

SENATE BILL No. 393

May 18, 2017, Introduced by Senators HORN, SHIRKEY and SCHMIDT and referred to the Committee on Economic Development and International Investment.

A bill to provide for the establishment of certain tax increment finance authorities; to prescribe the powers and duties of the authorities; to correct and prevent deterioration in residential, commercial, and industrial areas and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create certain boards; to prescribe the powers and duties of certain boards; to authorize the issuance of bonds and other evidences of indebtedness; to levy certain taxes; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; to provide for enforcement of this act; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

GENERAL PROVISIONS

Sec. 101. This act shall be known and may be cited as the "recodified tax increment financing act".

Sec. 102. (1) The repeal of a statute or section of law by this act does not relinquish any penalty, forfeiture, or liability, whether criminal or civil in nature, and that statute or section of law shall be treated as still remaining in force as necessary for the purpose of instituting or sustaining any proper action or prosecution for the enforcement of the penalty, forfeiture, or liability.

(2) A bond, note, or any other obligation issued by or on behalf of an authority under a statute or section of law repealed by this act shall continue in effect under its original terms under the corresponding part of this act.

(3) A contractual right, duty, or obligation relating to an authority under a statute or section of law repealed by this act shall continue and remain with the authority under the corresponding part of this act.

(4) A development plan or a tax increment financing plan developed by an authority under a statute or section of law repealed by this act shall remain in effect with the authority under the corresponding part of this act.

Sec. 103. Members of a board of an authority created under a statute or section of law repealed by this act with the same or similar name and functions shall continue in office for the

1 duration of the terms of office for which they were appointed.
2 Members shall be appointed under this act only as terms of the
3 former members expire or vacancies occur. Members of the board of
4 an authority created under a statute or section of law repealed by
5 this act may be appointed to the new board to succeed themselves
6 subject to any limits for the total period of service set forth in
7 this act.

8 PART 2

9 DOWNTOWN DEVELOPMENT AUTHORITIES

10 Sec. 201. As used in this part:

11 (a) "Advance" means a transfer of funds made by a municipality
12 to an authority or to another person on behalf of the authority in
13 anticipation of repayment by the authority. Evidence of the intent
14 to repay an advance may include, but is not limited to, an executed
15 agreement to repay, provisions contained in a tax increment
16 financing plan approved prior to the advance, or a resolution of
17 the authority or the municipality.

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

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

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

25 (c) "Authority" means a downtown development authority created
26 pursuant to this part.

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

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

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

9 (g) "Catalyst development project" means a project that is
10 located in a municipality with a population greater than 600,000,
11 is designated by the authority as a catalyst development project,
12 and is expected to result in at least \$300,000,000.00 of capital
13 investment. There shall be no more than 1 catalyst development
14 project designated within each authority.

15 (h) "Chief executive officer" means the mayor or city manager
16 of a city, the president or village manager of a village, or the
17 supervisor of a township or, if designated by the township board
18 for purposes of this part, the township superintendent or township
19 manager of a township.

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

22 (j) "Development plan" means that information and those
23 requirements for a development plan set forth in section 217.

24 (k) "Development program" means the implementation of the
25 development plan.

26 (l) "Downtown district" means that part of an area in a
27 business district that is specifically designated by ordinance of

1 the governing body of the municipality pursuant to this part. A
2 downtown district may include 1 or more separate and distinct
3 geographic areas in a business district as determined by the
4 municipality if the municipality enters into an agreement with a
5 qualified township under section 203(7) or if the municipality is a
6 city that surrounds another city and that other city lies between
7 the 2 separate and distinct geographic areas. If the downtown
8 district contains more than 1 separate and distinct geographic area
9 in the downtown district, the separate and distinct geographic
10 areas shall be considered 1 downtown district.

11 (m) "Eligible advance" means an advance made before August 19,
12 1993.

13 (n) "Eligible obligation" means an obligation issued or
14 incurred by an authority or by a municipality on behalf of an
15 authority before August 19, 1993 and its subsequent refunding by a
16 qualified refunding obligation. Eligible obligation includes an
17 authority's written agreement entered into before August 19, 1993
18 to pay an obligation issued after August 18, 1993 and before
19 December 31, 1996 by another entity on behalf of the authority.

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

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

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

26 (r) "Initial assessed value" means the assessed value, as
27 equalized, of all the taxable property within the boundaries of the

1 development area at the time the ordinance establishing the tax
2 increment financing plan is approved, as shown by the most recent
3 assessment roll of the municipality for which equalization has been
4 completed at the time the resolution is adopted. Property exempt
5 from taxation at the time of the determination of the initial
6 assessed value shall be included as zero. For the purpose of
7 determining initial assessed value, property for which a specific
8 local tax is paid in lieu of a property tax shall not be considered
9 to be property that is exempt from taxation. The initial assessed
10 value of property for which a specific local tax was paid in lieu
11 of a property tax shall be determined as provided in subdivision
12 (aa). In the case of a municipality having a population of less
13 than 35,000 that established an authority prior to 1985, created a
14 district or districts, and approved a development plan or tax
15 increment financing plan or amendments to a plan, and which plan or
16 tax increment financing plan or amendments to a plan, and which
17 plan expired by its terms December 31, 1991, the initial assessed
18 value for the purpose of any plan or plan amendment adopted as an
19 extension of the expired plan shall be determined as if the plan
20 had not expired December 31, 1991. For a development area
21 designated before 1997 in which a renaissance zone has subsequently
22 been designated pursuant to the Michigan renaissance zone act, 1996
23 PA 376, MCL 125.2681 to 125.2696, the initial assessed value of the
24 development area otherwise determined under this subdivision shall
25 be reduced by the amount by which the current assessed value of the
26 development area was reduced in 1997 due to the exemption of
27 property under section 7ff of the general property tax act, 1893 PA

1 206, MCL 211.7ff, but in no case shall the initial assessed value
2 be less than zero.

3 (s) "Municipality" means a city, village, or township.

4 (t) "Obligation" means a written promise to pay, whether
5 evidenced by a contract, agreement, lease, sublease, bond, or note,
6 or a requirement to pay imposed by law. An obligation does not
7 include a payment required solely because of default upon an
8 obligation, employee salaries, or consideration paid for the use of
9 municipal offices. An obligation does not include those bonds that
10 have been economically defeased by refunding bonds issued under
11 this part. Obligation includes, but is not limited to, the
12 following:

13 (i) A requirement to pay proceeds derived from ad valorem
14 property taxes or taxes levied in lieu of ad valorem property
15 taxes.

16 (ii) A management contract or a contract for professional
17 services.

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

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

24 (v) A letter of credit, paying agent, transfer agent, bond
25 registrar, or trustee fee associated with a contract, agreement,
26 bond, or note.

27 (u) "On behalf of an authority", in relation to an eligible

1 advance made by a municipality, or an eligible obligation or other
2 protected obligation issued or incurred by a municipality, means in
3 anticipation that an authority would transfer tax increment
4 revenues or reimburse the municipality from tax increment revenues
5 in an amount sufficient to fully make payment required by the
6 eligible advance made by the municipality, or eligible obligation
7 or other protected obligation issued or incurred by the
8 municipality, if the anticipation of the transfer or receipt of tax
9 increment revenues from the authority is pursuant to or evidenced
10 by 1 or more of the following:

11 (i) A reimbursement agreement between the municipality and an
12 authority it established.

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

15 (iii) A resolution of the authority agreeing to make payments
16 to the incorporating unit.

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

19 (v) "Operations" means office maintenance, including salaries
20 and expenses of employees, office supplies, consultation fees,
21 design costs, and other expenses incurred in the daily management
22 of the authority and planning of its activities.

23 (w) "Other protected obligation" means:

24 (i) A qualified refunding obligation issued to refund an
25 obligation described in subparagraph (ii), (iii), or (iv), an
26 obligation that is not a qualified refunding obligation that is
27 issued to refund an eligible obligation, or a qualified refunding

1 obligation issued to refund an obligation described in this
2 subparagraph.

3 (ii) An obligation issued or incurred by an authority or by a
4 municipality on behalf of an authority after August 19, 1993, but
5 before December 31, 1994, to finance a project described in a tax
6 increment finance plan approved by the municipality in accordance
7 with this part before December 31, 1993, for which a contract for
8 final design is entered into by or on behalf of the municipality or
9 authority before March 1, 1994 or for which a written agreement
10 with a developer, titled preferred development agreement, was
11 entered into by or on behalf of the municipality or authority in
12 July 1993.

13 (iii) An obligation incurred by an authority or municipality
14 after August 19, 1993, to reimburse a party to a development
15 agreement entered into by a municipality or authority before August
16 19, 1993, for a project described in a tax increment financing plan
17 approved in accordance with this part before August 19, 1993, and
18 undertaken and installed by that party in accordance with the
19 development agreement.

20 (iv) An obligation incurred by the authority evidenced by or
21 to finance a contract to purchase real property within a
22 development area or a contract to develop that property within the
23 development area, or both, if all of the following requirements are
24 met:

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

26 (B) Before June 30, 1995, the authority enters a contract for
27 the development of the real property located within the development

1 area.

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

4 (I) The department of natural resources for site reclamation
5 of the real property.

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

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

14 (vi) A loan from a municipality to an authority if the loan
15 was approved by the legislative body of the municipality on April
16 18, 1994.

17 (vii) Funds expended to match a grant received by a
18 municipality on behalf of an authority for sidewalk improvements
19 from the Michigan department of transportation if the legislative
20 body of the municipality approved the grant application on April 5,
21 1993 and the grant was received by the municipality in June 1993.

22 (viii) For taxes captured in 1994, an obligation described in
23 this subparagraph issued or incurred to finance a project. An
24 obligation is considered issued or incurred to finance a project
25 described in this subparagraph only if all of the following are
26 met:

27 (A) The obligation requires raising capital for the project or

1 paying for the project, whether or not a borrowing is involved.

2 (B) The obligation was part of a development plan and the tax
3 increment financing plan was approved by a municipality on May 6,
4 1991.

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

8 (D) The authority or municipality captured school taxes during
9 1994.

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

13 (x) "Public facility" means a street, plaza, pedestrian mall,
14 and any improvements to a street, plaza, or pedestrian mall
15 including street furniture and beautification, park, parking
16 facility, recreational facility, right-of-way, structure, waterway,
17 bridge, lake, pond, canal, utility line or pipe, building, and
18 access routes to any of the foregoing, designed and dedicated to
19 use by the public generally, or used by a public agency. Public
20 facility includes an improvement to a facility used by the public
21 or a public facility as those terms are defined in section 1 of
22 1966 PA 1, MCL 125.1351, which improvement is made to comply with
23 the barrier free design requirements of the state construction code
24 promulgated under the Stille-DeRossett-Hale single state
25 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.
26 Public facility also includes the acquisition, construction,
27 improvement, and operation of a building owned or leased by the

1 authority to be used as a retail business incubator.

2 (y) "Qualified refunding obligation" means an obligation
3 issued or incurred by an authority or by a municipality on behalf
4 of an authority to refund an obligation if 1 or more of the
5 following apply:

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

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

26 (A) The net present value of the principal and interest to be
27 paid on the refunding obligation, including the cost of issuance,

1 will be less than the net present value of the principal and
2 interest to be paid on the obligation being refunded, as calculated
3 using a method approved by the department of treasury.

4 (B) The net present value of the sum of the tax increment
5 revenues described in subdivision (cc)(ii) and the distributions
6 under section 213b to repay the refunding obligation will not be
7 greater than the net present value of the sum of the tax increment
8 revenues described in subdivision (cc)(ii) and the distributions
9 under section 213b to repay the obligation being refunded, as
10 calculated using a method approved by the department of treasury.

