fully inform the taxing jurisdictions of the fiscal and economic implications of the proposed development area. The taxing jurisdictions may present their recommendations at the public hearing on the tax increment

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

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

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

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