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

1 this subparagraph is a qualified refunding obligation only to the
2 extent that revenues described in subdivision (cc) (ii) and
3 distributions under section 213b to repay the qualified refunding
4 obligation do not exceed \$750,000.00.

5 (iv) The obligation is issued to refund a qualified refunding
6 obligation issued on February 13, 2008, and any subsequent
7 refundings of that obligation, issued before December 31, 2018.

8 Qualified refunding obligations issued under this subparagraph are
9 not subject to the requirements of section 305(2), (3), (5), and
10 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA
11 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of
12 the development program described in the tax increment financing
13 plan relating to the qualified refunding obligations issued under
14 this subparagraph is extended to 1 year after the final date of
15 maturity of the qualified refunding obligations. Revenues described
16 in subdivision (cc) (ii) and distributions made under section 213b
17 in excess of the amount needed for current year debt service on an
18 obligation issued under this subparagraph may be paid to the
19 authority to the extent necessary to pay future years' debt service
20 on the obligation as determined by the board.

21 (z) "Qualified township" means a township that meets all of
22 the following requirements:

23 (i) Was not eligible to create an authority prior to January
24 3, 2005.

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

27 (iii) Along with the adjoining municipality that previously

1 created an authority, is a member of the same joint planning
2 commission under the joint municipal planning act, 2003 PA 226, MCL
3 125.131 to 125.143.

4 (aa) "Specific local tax" means a tax levied under 1974 PA
5 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978
6 PA 255, MCL 207.651 to 207.668, the technology park development
7 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL
8 211.181 to 211.182. The initial assessed value or current assessed
9 value of property subject to a specific local tax shall be the
10 quotient of the specific local tax paid divided by the ad valorem
11 millage rate. However, after 1993, the state tax commission shall
12 prescribe the method for calculating the initial assessed value and
13 current assessed value of property for which a specific local tax
14 was paid in lieu of a property tax.

15 (bb) "State fiscal year" means the annual period commencing
16 October 1 of each year.

17 (cc) "Tax increment revenues" means the amount of ad valorem
18 property taxes and specific local taxes attributable to the
19 application of the levy of all taxing jurisdictions upon the
20 captured assessed value of real and personal property in the
21 development area, subject to the following requirements:

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

1 area for any purpose authorized by this part.

2 (ii) Tax increment revenues include ad valorem property taxes
3 and specific local taxes attributable to the application of the
4 levy of the state pursuant to the state education tax act, 1993 PA
5 331, MCL 211.901 to 211.906, and local or intermediate school
6 districts upon the captured assessed value of real and personal
7 property in the development area in an amount equal to the amount
8 necessary, without regard to subparagraph (i), to repay eligible
9 advances, eligible obligations, and other protected obligations.

10 (iii) Tax increment revenues do not include any of the
11 following:

12 (A) Ad valorem property taxes attributable either to a portion
13 of the captured assessed value shared with taxing jurisdictions
14 within the jurisdictional area of the authority or to a portion of
15 value of property that may be excluded from captured assessed value
16 or specific local taxes attributable to such ad valorem property
17 taxes.

18 (B) Ad valorem property taxes excluded by the tax increment
19 financing plan of the authority from the determination of the
20 amount of tax increment revenues to be transmitted to the authority
21 or specific local taxes attributable to such ad valorem property
22 taxes.

23 (C) Ad valorem property taxes exempted from capture under
24 section 203(3) or specific local taxes attributable to such ad
25 valorem property taxes.

26 (D) 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 203(3), ad
7 valorem property taxes or specific local taxes attributable to
8 those ad valorem property taxes levied for a separate millage for
9 public library purposes approved by the electors after December 31,
10 2016.

11 (iv) The amount of tax increment revenues authorized to be
12 included under subparagraph (ii) or (v), and required to be
13 transmitted to the authority under section 214(1), from ad valorem
14 property taxes and specific local taxes attributable to the
15 application of the levy of the state education tax act, 1993 PA
16 331, MCL 211.901 to 211.906, a local school district or an
17 intermediate school district upon the captured assessed value of
18 real and personal property in a development area shall be
19 determined separately for the levy by the state, each school
20 district, and each intermediate school district as the product of
21 sub-subparagraphs (A) and (B):

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

1 district.

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

5 (v) Tax increment revenues include ad valorem property taxes
6 and specific local taxes, in an annual amount and for each year
7 approved by the state treasurer, attributable to the levy by this
8 state under the state education tax act, 1993 PA 331, MCL 211.901
9 to 211.906, and by local or intermediate school districts, upon the
10 captured assessed value of real and personal property in the
11 development area of an authority established in a city with a
12 population of 600,000 or more to pay for, or reimburse an advance
13 for, not more than \$8,000,000.00 for the demolition of buildings or
14 structures on public or privately owned property within a
15 development area that commences in 2005, or to pay the annual
16 principal of or interest on an obligation, the terms of which are
17 approved by the state treasurer, issued by an authority, or by a
18 city on behalf of an authority, to pay not more than \$8,000,000.00
19 of the costs to demolish buildings or structures on public or
20 privately owned property within a development area that commences
21 in 2005.

22 (vi) Tax increment revenues include ad valorem property taxes
23 and specific local taxes attributable to the levy by this state
24 under the state education tax act, 1993 PA 331, MCL 211.201 to
25 211.906, and by local or intermediate school districts which were
26 levied on or after July 1, 2010, upon the captured assessed value
27 of real and personal property in the development area of an

1 authority established in a city with a population of 600,000 or
2 more to pay for, or reimburse an advance for, costs associated with
3 the land acquisition, preliminary site work, and construction of a
4 catalyst development project.

5 Sec. 201a. The legislature finds all of the following:

6 (a) That there exists in this state conditions of property
7 value deterioration detrimental to the state economy and the
8 economic growth of the state and its local units of government.

9 (b) That government programs are desirable and necessary to
10 eliminate the causes of property value deterioration thereby
11 benefiting the economic growth of the state.

12 (c) That it is appropriate to finance these government
13 programs by means available to the state and local units of
14 government in the state, including tax increment financing.

15 (d) That tax increment financing is a government financing
16 program that contributes to economic growth and development by
17 dedicating a portion of the increase in the tax base resulting from
18 economic growth and development to facilities, structures, or
19 improvements within a development area thereby facilitating
20 economic growth and development.

21 (e) That it is necessary for the legislature to exercise its
22 power to legislate tax increment financing as authorized in this
23 part and in the exercise of this power to mandate the transfer of
24 tax increment revenues by city, village, township, school district,
25 and county treasurers to authorities created under this part in
26 order to effectuate the legislative government programs to
27 eliminate property value deterioration and to promote economic

1 growth.

2 (f) That halting property value deterioration and promoting
3 economic growth in the state are essential governmental functions
4 and constitute essential public purposes.

5 (g) That economic development strengthens the tax base upon
6 which local units of government rely and that government programs
7 to eliminate property value deterioration benefit local units of
8 government and are for the use of the local units of government.

9 (h) That the provisions of this part are enacted to provide a
10 means for local units of government to eliminate property value
11 deterioration and to promote economic growth in the communities
12 served by those local units of government.

13 Sec. 202. (1) Except as otherwise provided in this subsection,
14 a municipality may establish 1 authority. If, before November 1,
15 1985, a municipality establishes more than 1 authority, those
16 authorities may continue to exist as separate authorities. Under
17 the conditions described in section 203a, a municipality may have
18 more than 1 authority within that municipality's boundaries. A
19 parcel of property shall not be included in more than 1 authority
20 created by this part.

21 (2) An authority shall be a public body corporate which may
22 sue and be sued in any court of this state. An authority possesses
23 all the powers necessary to carry out the purpose of its
24 incorporation. The enumeration of a power in this part shall not be
25 construed as a limitation upon the general powers of an authority.

26 Sec. 203. (1) When the governing body of a municipality
27 determines that it is necessary for the best interests of the

1 public to halt property value deterioration and increase property
2 tax valuation where possible in its business district, to eliminate
3 the causes of that deterioration, and to promote economic growth,
4 the governing body may, by resolution, declare its intention to
5 create and provide for the operation of an authority.

6 (2) In the resolution of intent, the governing body shall set
7 a date for the holding of a public hearing on the adoption of a
8 proposed ordinance creating the authority and designating the
9 boundaries of the downtown district. Notice of the public hearing
10 shall be published twice in a newspaper of general circulation in
11 the municipality, not less than 20 or more than 40 days before the
12 date of the hearing. Not less than 20 days before the hearing, the
13 governing body proposing to create the authority shall also mail
14 notice of the hearing to the property taxpayers of record in the
15 proposed district and for a public hearing to be held after
16 February 15, 1994 to the governing body of each taxing jurisdiction
17 levying taxes that would be subject to capture if the authority is
18 established and a tax increment financing plan is approved.
19 Beginning June 1, 2005, the notice of hearing within the time frame
20 described in this subsection shall be mailed by certified mail to
21 the governing body of each taxing jurisdiction levying taxes that
22 would be subject to capture if the authority is established and a
23 tax increment financing plan is approved. Failure of a property
24 taxpayer to receive the notice shall not invalidate these
25 proceedings. Notice of the hearing shall be posted in at least 20
26 conspicuous and public places in the proposed downtown district not
27 less than 20 days before the hearing. The notice shall state the

1 date, time, and place of the hearing, and shall describe the
2 boundaries of the proposed downtown district. A citizen, taxpayer,
3 or property owner of the municipality or an official from a taxing
4 jurisdiction with millage that would be subject to capture has the
5 right to be heard in regard to the establishment of the authority
6 and the boundaries of the proposed downtown district. The governing
7 body of the municipality shall not incorporate land into the
8 downtown district not included in the description contained in the
9 notice of public hearing, but it may eliminate described lands from
10 the downtown district in the final determination of the boundaries.

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

1 However, if a separate millage for public library purposes was
2 levied before January 1, 2017, and the authority alters or amends
3 the boundaries of a downtown district or extends the duration of
4 the existing finance plan, then the library board or commission
5 may, not later than 60 days after a public hearing is held under
6 this subsection, exempt all or a portion of its taxes from capture
7 by adopting a resolution to that effect and filing a copy with the
8 clerk of the municipality that created the authority. For ad
9 valorem property taxes or specific local taxes attributable to
10 those ad valorem property taxes levied for a separate millage for
11 public library purposes approved by the electors after December 31,
12 2016, a library board or commission may allow all or a portion of
13 its taxes levied to be included as tax increment revenues and
14 subject to capture under this part under the terms of a written
15 agreement between the library board or commission and the
16 authority. The written agreement shall be filed with the clerk of
17 the municipality. However, if the library was created under section
18 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
19 under 1869 LA 233, then any action of the library board or
20 commission under this subsection shall have the concurrence of the
21 chief executive officer of the city that created the library to be
22 effective, and, if the action of the library board or commission
23 involves any bond issued by this state or a state agency, the
24 concurrence of the state treasurer.

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

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

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

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

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

27 (a) Size and makeup of the board.

1 (b) Determination and modification of downtown district,
2 business district, and development area.

3 (c) Modification of development area and development plan.

4 (d) Issuance and repayment of obligations.

5 (e) Capture of taxes.

6 (f) Notice, hearing, and exemption of taxes from capture
7 provisions described in this section.

8 Sec. 203a. If a downtown district is part of an area annexed
9 to or consolidated with another municipality, the authority
10 managing that district shall become an authority of the annexing or
11 consolidated municipality. Obligations of that authority incurred
12 under a development or tax increment plan, agreements related to a
13 development or tax increment plan, and bonds issued under this part
14 shall remain in effect following the annexation or consolidation.

15 Sec. 203b. (1) An ordinance enacted by a municipality that has
16 a population of less than 50,000 establishing an authority,
17 creating a district, or approving a development plan or tax
18 increment financing plan, or an amendment to an authority,
19 district, or plan, and all actions taken under that ordinance,
20 including the issuance of bonds, are ratified and validated
21 notwithstanding that notice for the public hearing on the
22 establishment of the authority, creation of the district, or
23 approval of the development plan or tax increment financing plan,
24 or on the amendment, was not published, posted, or mailed at least
25 20 days before the hearing, if the notice was published or posted
26 at least 15 days before the hearing or the authority was
27 established in 1984 by a village that filed the ordinance with the

1 secretary of state not later than March, 1986. This section applies
2 only to an ordinance adopted by a municipality before February 1,
3 1991, and shall include any bonds or amounts to be used by the
4 authority to pay the principal of and interest on bonds that have
5 been issued or that are to be issued by the authority, the
6 incorporating municipality, or a county on behalf of the
7 incorporating municipality. An authority for which an ordinance or
8 amendment to the ordinance establishing the authority has been
9 published before February 1, 1991 is considered for purposes of
10 section 203(4) to have promptly filed the ordinance or amendment to
11 the ordinance with the secretary of state if the ordinance or
12 amendment to the ordinance is filed with the secretary of state
13 before October 1, 1991. As used in this section, "notice was
14 published" means publication of the notice occurred at least once.

15 (2) A development plan and tax increment financing plan
16 approved by a resolution adopted by the village council of a
17 village having a population of less than 3,000 before June 15, 1988
18 rather than by adoption of an ordinance is ratified and validated,
19 if an amendment to the plans was adopted by the village council in
20 compliance with sections 18 and 19.

21 (3) A development plan and tax increment financing plan
22 approved by a resolution adopted by the village council of a
23 village having a population of less than 7,000 before June 1, 1998
24 rather than by adoption of an ordinance is ratified and validated
25 if an amendment to the plans was adopted by the village council in
26 compliance with sections 18 and 19.

27 Sec. 203c. The validity of the proceedings or findings

1 establishing an authority, or of the procedure, adequacy of notice,
2 or findings with respect to the approval of a development plan or
3 tax increment financing plan is conclusive with respect to the
4 capture of tax increment revenues for an other protected obligation
5 that is a bond issued after October 1, 1994.

6 Sec. 203d. An ordinance enacted by a municipality that has a
7 population of greater than 1,000 and less than 2,000 establishing
8 an authority, creating a district, or approving a development plan
9 or tax increment financing plan, or an amendment to an authority,
10 district, or plan, and all actions taken or to be taken under that
11 ordinance, including the issuance of bonds, are ratified and
12 validated notwithstanding that notice for the public hearing on the
13 establishment of the authority, creation of the district, or
14 approval of the development plan or tax increment financing plan,
15 or on the amendment, was not published, posted, or mailed at least
16 20 days before the hearing, provided that the notice was either
17 published or posted at least 10 days before the hearing or that the
18 authority was established in 1990 by a municipality that filed the
19 ordinance with the secretary of state not later than July 1991.
20 This section applies only to an ordinance or an amendment adopted
21 by a municipality before January 1, 1999 and shall include any
22 bonds or amounts to be used by the authority to pay the principal
23 of and interest on bonds that have been issued or that are to be
24 issued by the authority or the incorporating municipality. An
25 authority for which an ordinance or amendment to the ordinance
26 establishing the authority has been published before February 1,
27 1991 is considered for purposes of section 203(3) to have promptly

1 filed the ordinance or amendment to the ordinance with the
2 secretary of state if the ordinance or amendment to the ordinance
3 is filed with the secretary of state before December 31, 2002. The
4 validity of the proceedings or findings establishing an authority
5 described in this section, or of the procedure, adequacy of notice,
6 or findings with respect to the approval of a development plan or
7 tax increment financing plan for an authority described in this
8 section is conclusive with respect to the capture of tax increment
9 revenues for a bond issued after June 1, 2002 and before June 1,
10 2006. As used in this section, "notice was either published or
11 posted" means either publication or posting of the notice occurred
12 at least once.

13 Sec. 204. (1) Except as provided in subsections (7), (8), and
14 (9), an authority shall be under the supervision and control of a
15 board consisting of the chief executive officer of the municipality
16 and not less than 8 or more than 12 members as determined by the
17 governing body of the municipality. Members shall be appointed by
18 the chief executive officer of the municipality, subject to
19 approval by the governing body of the municipality. Not less than a
20 majority of the members shall be persons having an interest in
21 property located in the downtown district or officers, members,
22 trustees, principals, or employees of a legal entity having an
23 interest in property located in the downtown district. Not less
24 than 1 of the members shall be a resident of the downtown district,
25 if the downtown district has 100 or more persons residing within
26 it. Of the members first appointed, an equal number of the members,
27 as near as is practicable, shall be appointed for 1 year, 2 years,

1 3 years, and 4 years. A member shall hold office until the member's
2 successor is appointed. Thereafter, each member shall serve for a
3 term of 4 years. An appointment to fill a vacancy shall be made by
4 the chief executive officer of the municipality for the unexpired
5 term only. Members of the board shall serve without compensation,
6 but shall be reimbursed for actual and necessary expenses. The
7 chairperson of the board shall be elected by the board. The rules
8 of procedure or the bylaws of the authority may provide that a
9 person be appointed to the board in his or her capacity as a public
10 official, whether appointed or elected. The rules of procedure or
11 bylaws may also provide that the public official's term shall
12 expire upon expiration of his or her service as a public official.
13 In addition, the public official's membership on the board expires
14 on his or her resignation from office as a public official.

15 (2) Before assuming the duties of office, a member shall
16 qualify by taking and subscribing to the constitutional oath of
17 office.

18 (3) The business which the board may perform shall be
19 conducted at a public meeting of the board held in compliance with
20 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public
21 notice of the time, date, and place of the meeting shall be given
22 in the manner required by the open meetings act, 1976 PA 267, MCL
23 15.261 to 15.275. The board shall adopt rules consistent with the
24 open meetings act, 1976 PA 267, MCL 15.261 to 15.275, governing its
25 procedure and the holding of regular meetings, subject to the
26 approval of the governing body. Special meetings may be held if
27 called in the manner provided in the rules of the board.

1 (4) Pursuant to notice and after having been given an
2 opportunity to be heard, a member of the board may be removed for
3 cause by the governing body. Removal of a member is subject to
4 review by the circuit court.

5 (5) All expense items of the authority shall be publicized
6 monthly and the financial records shall always be open to the
7 public.

8 (6) In addition to the items and records prescribed in
9 subsection (5), a writing prepared, owned, used, in the possession
10 of, or retained by the board in the performance of an official
11 function shall be made available to the public in compliance with
12 the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

13 (7) By resolution of its governing body, a municipality having
14 more than 1 authority may establish a single board to govern all
15 authorities in the municipality. The governing body may designate
16 the board of an existing authority as the board for all authorities
17 or may establish by resolution a new board in the same manner as
18 provided in subsection (1). A member of a board governing more than
19 1 authority may be a resident of or have an interest in property in
20 any of the downtown districts controlled by the board in order to
21 meet the requirements of this section.

22 (8) By ordinance, the governing body of a municipality that
23 has a population of less than 5,000 may have the municipality's
24 planning commission created pursuant to former 1931 PA 285 or the
25 Michigan planning enabling act, 2008 PA 33, MCL 125.3801 to
26 125.3885, serve as the board provided for in subsection (1).

27 (9) If a municipality enters into an agreement with a

1 qualified township under section 203(7), the membership of the
2 board may be modified by the interlocal agreement described in
3 section 203(7).

4 Sec. 205. (1) The board may employ and fix the compensation of
5 a director, subject to the approval of the governing body of the
6 municipality. The director shall serve at the pleasure of the
7 board. A member of the board is not eligible to hold the position
8 of director. Before entering upon the duties of his or her office,
9 the director shall take and subscribe to the constitutional oath,
10 and furnish bond, by posting a bond in the penal sum determined in
11 the ordinance establishing the authority payable to the authority
12 for use and benefit of the authority, approved by the board, and
13 filed with the municipal clerk. The premium on the bond shall be
14 deemed an operating expense of the authority, payable from funds
15 available to the authority for expenses of operation. The director
16 shall be the chief executive officer of the authority. Subject to
17 the approval of the board, the director shall supervise, and be
18 responsible for, the preparation of plans and the performance of
19 the functions of the authority in the manner authorized by this
20 part. The director shall attend the meetings of the board, and
21 shall render to the board and to the governing body of the
22 municipality a regular report covering the activities and financial
23 condition of the authority. If the director is absent or disabled,
24 the board may designate a qualified person as acting director to
25 perform the duties of the office. Before entering upon the duties
26 of his or her office, the acting director shall take and subscribe
27 to the oath, and furnish bond, as required of the director. The

1 director shall furnish the board with information or reports
2 governing the operation of the authority as the board requires.

3 (2) The board may employ and fix the compensation of a
4 treasurer, who shall keep the financial records of the authority
5 and who, together with the director, shall approve all vouchers for
6 the expenditure of funds of the authority. The treasurer shall
7 perform such other duties as may be delegated to him or her by the
8 board and shall furnish bond in an amount as prescribed by the
9 board.

10 (3) The board may employ and fix the compensation of a
11 secretary, who shall maintain custody of the official seal and of
12 records, books, documents, or other papers not required to be
13 maintained by the treasurer. The secretary shall attend meetings of
14 the board and keep a record of its proceedings, and shall perform
15 such other duties delegated by the board.

16 (4) The board may retain legal counsel to advise the board in
17 the proper performance of its duties. The legal counsel shall
18 represent the authority in actions brought by or against the
19 authority.

20 (5) The board may employ other personnel deemed necessary by
21 the board.

22 Sec. 206. The employees of an authority shall be eligible to
23 participate in municipal retirement and insurance programs of the
24 municipality as if they were civil service employees except that
25 the employees of an authority are not civil service employees.

26 Sec. 207. (1) The board may:

27 (a) Prepare an analysis of economic changes taking place in

1 the downtown district.

2 (b) Study and analyze the impact of metropolitan growth upon
3 the downtown district.

4 (c) Plan and propose the construction, renovation, repair,
5 remodeling, rehabilitation, restoration, preservation, or
6 reconstruction of a public facility, an existing building, or a
7 multiple-family dwelling unit which may be necessary or appropriate
8 to the execution of a plan which, in the opinion of the board, aids
9 in the economic growth of the downtown district.

10 (d) Plan, propose, and implement an improvement to a public
11 facility within the development area to comply with the barrier
12 free design requirements of the state construction code promulgated
13 under the Stille-DeRossett-Hale single state construction code act,
14 1972 PA 230, MCL 125.1501 to 125.1531.

15 (e) Develop long-range plans, in cooperation with the agency
16 which is chiefly responsible for planning in the municipality,
17 designed to halt the deterioration of property values in the
18 downtown district and to promote the economic growth of the
19 downtown district, and take such steps as may be necessary to
20 persuade property owners to implement the plans to the fullest
21 extent possible.

22 (f) Implement any plan of development in the downtown district
23 necessary to achieve the purposes of this part, in accordance with
24 the powers of the authority as granted by this part.

25 (g) Make and enter into contracts necessary or incidental to
26 the exercise of its powers and the performance of its duties.

27 (h) Acquire by purchase or otherwise, on terms and conditions

1 and in a manner the authority considers proper or own, convey, or
2 otherwise dispose of, or lease as lessor or lessee, land and other
3 property, real or personal, or rights or interests in property,
4 which the authority determines is reasonably necessary to achieve
5 the purposes of this part, and to grant or acquire licenses,
6 easements, and options with respect to that property.

7 (i) Improve land and construct, reconstruct, rehabilitate,
8 restore and preserve, equip, improve, maintain, repair, and operate
9 any building, including multiple-family dwellings, and any
10 necessary or desirable appurtenances to that property, within the
11 downtown district for the use, in whole or in part, of any public
12 or private person or corporation, or a combination of them.

13 (j) Fix, charge, and collect fees, rents, and charges for the
14 use of any building or property under its control or any part
15 thereof, or facility therein, and pledge the fees, rents, and
16 charges for the payment of revenue bonds issued by the authority.

17 (k) Lease any building or property under its control, or any
18 part of a building or property.

19 (l) Accept grants and donations of property, labor, or other
20 things of value from a public or private source.

21 (m) Acquire and construct public facilities.

22 (n) Create, operate, and fund marketing initiatives that
23 benefit only retail and general marketing of the downtown district.

24 (o) Contract for broadband service and wireless technology
25 service in the downtown district.

26 (p) Operate and perform all duties and exercise all
27 responsibilities described in this section in a qualified township

1 if the qualified township has entered into an agreement with the
2 municipality under section 203(7).

3 (q) Create, operate, and fund a loan program to fund
4 improvements for existing buildings located in a downtown district
5 to make them marketable for sale or lease. The board may make loans
6 with interest at a market rate or may make loans with interest at a
7 below market rate, as determined by the board.

8 (r) Create, operate, and fund retail business incubators in
9 the downtown district.

10 (2) If it is the express determination of the board to create,
11 operate, or fund a retail business incubator in the downtown
12 district, the board shall give preference to tenants who will
13 provide goods or services that are not available or that are
14 underserved in the downtown area. If the board creates, operates,
15 or funds retail business incubators in the downtown district, the
16 board and each tenant who leases space in a retail business
17 incubator shall enter into a written contract that includes, but is
18 not limited to, all of the following:

19 (a) The lease or rental rate that may be below the fair market
20 rate as determined by the board.

21 (b) The requirement that a tenant may lease space in the
22 retail business incubator for a period not to exceed 18 months.

23 (c) The terms of a joint operating plan with 1 or more other
24 businesses located in the downtown district.

25 (d) A copy of the business plan of the tenant that contains
26 measurable goals and objectives.

27 (e) The requirement that the tenant participate in basic

1 management classes, business seminars, or other business education
2 programs offered by the authority, the local chamber of commerce,
3 local community colleges, or institutions of higher education, as
4 determined by the board.

5 Sec. 208. If a board created under this part serves as the
6 planning commission under the Michigan planning enabling act, 2008
7 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
8 commission business in its agenda.

9 Sec. 209. The authority shall be deemed an instrumentality of
10 a political subdivision for purposes of 1972 PA 227, MCL 213.321 to
11 213.332.

12 Sec. 210. A municipality may take private property under 1911
13 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to the
14 authority, and may transfer the property to the authority for use
15 in an approved development, on terms and conditions it deems
16 appropriate, and the taking, transfer, and use shall be considered
17 necessary for public purposes and for the benefit of the public.

18 Sec. 211. (1) The activities of the authority shall be
19 financed from 1 or more of the following sources:

20 (a) Donations to the authority for the performance of its
21 functions.

22 (b) Proceeds of a tax imposed pursuant to section 212.

23 (c) Money borrowed and to be repaid as authorized by sections
24 213 and 213a.

25 (d) Revenues from any property, building, or facility owned,
26 leased, licensed, or operated by the authority or under its
27 control, subject to the limitations imposed upon the authority by

1 trusts or other agreements.

2 (e) Proceeds of a tax increment financing plan, established
3 under sections 214 to 216.

4 (f) Proceeds from a special assessment district created as
5 provided by law.

6 (g) Money obtained from other sources approved by the
7 governing body of the municipality or otherwise authorized by law
8 for use by the authority or the municipality to finance a
9 development program.

10 (h) Money obtained pursuant to section 213b.

11 (i) Revenue transferred pursuant to section 11a of chapter 2
12 of the city income tax act, 1964 PA 284, MCL 141.611a.

13 (j) Revenue transferred pursuant to section 11b of chapter 2
14 of the city income tax act, 1964 PA 284, MCL 141.611b.

15 (2) Money received by the authority and not covered under
16 subsection (1) shall immediately be deposited to the credit of the
17 authority, subject to disbursement pursuant to this part. Except as
18 provided in this part, the municipality shall not obligate itself,
19 nor shall it ever be obligated to pay any sums from public funds,
20 other than money received by the municipality pursuant to this
21 section, for or on account of the activities of the authority.

22 Sec. 212. (1) An authority with the approval of the municipal
23 governing body may levy an ad valorem tax on the real and tangible
24 personal property not exempt by law and as finally equalized in the
25 downtown district. The tax shall not be more than 1 mill if the
26 downtown district is in a municipality having a population of
27 1,000,000 or more, or not more than 2 mills if the downtown

1 district is in a municipality having a population of less than
2 1,000,000. The tax shall be collected by the municipality creating
3 the authority levying the tax. The municipality shall collect the
4 tax at the same time and in the same manner as it collects its
5 other ad valorem taxes. The tax shall be paid to the treasurer of
6 the authority and credited to the general fund of the authority for
7 purposes of the authority.

8 (2) The municipality may at the request of the authority
9 borrow money and issue its notes under the revised municipal
10 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
11 of collection of the ad valorem tax authorized in this section.

12 Sec. 213. The authority may borrow money and issue its
13 negotiable revenue bonds under the revenue bond act of 1933, 1933
14 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
15 authority shall not except as hereinafter provided be deemed a debt
16 of the municipality or the state. The municipality by majority vote
17 of the members of its governing body may pledge its full faith and
18 credit to support the authority's revenue bonds.

19 Sec. 213a. (1) The authority may with approval of the local
20 governing body borrow money and issue its revenue bonds or notes to
21 finance all or part of the costs of acquiring or constructing
22 property in connection with the implementation of a development
23 plan in the downtown district or to refund or refund in advance
24 bonds or notes issued pursuant to this section. The costs which may
25 be financed by the issuance of revenue bonds or notes may include
26 the cost of purchasing, acquiring, constructing, improving,
27 enlarging, extending, or repairing property in connection with the

1 implementation of a development plan in the downtown district; any
2 engineering, architectural, legal, accounting, or financial
3 expenses; the costs necessary or incidental to the borrowing of
4 money; interest on the bonds or notes during the period of
5 construction; a reserve for payment of principal and interest on
6 the bonds or notes; and a reserve for operation and maintenance
7 until sufficient revenues have developed. The authority may secure
8 the bonds and notes by mortgage, assignment, or pledge of the
9 property and any money, revenues, or income received in connection
10 therewith.

11 (2) A pledge made by the authority shall be valid and binding
12 from the time the pledge is made. The money or property pledged by
13 the authority immediately shall be subject to the lien of the
14 pledge without a physical delivery, filing, or further act. The
15 lien of such a pledge shall be valid and binding as against parties
16 having claims of any kind in tort, contract, or otherwise, against
17 the authority, irrespective of whether the parties have notice of
18 the lien. Neither the resolution, the trust agreement, nor any
19 other instrument by which a pledge is created need be filed or
20 recorded.

21 (3) Bonds or notes issued pursuant to this section shall be
22 exempt from all taxation in this state except inheritance and
23 transfer taxes, and the interest on the bonds or notes shall be
24 exempt from all taxation in this state, notwithstanding that the
25 interest may be subject to federal income tax.

26 (4) The municipality shall not be liable on bonds or notes of
27 the authority issued pursuant to this section and the bonds or

1 notes shall not be a debt of the municipality. The bonds or notes
2 shall contain on their face a statement to that effect.

3 (5) The bonds and notes of the authority may be invested in by
4 all public officers, state agencies and political subdivisions,
5 insurance companies, banks, savings and loan associations,
6 investment companies, and fiduciaries and trustees, and may be
7 deposited with and received by all public officers and the agencies
8 and political subdivisions of this state for any purpose for which
9 the deposit of bonds is authorized.

10 Sec. 213b. (1) If the amount of tax increment revenues lost as
11 a result of the reduction of taxes levied by local school districts
12 for school operating purposes required by the millage limitations
13 under section 1211 of the school code of 1976, 1976 PA 451, MCL
14 380.1211, reduced by the amount of tax increment revenues received
15 from the capture of taxes levied under or attributable to the state
16 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
17 the tax increment revenues received in a fiscal year by an
18 authority under section 215 to be insufficient to repay an eligible
19 advance or to pay an eligible obligation, the legislature shall
20 appropriate and distribute to the authority the amount described in
21 subsection (5).

22 (2) Not less than 30 days before the first day of a fiscal
23 year, an authority eligible to retain tax increment revenues from
24 taxes levied by a local or intermediate school district or this
25 state or to receive a distribution under this section for that
26 fiscal year shall file a claim with the department of treasury. The
27 claim shall include the following information:

1 (a) The property tax millage rates levied in 1993 by local
2 school districts within the jurisdictional area of the authority
3 for school operating purposes.

4 (b) The property tax millage rates expected to be levied by
5 local school districts within the jurisdictional area of the
6 authority for school operating purposes for that fiscal year.

7 (c) The tax increment revenues estimated to be received by the
8 authority for that fiscal year based upon actual property tax
9 levies of all taxing jurisdictions within the jurisdictional area
10 of the authority.

11 (d) The tax increment revenues the authority estimates it
12 would have received for that fiscal year if property taxes were
13 levied by local school districts within the jurisdictional area of
14 the authority for school operating purposes at the millage rates
15 described in subdivision (a) and if no property taxes were levied
16 by this state under the state education tax act, 1993 PA 331, MCL
17 211.901 to 211.906.

18 (e) A list and documentation of eligible obligations and
19 eligible advances and the payments due on each of those eligible
20 obligations or eligible advances in that fiscal year, and the total
21 amount of all the payments due on those eligible obligations and
22 eligible advances in that fiscal year.

23 (f) The amount of money, other than tax increment revenues,
24 estimated to be received in that fiscal year by the authority that
25 is primarily pledged to, and to be used for, the payment of an
26 eligible obligation or the repayment of an eligible advance. That
27 amount shall not include excess tax increment revenues of the

1 authority that are permitted by law to be retained by the authority
2 for purposes that further the development program. However, that
3 amount shall include money to be obtained from sources authorized
4 by law, which law is enacted on or after December 1, 1993, for use
5 by the municipality or authority to finance a development project.

6 (g) The amount of a distribution received pursuant to this
7 part for a fiscal year in excess of or less than the distribution
8 that would have been required if calculated upon actual tax
9 increment revenues received for that fiscal year.

10 (h) A list and documentation of other protected obligations
11 and the payments due on each of those other protected obligations
12 in that fiscal year, and the total amount of all the payments due
13 on those other protected obligations in that fiscal year.

14 (3) For the fiscal year that commences after September 30,
15 1993 and before October 1, 1994, an authority may make a claim with
16 all information required by subsection (2) at any time after March
17 15, 1994.

18 (4) After review and verification of claims submitted pursuant
19 to this section, amounts appropriated by the state in compliance
20 with this part shall be distributed as 2 equal payments on March 1
21 and September 1 after receipt of a claim. An authority shall
22 allocate a distribution it receives for an eligible obligation
23 issued on behalf of a municipality to the municipality.

24 (5) Subject to subsections (6) and (7), the aggregate amount
25 to be appropriated and distributed pursuant to this section to an
26 authority shall be the sum of the amounts determined pursuant to
27 subdivisions (a) and (b) minus the amount determined pursuant to

1 subdivision (c), as follows:

2 (a) The amount by which the tax increment revenues the
3 authority would have received for the fiscal year, excluding taxes
4 exempt under section 7ff of the general property tax act, 1893 PA
5 206, MCL 211.7ff, if property taxes were levied by local school
6 districts for school operating purposes at the millage rates
7 described in subsection (2)(a) and if no property taxes were levied
8 under the state education tax act, 1993 PA 331, MCL 211.901 to
9 211.906, exceed the tax increment revenues the authority actually
10 received for the fiscal year.

11 (b) A shortfall required to be reported pursuant to subsection
12 (2)(g) that had not previously increased a distribution.

13 (c) An excess amount required to be reported pursuant to
14 subsection (2)(g) that had not previously decreased a distribution.

15 (6) The amount distributed under subsection (5) shall not
16 exceed the difference between the amount described in subsection
17 (2)(e) and the sum of the amounts described in subsection (2)(c)
18 and (f).

19 (7) If, based upon the tax increment financing plan in effect
20 on August 19, 1993, the payment due on eligible obligations or
21 eligible advances anticipates the use of excess prior year tax
22 increment revenues permitted by law to be retained by the
23 authority, and if the sum of the amounts described in subsection
24 (2)(c) and (f) plus the amount to be distributed under subsections
25 (5) and (6) is less than the amount described in subsection (2)(e),
26 the amount to be distributed under subsections (5) and (6) shall be
27 increased by the amount of the shortfall. However, the amount

1 authorized to be distributed pursuant to this section shall not
2 exceed that portion of the cumulative difference, for each
3 preceding fiscal year, between the amount that could have been
4 distributed pursuant to subsection (5) and the amount actually
5 distributed pursuant to subsections (5) and (6) and this
6 subsection.

7 (8) A distribution under this section replacing tax increment
8 revenues pledged by an authority or a municipality is subject to
9 the lien of the pledge, whether or not there has been physical
10 delivery of the distribution.

11 (9) Obligations for which distributions are made pursuant to
12 this section are not a debt or liability of this state; do not
13 create or constitute an indebtedness, liability, or obligation of
14 this state; and are not and do not constitute a pledge of the faith
15 and credit of this state.

16 (10) Not later than July 1 of each year, the authority shall
17 certify to the local tax collecting treasurer the amount of the
18 distribution required under subsection (5), calculated without
19 regard to the receipt of tax increment revenues attributable to
20 local or intermediate school district taxes or attributable to
21 taxes levied under the state education tax act, 1993 PA 331, MCL
22 211.901 to 211.906.

23 (11) Calculations of distributions under this section and
24 claims reports required to be made under subsection (2) shall be
25 made on the basis of each development area of the authority.

26 (12) The state tax commission may provide that the
27 reimbursement calculations under this section and the calculation

1 of allowable capture of school taxes shall be made for each
2 calendar year's tax increment revenues using a 12-month debt
3 payment period used by the authority and approved by the state tax
4 commission.

5 Sec. 213c. (1) If the amount of tax increment revenues lost as
6 a result of the personal property tax exemptions provided by
7 section 1211(4) of the revised school code, 1976 PA 451, MCL
8 380.1211, section 3 of the state education tax act, 1993 PA 331,
9 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
10 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
11 reduce the allowable school tax capture received in a fiscal year,
12 then, notwithstanding any other provision of this part, the
13 authority, with approval of the department of treasury under
14 subsection (3), may request the local tax collecting treasurer to
15 retain and pay to the authority taxes levied under the state
16 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
17 for the following:

18 (a) To repay an eligible advance.

19 (b) To repay an eligible obligation.

20 (c) To repay an other protected obligation.

21 (2) Not later than June 15, 2008, not later than September 30,
22 2009, and not later than June 1 of each subsequent year, except for
23 2011, not later than June 15, an authority eligible under
24 subsection (1) to have taxes levied under the state education tax
25 act, 1993 PA 331, MCL 211.901 to 211.906, retained and paid to the
26 authority under this section, shall apply for approval with the
27 department of treasury. The application for approval shall include

1 the following information:

2 (a) The property tax millage rates expected to be levied by
3 local school districts within the jurisdictional area of the
4 authority for school operating purposes for that fiscal year.

5 (b) The tax increment revenues estimated to be received by the
6 authority for that fiscal year based upon actual property tax
7 levies of all taxing jurisdictions within the jurisdictional area
8 of the authority.

9 (c) The tax increment revenues the authority estimates it
10 would have received for that fiscal year if the personal property
11 tax exemptions described in subsection (1) were not in effect.

12 (d) A list of eligible obligations, eligible advances, and
13 other protected obligations, the payments due on each of those in
14 that fiscal year, and the total amount of all the payments due on
15 all of those in that fiscal year.

16 (e) The amount of money, other than tax increment revenues,
17 estimated to be received in that fiscal year by the authority that
18 is primarily pledged to, and to be used for, the payment of an
19 eligible obligation, the repayment of an eligible advance, or the
20 payment of an other protected obligation. That amount shall not
21 include excess tax increment revenues of the authority that are
22 permitted by law to be retained by the authority for purposes that
23 further the development program. However, that amount shall include
24 money to be obtained from sources authorized by law, which law is
25 enacted on or after December 1, 1993, for use by the municipality
26 or authority to finance a development plan.

27 (f) The amount of a distribution received pursuant to this

1 part for a fiscal year in excess of or less than the distribution
2 that would have been required if calculated upon actual tax
3 increment revenues received for that fiscal year.

4 (3) Not later than August 15, 2008; for 2009, not later than
5 February 3, 2010; for 2011 only, not later than 30 days after the
6 effective date of the amendatory act that amended this sentence;
7 and not later than August 15 for 2010, 2012, and each subsequent
8 year, based on the calculations under subsection (5), the
9 department of treasury shall approve, modify, or deny the
10 application for approval to have taxes levied under the state
11 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
12 and paid to the authority under this section. If the application
13 for approval contains the information required under subsection
14 (2)(a) through (f) and appears to be in substantial compliance with
15 the provisions of this section, then the department of treasury
16 shall approve the application. If the application is denied by the
17 department of treasury, then the department of treasury shall
18 provide the opportunity for a representative of the authority to
19 discuss the denial within 21 days after the denial occurs and shall
20 sustain or modify its decision within 30 days after receiving
21 information from the authority. If the application for approval is
22 approved or modified by the department of treasury, the local tax
23 collecting treasurer shall retain and pay to the authority the
24 amount described in subsection (5) as approved by the department.
25 If the department of treasury denies the authority's application
26 for approval, the local tax collecting treasurer shall not retain
27 or pay to the authority the taxes levied under the state education

1 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
2 department does not prohibit a subsequent audit of taxes retained
3 in accordance with the procedures currently authorized by law.

4 (4) Each year the legislature shall appropriate and distribute
5 an amount sufficient to pay each authority the following:

6 (a) If the amount to be retained and paid under subsection (3)
7 is less than the amount calculated under subsection (5), the
8 difference between those amounts.

9 (b) If the application for approval is denied by the
10 department of treasury, an amount verified by the department equal
11 to the amount calculated under subsection (5).

12 (5) Subject to subsection (6), the aggregate amount under this
13 section shall be the sum of the amounts determined under
14 subdivisions (a) and (b) minus the amount determined under
15 subdivision (c), as follows:

16 (a) The amount by which the tax increment revenues the
17 authority would have received and retained for the fiscal year,
18 excluding taxes exempt under section 7ff of the general property
19 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
20 exemptions described in subsection (1) were not in effect, exceed
21 the tax increment revenues the authority actually received for the
22 fiscal year.

23 (b) A shortfall required to be reported under subsection
24 (2)(f) that had not previously increased a distribution.

25 (c) An excess amount required to be reported under subsection
26 (2)(f) that had not previously decreased a distribution.

27 (6) A distribution or taxes retained under this section

1 replacing tax increment revenues pledged by an authority or a
2 municipality are subject to any lien of the pledge described in
3 subsection (1), whether or not there has been physical delivery of
4 the distribution.

5 (7) Obligations for which distributions are made under this
6 section are not a debt or liability of this state; do not create or
7 constitute an indebtedness, liability, or obligation of this state;
8 and are not and do not constitute a pledge of the faith and credit
9 of this state.

10 (8) Not later than September 15 of each year, the authority
11 shall provide a copy of the application for approval approved by
12 the department of treasury to the local tax collecting treasurer
13 and provide the amount of the taxes retained and paid to the
14 authority under subsection (5).

15 (9) Calculations of amounts retained and paid and
16 appropriations to be distributed under this section shall be made
17 on the basis of each development area of the authority.

18 (10) The state tax commission may provide that the
19 reimbursement calculations under this section and the calculation
20 of allowable capture of school taxes shall be made for each
21 calendar year's tax increment revenues using a 12-month debt
22 payment period used by the authority and approved by the state tax
23 commission.

24 (11) It is the intent of the legislature that, to the extent
25 that the total amount of taxes levied under the state education tax
26 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
27 retained under this section and section 411b, section 15a of the

1 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
2 and section 312b, exceeds the difference of the total school aid
3 fund revenue for the tax year minus the estimated amount of revenue
4 the school aid fund would have received for the tax year had the
5 tax exemptions described in subsection (1) and the earmark created
6 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
7 208.1515, not taken effect, the general fund shall reimburse the
8 school aid fund the difference.

9 Sec. 214. (1) When the authority determines that it is
10 necessary for the achievement of the purposes of this part, the
11 authority shall prepare and submit a tax increment financing plan
12 to the governing body of the municipality. The plan shall include a
13 development plan as provided in section 217, a detailed explanation
14 of the tax increment procedure, the maximum amount of bonded
15 indebtedness to be incurred, and the duration of the program, and
16 shall be in compliance with section 215. The plan shall contain a
17 statement of the estimated impact of tax increment financing on the
18 assessed values of all taxing jurisdictions in which the
19 development area is located. The plan may provide for the use of
20 part or all of the captured assessed value, but the portion
21 intended to be used by the authority shall be clearly stated in the
22 tax increment financing plan. The authority or municipality may
23 exclude from captured assessed value growth in property value
24 resulting solely from inflation. The plan shall set forth the
25 method for excluding growth in property value resulting solely from
26 inflation.

27 (2) The percentage of taxes levied for school operating

1 purposes that is captured and used by the tax increment financing
2 plan shall not be greater than the plan's percentage capture and
3 use of taxes levied by a municipality or county for operating
4 purposes. For purposes of the previous sentence, taxes levied by a
5 county for operating purposes include only millage allocated for
6 county or charter county purposes under the property tax limitation
7 act, 1933 PA 62, MCL 211.201 to 211.217a. For purposes of this
8 subsection, tax increment revenues used to pay bonds issued by a
9 municipality under section 216(1) shall be considered to be used by
10 the tax increment financing plan rather than shared with the
11 municipality. The limitation of this subsection does not apply to
12 the portion of the captured assessed value shared pursuant to an
13 agreement entered into before 1989 with a county or with a city in
14 which an enterprise zone is approved under section 13 of the
15 enterprise zone act, 1985 PA 224, MCL 125.2113.

16 (3) Approval of the tax increment financing plan shall be
17 pursuant to the notice, hearing, and disclosure provisions of
18 section 218. If the development plan is part of the tax increment
19 financing plan, only 1 hearing and approval procedure is required
20 for the 2 plans together.

21 (4) Before the public hearing on the tax increment financing
22 plan, the governing body shall provide a reasonable opportunity to
23 the taxing jurisdictions levying taxes subject to capture to meet
24 with the governing body. The authority shall fully inform the
25 taxing jurisdictions of the fiscal and economic implications of the
26 proposed development area. The taxing jurisdictions may present
27 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 district.

5 (5) 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 (6) Under a tax increment financing plan that includes a
10 catalyst development project, an authority may pledge available tax
11 increment revenues of the authority as security for any bonds
12 issued to develop and construct a catalyst development project.

13 Sec. 215. (1) The municipal and county treasurers shall
14 transmit to the authority tax increment revenues.

15 (2) The authority shall expend the tax increment revenues
16 received for the development program only pursuant to the tax
17 increment financing plan. Surplus funds shall revert
18 proportionately to the respective taxing bodies. These revenues
19 shall not be used to circumvent existing property tax limitations.
20 The governing body of the municipality may abolish the tax
21 increment financing plan when it finds that the purposes for which
22 it was established are accomplished. However, the tax increment
23 financing plan shall not be abolished, allowed to expire, or
24 otherwise terminate until the principal of, and interest on, bonds
25 issued pursuant to section 216 have been paid or funds sufficient
26 to make the payment have been segregated.

27 Sec. 216. (1) The municipality may by resolution of its

governing body authorize, issue, and sell general obligation bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan and shall pledge its full faith and credit for the payment of the bonds. The municipality may pledge as additional security for the bonds any money received by the authority or the municipality pursuant to section 211. The bonds are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenues and other revenue available under section 211 to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body in the resolution authorizing the bonds. If the governing body of the municipality adopts the resolution authorizing the bonds, the estimate of the anticipated tax increment revenues and other revenue available under section 211 to be available for payment of principal and interest on the bonds shall be conclusive for purposes of this section. The bonds issued under this subsection shall be considered a single series for the purposes of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2801.

(2) By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan. The tax increment

1 bonds issued by the authority under this subsection shall pledge
2 solely the tax increment revenues of a development area in which
3 the project is located or a development area from which tax
4 increment revenues may be used for this project, or both. In
5 addition or in the alternative, the bonds issued by the authority
6 pursuant to this subsection may be secured by any other revenues
7 identified in section 211 as sources of financing for activities of
8 the authority that the authority shall specifically pledge in the
9 resolution. However, the full faith and credit of the municipality
10 shall not be pledged to secure bonds issued pursuant to this
11 subsection. The bond issue may include a sum sufficient to pay
12 interest on the tax increment bonds until full development of tax
13 increment revenues from the project and also a sum to provide a
14 reasonable reserve for payment of principal and interest on the
15 bonds. The resolution authorizing the bonds shall create a lien on
16 the tax increment revenues and other revenues pledged by the
17 resolution that shall be a statutory lien and shall be a first lien
18 subject only to liens previously created. The resolution may
19 provide the terms upon which additional bonds may be issued of
20 equal standing and parity of lien as to the tax increment revenues
21 and other revenues pledged under the resolution. Bonds issued under
22 this subsection that pledge revenue received under section 211 for
23 repayment of the bonds are subject to the revised municipal finance
24 act, 2001 PA 34, MCL 141.2101 to 141.2821.

25 (3) Notwithstanding any other provision of this part, if the
26 state treasurer determines that an authority or municipality can
27 issue a qualified refunding obligation and the authority or

1 municipality does not make a good-faith effort to issue the
2 qualified refunding obligation as determined by the state
3 treasurer, the state treasurer may reduce the amount claimed by the
4 authority or municipality under section 213b by an amount equal to
5 the net present value saving that would have been realized had the
6 authority or municipality refunded the obligation or the state
7 treasurer may require a reduction in the capture of tax increment
8 revenues from taxes levied by a local or intermediate school
9 district or this state by an amount equal to the net present value
10 savings that would have been realized had the authority or
11 municipality refunded the obligation. This subsection does not
12 authorize the state treasurer to require the authority or
13 municipality to pledge security greater than the security pledged
14 for the obligation being refunded.

15 Sec. 217. (1) When a board decides to finance a project in the
16 downtown district by the use of revenue bonds as authorized in
17 section 213 or tax increment financing as authorized in sections
18 214, 215, and 216, it shall prepare a development plan.

19 (2) The development plan shall contain all of the following:

20 (a) The designation of boundaries of the development area in
21 relation to highways, streets, streams, or otherwise.

22 (b) The location and extent of existing streets and other
23 public facilities within the development area, shall designate the
24 location, character, and extent of the categories of public and
25 private land uses then existing and proposed for the development
26 area, including residential, recreational, commercial, industrial,
27 educational, and other uses, and shall include a legal description

1 of the development area.

2 (c) A description of existing improvements in the development
3 area to be demolished, repaired, or altered, a description of any
4 repairs and alterations, and an estimate of the time required for
5 completion.

6 (d) The location, extent, character, and estimated cost of the
7 improvements including rehabilitation contemplated for the
8 development area and an estimate of the time required for
9 completion.

10 (e) A statement of the construction or stages of construction
11 planned, and the estimated time of completion of each stage.

12 (f) A description of any parts of the development area to be
13 left as open space and the use contemplated for the space.

14 (g) A description of any portions of the development area that
15 the authority desires to sell, donate, exchange, or lease to or
16 from the municipality and the proposed terms.

17 (h) A description of desired zoning changes and changes in
18 streets, street levels, intersections, or utilities.

19 (i) An estimate of the cost of the development, a statement of
20 the proposed method of financing the development, and the ability
21 of the authority to arrange the financing.

22 (j) Designation of the person or persons, natural or
23 corporate, to whom all or a portion of the development is to be
24 leased, sold, or conveyed in any manner and for whose benefit the
25 project is being undertaken if that information is available to the
26 authority.

27 (k) The procedures for bidding for the leasing, purchasing, or

1 conveying in any manner of all or a portion of the development upon
2 its completion, if there is no express or implied agreement between
3 the authority and persons, natural or corporate, that all or a
4 portion of the development will be leased, sold, or conveyed in any
5 manner to those persons.

6 (l) Estimates of the number of persons residing in the
7 development area and the number of families and individuals to be
8 displaced. If occupied residences are designated for acquisition
9 and clearance by the authority, a development plan shall include a
10 survey of the families and individuals to be displaced, including
11 their income and racial composition, a statistical description of
12 the housing supply in the community, including the number of
13 private and public units in existence or under construction, the
14 condition of those units in existence, the number of owner-occupied
15 and renter-occupied units, the annual rate of turnover of the
16 various types of housing and the range of rents and sale prices, an
17 estimate of the total demand for housing in the community, and the
18 estimated capacity of private and public housing available to
19 displaced families and individuals.

20 (m) A plan for establishing priority for the relocation of
21 persons displaced by the development in any new housing in the
22 development area.

23 (n) Provision for the costs of relocating persons displaced by
24 the development and financial assistance and reimbursement of
25 expenses, including litigation expenses and expenses incident to
26 the transfer of title, in accordance with the standards and
27 provisions of the federal uniform relocation assistance and real

1 property acquisition policies act of 1970, Public Law 91-646, 42
2 USC 4601.

3 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
4 213.332.

5 (p) Other material that the authority, local public agency, or
6 governing body considers pertinent.

7 Sec. 218. (1) The governing body, before adoption of an
8 ordinance approving or amending a development plan or approving or
9 amending a tax increment financing plan, shall hold a public
10 hearing on the development plan. Notice of the time and place of
11 the hearing shall be given by publication twice in a newspaper of
12 general circulation designated by the municipality, the first of
13 which shall be not less than 20 days before the date set for the
14 hearing. Notice of the hearing shall be posted in at least 20
15 conspicuous and public places in the downtown district not less
16 than 20 days before the hearing. Notice shall also be mailed to all
17 property taxpayers of record in the downtown district not less than
18 20 days before the hearing. Beginning June 1, 2005, the notice of
19 hearing within the time frame described in this subsection shall be
20 mailed by certified mail to the governing body of each taxing
21 jurisdiction levying taxes that would be subject to capture if the
22 development plan or the tax increment financing plan is approved or
23 amended.

24 (2) Notice of the time and place of hearing on a development
25 plan shall contain: a description of the proposed development area
26 in relation to highways, streets, streams, or otherwise; a
27 statement that maps, plats, and a description of the development

1 plan, including the method of relocating families and individuals
2 who may be displaced from the area, are available for public
3 inspection at a place designated in the notice, and that all
4 aspects of the development plan will be open for discussion at the
5 public hearing; and other information that the governing body
6 considers appropriate. At the time set for hearing, the governing
7 body shall provide an opportunity for interested persons to be
8 heard and shall receive and consider communications in writing with
9 reference to the development plan. The hearing shall provide the
10 fullest opportunity for expression of opinion, for argument on the
11 merits, and for introduction of documentary evidence pertinent to
12 the development plan. The governing body shall make and preserve a
13 record of the public hearing, including all data presented thereat.

14 Sec. 219. (1) The governing body after a public hearing on the
15 development plan or the tax increment financing plan, or both, with
16 notice of the hearing given in accordance with section 218, shall
17 determine whether the development plan or tax increment financing
18 plan constitutes a public purpose. If it determines that the
19 development plan or tax increment financing plan constitutes a
20 public purpose, it shall then approve or reject the plan, or
21 approve it with modification, by ordinance based on the following
22 considerations:

23 (a) The findings and recommendations of a development area
24 citizens council, if a development area citizens council was
25 formed.

26 (b) The plan meets the requirements set forth in section
27 217(2).

1 (c) The proposed method of financing the development is
2 feasible and the authority has the ability to arrange the
3 financing.

4 (d) The development is reasonable and necessary to carry out
5 the purposes of this part.

6 (e) The land included within the development area to be
7 acquired is reasonably necessary to carry out the purposes of the
8 plan and of this part in an efficient and economically satisfactory
9 manner.

10 (f) The development plan is in reasonable accord with the
11 master plan of the municipality.

12 (g) Public services, such as fire and police protection and
13 utilities, are or will be adequate to service the project area.

14 (h) Changes in zoning, streets, street levels, intersections,
15 and utilities are reasonably necessary for the project and for the
16 municipality.

17 (2) Amendments to an approved development plan or tax
18 increment plan must be submitted by the authority to the governing
19 body for approval or rejection.

20 (3) Proposed amendments made to an approved development plan
21 to incorporate a catalyst development project plan shall be
22 submitted by the authority to the Michigan strategic fund for
23 approval or rejection of that part of the plan relating to the
24 catalyst development project. Amendments not approved or rejected
25 under this subsection by the Michigan strategic fund within 45 days
26 of submission for approval shall be considered approved.

27 Sec. 220. A person to be relocated under this part shall be

1 given not less than 90 days' written notice to vacate unless
2 modified by court order for good cause.

3 Sec. 221. (1) If a proposed development area has residing
4 within it 100 or more residents, a development area citizens
5 council shall be established at least 90 days before the public
6 hearing on the development or tax increment financing plan. The
7 development area citizens council shall be established by the
8 governing body and shall consist of not less than 9 members. The
9 members of the development area citizens council shall be residents
10 of the development area and shall be appointed by the governing
11 body. A member of a development area citizens council shall be at
12 least 18 years of age.

13 (2) A development area citizens council shall be
14 representative of the development area.

15 Sec. 222. A development area citizens council established
16 pursuant to this part shall act an advisory body to the authority
17 and the governing body in the adoption of the development or tax
18 increment financing plans.

19 Sec. 223. Periodically a representative of the authority
20 responsible for preparation of a development or tax increment
21 financing plan within the development area shall consult with and
22 advise the development area citizens council regarding the aspects
23 of a development plan, including the development of new housing for
24 relocation purposes located either inside or outside of the
25 development area. The consultation shall begin before any final
26 decisions by the authority and the governing body regarding a
27 development or tax increment financing plan. The consultation shall

1 continue throughout the preparation and implementation of the
2 development or tax increment financing plan.

3 Sec. 224. (1) Meetings of the development area citizens
4 council shall be open to the public. Notice of the time and place
5 of the meetings shall be given by publication in a newspaper of
6 general circulation not less than 5 days before the dates set for
7 meetings of the development area citizens council. A person present
8 at those meetings shall have reasonable opportunity to be heard.

9 (2) A record of the meetings of a development area citizens
10 council, including information and data presented, shall be
11 maintained by the council.

12 (3) A development area citizens council may request of and
13 receive from the authority information and technical assistance
14 relevant to the preparation of the development plan for the
15 development area.

16 (4) Failure of a development area citizens council to organize
17 or to consult with and be advised by the authority, or failure to
18 advise the governing body, as provided in this part, shall not
19 preclude the adoption of a development plan by a municipality if
20 the municipality complies with the other provisions of this part.

21 Sec. 225. In a development area where a citizens district
22 council established according to 1945 PA 344, MCL 125.71 to 125.84,
23 already exists the governing body may designate it as the
24 development area citizens council authorized by this part.

25 Sec. 226. Within 20 days after the public hearing on a
26 development or tax increment financing plan, the development area
27 citizens council shall notify the governing body, in writing, of

1 its findings and recommendations concerning a proposed development
2 plan.

3 Sec. 227. A development area citizens council may not be
4 required and, if formed, may be dissolved in any of the following
5 situations:

6 (a) On petition of not less than 20% of the adult resident
7 population of the development area by the last federal decennial or
8 municipal census, a governing body, after public hearing with
9 notice thereof given in accordance with section 218 and by a 2/3
10 vote, may adopt an ordinance for the development area to eliminate
11 the necessity of a development area citizens council.

12 (b) When there are less than 18 residents, real property
13 owners, or representatives of establishments located in the
14 development area eligible to serve on the development area citizens
15 council.

16 (c) Upon termination of the authority by ordinance of the
17 governing body.

18 Sec. 228. (1) The director of the authority shall prepare and
19 submit for the approval of the board a budget for the operation of
20 the authority for the ensuing fiscal year. The budget shall be
21 prepared in the manner and contain the information required of
22 municipal departments. Before the budget may be adopted by the
23 board, it shall be approved by the governing body of the
24 municipality. Funds of the municipality shall not be included in
25 the budget of the authority except those funds authorized in this
26 part or by the governing body of the municipality.

27 (2) The governing body of the municipality may assess a

1 reasonable pro rata share of the funds for the cost of handling and
2 auditing the funds against the funds of the authority, other than
3 those committed, which cost shall be paid annually by the board
4 pursuant to an appropriate item in its budget.

5 Sec. 228a. Beginning January 1, 2010, the authority shall be
6 exempt from all taxation on its earnings or property. Instruments
7 of conveyance from an authority are exempt from transfer taxes
8 under 1966 PA 134, MCL 207.501 to 207.513, and the state real
9 estate transfer tax act, 1993 PA 330, MCL 207.521 to 207.537.

10 Sec. 229. (1) A public facility, building, or structure that
11 is determined by the municipality to have significant historical
12 interests shall be preserved in a manner as considered necessary by
13 the municipality in accordance with laws relative to the
14 preservation of historical sites. The preservation of facilities,
15 buildings, or structures determined to be historic sites by a
16 municipality shall include, at a minimum, equipping the historic
17 site with a fire alarm system.

18 (2) An authority shall refer all proposed changes to the
19 exterior of sites listed on the state register of historic sites
20 and the national register of historic places to the applicable
21 historic district commission created under the local historic
22 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
23 state housing development authority for review.

24 Sec. 230. (1) An authority that has completed the purposes for
25 which it was organized shall be dissolved by ordinance of the
26 governing body. The property and assets of the authority remaining
27 after the satisfaction of the obligations of the authority belong

1 to the municipality.

2 (2) An authority established under this part before December
3 31, 1988, that is dissolved by ordinance of the governing body
4 before September 30, 1990 and that is reinstated by ordinance of
5 the governing body after notice and public hearing as provided in
6 section 203(2) shall not be invalidated pursuant to a claim that,
7 based upon the standards set forth in section 203(1), a governing
8 body improperly determined that the necessary conditions existed
9 for the reinstatement of an authority under this part if at the
10 time the governing body established the authority the governing
11 body determined or could have determined that the necessary
12 conditions existed for the establishment of an authority under this
13 part or could have determined that establishment of an authority
14 under this part would serve to promote economic growth and
15 notwithstanding that the boundaries of the downtown district are
16 altered at the time of reinstatement of the authority.

17 (3) In the resolution of intent, the municipality shall set a
18 date for the holding of a public hearing on the adoption of a
19 proposed ordinance reinstating the authority. The procedure for
20 publishing the notice of hearing, holding the hearing, and adopting
21 the ordinance reinstating the authority shall be as provided in
22 section 203(2), (4), and (5).

23 (4) The validity of the proceedings, findings, and
24 determinations reinstating an authority shall be conclusive unless
25 contested in a court of competent jurisdiction within 60 days after
26 the last of the following occurs:

27 (a) Publication of the ordinance reinstating the authority as

1 adopted.

2 (b) Filing of the ordinance reinstating the authority with the
3 secretary of state.

4 (c) May 27, 1993.

5 PART 3

6 TAX INCREMENT FINANCE AUTHORITIES

7 Sec. 301. As used in this part:

8 (a) "Advance" means a transfer of funds made by a municipality
9 to an authority or to another person on behalf of the authority.
10 Evidence of the intent to repay an advance is required and may
11 include, but is not limited to, an executed agreement to repay,
12 provisions contained in a tax increment financing plan approved
13 before the advance or before August 14, 1993, or a resolution of
14 the authority or the municipality.

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

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

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

22 (c) "Authority" means a tax increment finance authority
23 created under this part.

24 (d) "Authority district" means that area within which an
25 authority exercises its powers and within which 1 or more
26 development areas may exist.

27 (e) "Board" means the governing body of an authority.

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

8 (g) "Chief executive officer" means the mayor or city manager
9 of a city, the president of a village, or the supervisor of a
10 township.

11 (h) "Development area" means that area to which a development
12 plan is applicable.

13 (i) "Development area citizens council" or "council" means
14 that advisory body established pursuant to section 20.

15 (j) "Development plan" means that information and those
16 requirements for a development set forth in section 16.

17 (k) "Development program" means the implementation of the
18 development plan.

19 (l) "Eligible advance" means an advance made before August 19,
20 1993.

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

1 Eligible obligation also includes an ongoing management contract or
2 contract for professional services or development services that was
3 entered into by the authority or a municipality on behalf of the
4 authority in 1991, and related similar written agreements executed
5 before 1984, if the 1991 agreement both provides for automatic
6 annual renewal and incorporates by reference the prior related
7 agreements; however, receipt by an authority of tax increment
8 revenues authorized under subdivision (aa)(ii) in order to pay
9 costs arising under those contracts shall be limited to:

10 (i) For taxes levied before July 1, 2005, the amount permitted
11 to be received by an authority for an eligible obligation as
12 provided in this part.

13 (ii) For taxes levied after June 30, 2005 and before July 1,
14 2006, \$3,000,000.00.

15 (iii) For taxes levied after June 30, 2006 and before July 1,
16 2007, \$3,000,000.00.

17 (iv) For taxes levied after June 30, 2007 and before July 1,
18 2008, \$3,000,000.00.

19 (v) For taxes levied after June 30, 2008 and before July 1,
20 2009, \$3,000,000.00.

21 (vi) For taxes levied after June 30, 2009 and before July 1,
22 2010, \$3,000,000.00.

23 (vii) For taxes levied after June 30, 2010 and before July 1,
24 2011, \$2,650,000.00.

25 (viii) For taxes levied after June 30, 2011 and before July 1,
26 2012, \$2,400,000.00.

27 (ix) For taxes levied after June 30, 2012 and before July 1,

1 2013, \$2,125,000.00.

2 (x) For taxes levied after June 30, 2013 and before July 1,
3 2014, \$1,500,000.00.

4 (xi) For taxes levied after June 30, 2014 and before July 1,
5 2015, \$1,150,000.00.

6 (xii) For taxes levied after June 30, 2015, \$0.00.

7 (n) "Fiscal year" means the fiscal year of the authority.

8 (o) "Governing body" means the elected body of a municipality
9 having legislative powers.

10 (p) "Initial assessed value" means the assessed value, as
11 equalized, of all the taxable property within the boundaries of the
12 development area at the time the resolution establishing the tax
13 increment financing plan is approved as shown by the most recent
14 assessment roll of the municipality for which equalization has been
15 completed at the time the resolution is adopted. Property exempt
16 from taxation at the time of the determination of the initial
17 assessed value shall be included as zero. For the purpose of
18 determining initial assessed value, property for which a specific
19 local tax is paid in lieu of a property tax shall not be considered
20 property that is exempt from taxation. The initial assessed value
21 of property for which a specific tax was paid in lieu of a property
22 tax shall be determined as provided in subdivision (w).

23 (q) "Municipality" means a city.

24 (r) "Obligation" means a written promise to pay, whether
25 evidenced by a contract, agreement, lease, sublease, bond, or note,
26 or a requirement to pay imposed by law. An obligation does not
27 include a payment required solely because of default upon an

1 obligation, employee salaries, or consideration paid for the use of
2 municipal offices. An obligation does not include those bonds that
3 have been economically defeased by refunding bonds issued under
4 this part. Obligation includes, but is not limited to, the
5 following:

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

9 (ii) A management contract or a contract for professional
10 services.

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

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

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

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

1 municipality, if the anticipation of the transfer or receipt of tax
2 increment revenues from the authority is pursuant to or evidenced
3 by 1 or more of the following:

4 (i) A reimbursement agreement between the municipality and an
5 authority it established.

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

8 (iii) A resolution of the authority agreeing to make payments
9 to the incorporating unit.

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

12 (t) "Other protected obligation" means:

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

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

25 (iii) An obligation incurred by an authority or municipality
26 after August 19, 1993, to reimburse a party to a development
27 agreement entered into by a municipality or authority before August

1 19, 1993, for a project described in a tax increment financing plan
2 approved in accordance with this part before August 19, 1993, and
3 undertaken and installed by that party in accordance with the
4 development agreement.

5 (iv) An obligation issued or incurred by an authority or by a
6 municipality on behalf of an authority to implement a project
7 described in a tax increment finance plan approved by the
8 municipality in accordance with this part before August 19, 1993,
9 that is located on land owned by a public university on the date
10 the tax increment financing plan is approved, and for which a
11 contract for final design is entered into before December 31, 1993.

12 (v) An ongoing management or professional services contract
13 with the governing body of a county which was entered into before
14 March 1, 1994 and which was preceded by a series of limited term
15 management or professional services contracts with the governing
16 body of the county, the last of which was entered into before
17 August 19, 1993.

18 (vi) An obligation issued or incurred by a municipality under
19 a contract executed on December 19, 1994 as subsequently amended
20 between the municipality and the authority to implement a project
21 described in a tax increment finance plan approved by the
22 municipality under this part before August 19, 1993 for which a
23 contract for final design was entered into by the municipality
24 before March 1, 1994 provided that final payment by the
25 municipality is made on or before December 31, 2001.

26 (vii) An obligation issued or incurred by an authority or by a
27 municipality on behalf of an authority that meets all of the

1 following qualifications:

2 (A) The obligation is issued or incurred to finance a project
3 described in a tax increment financing plan approved before August
4 19, 1993 by a municipality in accordance with this part.

5 (B) The obligation qualifies as an other protected obligation
6 under subparagraph (ii) and was issued or incurred by the authority
7 before December 31, 1994 for the purpose of financing the project.

8 (C) A portion of the obligation issued or incurred by the
9 authority before December 31, 1994 for the purpose of financing the
10 project was retired prior to December 31, 1996.

11 (D) The obligation does not exceed the dollar amount of the
12 portion of the obligation retired prior to December 31, 1996.

13 (viii) An obligation incurred by an authority that meets both
14 of the following qualifications:

15 (A) The obligation is a contract of lease originally executed
16 on December 20, 1994 between the municipality and the authority to
17 partially implement the authority's development plan and tax
18 increment financing plan.

19 (B) The obligation qualifies as an obligation under
20 subparagraph (ii). The obligation described in this subparagraph
21 may be amended to extend cash rental payments for a period not to
22 exceed 30 years through the year 2039. The duration of the
23 development plan and tax increment financing plan described in this
24 subparagraph is extended to 1 year after the final date that the
25 extended cash rental payments are due.

26 (u) "Public facility" means 1 or more of the following:

27 (i) A street, plaza, or pedestrian mall, and any improvements

1 to a street, plaza, boulevard, alley, or pedestrian mall, including
2 street furniture and beautification, park, parking facility,
3 recreation facility, playground, school, library, public
4 institution or administration building, right of way, structure,
5 waterway, bridge, lake, pond, canal, utility line or pipeline,
6 transit-oriented development, transit-oriented facility, and other
7 similar facilities and necessary easements of these facilities
8 designed and dedicated to use by the public generally or used by a
9 public agency. As used in this subparagraph, public institution or
10 administration building includes, but is not limited to, a police
11 station, fire station, court building, or other public safety
12 facility.

13 (ii) The acquisition and disposal of real and personal
14 property or interests in real and personal property, demolition of
15 structures, site preparation, relocation costs, building
16 rehabilitation, and all associated administrative costs, including,
17 but not limited to, architect's, engineer's, legal, and accounting
18 fees as contained in the resolution establishing the district's
19 development plan.

20 (iii) An improvement to a facility used by the public or a
21 public facility as those terms are defined in section 1 of 1966 PA
22 1, MCL 125.1351, which improvement is made to comply with the
23 barrier free design requirements of the state construction code
24 promulgated under the Stille-DeRossett-Hale single state
25 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

26 (v) "Qualified refunding obligation" means an obligation
27 issued or incurred by an authority or by a municipality on behalf

1 of an authority to refund an obligation if 1 of the following
2 applies:

3 (i) The refunding obligation meets both of the following:

4 (A) The net present value of the principal and interest to be
5 paid on the refunding obligation, including the cost of issuance,
6 will be less than the net present value of the principal and
7 interest to be paid on the obligation being refunded, as calculated
8 using a method approved by the department of treasury.

9 (B) The net present value of the sum of the tax increment
10 revenues described in subdivision (aa)(ii) and the distributions
11 under section 12a to repay the refunding obligation will not be
12 greater than the net present value of the sum of the tax increment
13 revenues described in subdivision (aa)(ii) and the distributions
14 under section 312a to repay the obligation being refunded, as
15 calculated using a method approved by the department of treasury.

16 (ii) The refunding obligation is a tax increment refunding
17 bond issued to refund a refunding bond that is an other protected
18 obligation issued as a capital appreciation bond delivered to the
19 Michigan municipal bond authority on December 21, 1994, or bonds
20 issued to refund that bond, and the authority, by resolution of its
21 board, authorized issuance of the refunding obligation before
22 December 31, 2019 with a final maturity not later than 2039. The
23 municipality by majority vote of the members of its governing body
24 may pledge its full faith and credit for the payment of the
25 principal of and interest on the refunding obligation. A refunding
26 obligation issued under this subparagraph is not subject to the
27 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611

1 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,
2 141.2501, 141.2503, and 141.2611. The duration of the development
3 plan and the tax increment financing plan relating to the refunding
4 obligations described in this subparagraph is extended to 1 year
5 after the final date of maturity of the refunding obligation.

6 (w) "Specific local tax" means a tax levied under 1974 PA 198,
7 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
8 255, MCL 207.651 to 207.668, the technology park development act,
9 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181
10 to 211.182. The initial assessed value or current assessed value of
11 property subject to a specific local tax shall be the quotient of
12 the specific local tax paid divided by the ad valorem millage rate.
13 However, after 1993, the state tax commission shall prescribe the
14 method for calculating the initial assessed value and current
15 assessed value of property for which a specific local tax was paid
16 in lieu of a property tax.

17 (x) "State fiscal year" means the annual period commencing
18 October 1 of each year.

19 (y) "Tax increment district" or "district" means that area to
20 which the tax increment finance plan pertains.

21 (z) "Tax increment financing plan" means that information and
22 those requirements set forth in sections 313 to 315.

23 (aa) "Tax increment revenues" means the amount of ad valorem
24 property taxes and specific local taxes attributable to the
25 application of the levy of all taxing jurisdictions upon the
26 captured assessed value of real and personal property in the
27 development area, subject to the following requirements:

1 (i) Tax increment revenues include ad valorem property taxes
2 and specific local taxes attributable to the application of the
3 levy of all taxing jurisdictions other than the state pursuant to
4 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
5 and local or intermediate school districts upon the captured
6 assessed value of real and personal property in the development
7 area for any purpose authorized by this part.

8 (ii) Tax increment revenues include ad valorem property taxes
9 and specific local taxes attributable to the application of the
10 levy of the state pursuant to the state education tax act, 1993 PA
11 331, MCL 211.901 to 211.906, and local or intermediate school
12 districts upon the captured assessed value of real and personal
13 property in the development area in an amount equal to the amount
14 necessary, without regard to subparagraph (i), to repay eligible
15 advances, eligible obligations, and other protected obligations.

16 (iii) Tax increment revenues do not include any of the
17 following:

18 (A) Ad valorem property taxes attributable either to a portion
19 of the captured assessed value shared with taxing jurisdictions
20 within the jurisdictional area of the authority or to a portion of
21 value of property that may be excluded from captured assessed value
22 or specific local taxes attributable to such ad valorem property
23 taxes.

24 (B) Ad valorem property taxes excluded by the tax increment
25 financing plan of the authority from the determination of the
26 amount of tax increment revenues to be transmitted to the authority
27 or specific local taxes attributable to such ad valorem property

1 taxes.

2 (C) Ad valorem property taxes levied under 1 or more of the
3 following or specific local taxes attributable to those ad valorem
4 property taxes:

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

7 (II) The art institute authorities act, 2010 PA 296, MCL
8 123.1201 to 123.1229.

9 (III) Except as otherwise provided in section 303(6), ad
10 valorem property taxes or specific local taxes attributable to
11 those ad valorem property taxes levied for a separate millage for
12 public library purposes approved by the electors after December 31,
13 2016.

14 (iv) The amount of tax increment revenues authorized to be
15 included under subparagraph (ii), and required to be transmitted to
16 the authority under section 314(1), from ad valorem property taxes
17 and specific local taxes attributable to the application of the
18 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
19 211.906, a local school district or an intermediate school district
20 upon the captured assessed value of real and personal property in a
21 development area shall be determined separately for the levy by the
22 state, each school district, and each intermediate school district
23 as the product of sub-subparagraphs (A) and (B):

24 (A) The percentage which the total ad valorem taxes and
25 specific local taxes available for distribution by law to the
26 state, local school district, or intermediate school district,
27 respectively, bear to the aggregate amount of ad valorem millage

1 taxes and specific taxes available for distribution by law to the
2 state, each local school district, and each intermediate school
3 district.

4 (B) The maximum amount of ad valorem property taxes and
5 specific local taxes considered tax increment revenues under
6 subparagraph (ii).

7 (bb) "Transit-oriented development" means infrastructure
8 improvements that are located within 1/2 mile of a transit station
9 or transit-oriented facility that promotes transit ridership or
10 passenger rail use as determined by the board and approved by the
11 municipality in which it is located.

12 (cc) "Transit-oriented facility" means a facility that houses
13 a transit station in a manner that promotes transit ridership or
14 passenger rail use.

15 Sec. 301a. This part shall be known and may be cited as "the
16 tax increment finance authority part".

17 Sec. 302. (1) A municipality may establish not more than 1
18 authority. An authority shall exercise its powers in all
19 development areas designated pursuant to this part.

20 (2) The authority shall be a public body corporate which may
21 sue and be sued in any court of this state. The authority possesses
22 all the powers necessary to carry out the purpose of its
23 incorporation. The enumeration of a power in this part shall not be
24 construed as a limitation upon the general powers of the authority.
25 The powers granted in this part to an authority may be exercised
26 notwithstanding that bonds are not issued by the authority.

27 Sec. 303. (1) If the governing body of a municipality

1 determines that it is in the best interests of the public to halt a
2 decline in property values, increase property tax valuation,
3 eliminate the causes of the decline in property values, and to
4 promote growth in an area in the municipality, the governing body
5 of that municipality may declare by resolution its intention to
6 create and provide for the operation of an authority.

7 (2) In the resolution of intent, the governing body shall set
8 a date for the holding of a public hearing on the adoption of a
9 proposed resolution creating the authority and designating the
10 boundaries of the authority district. Notice of the public hearing
11 shall be published twice in a newspaper of general circulation in
12 the municipality, not less than 20 nor more than 40 days before the
13 date of the hearing. Notice shall also be mailed to the property
14 taxpayers of record in the proposed authority district not less
15 than 20 days before the hearing. Beginning June 1, 2005, the notice
16 of hearing within the time frame described in this subsection shall
17 be mailed by certified mail to the governing body of each taxing
18 jurisdiction levying taxes that would be subject to capture if the
19 authority is established and a tax increment financing plan is
20 approved. Failure to receive the notice shall not invalidate these
21 proceedings. The notice shall state the date, time, and place of
22 the hearing, and shall describe the boundaries of the proposed
23 authority district. At that hearing, a citizen, taxpayer, or
24 property owner of the municipality has the right to be heard in
25 regard to the establishment of the authority and the boundaries of
26 the proposed authority district. The governing body of the
27 municipality shall not incorporate land into the authority district

1 not included in the description contained in the notice of public
2 hearing, but it may eliminate described lands from the authority
3 district in the final determination of the boundaries.

4 (3) After the public hearing, if the governing body intends to
5 proceed with the establishment of the authority, it shall adopt, by
6 majority vote of its members, a resolution establishing the
7 authority and designating the boundaries of the authority district
8 within which the authority shall exercise its powers. The adoption
9 of the resolution is subject to any applicable statutory or charter
10 provisions with respect to the approval or disapproval by the chief
11 executive or other officer of the municipality and the adoption of
12 a resolution over his or her veto. This resolution shall be filed
13 with the secretary of state promptly after its adoption and shall
14 be published at least once in a newspaper of general circulation in
15 the municipality.

16 (4) The governing body may alter or amend the boundaries of
17 the authority district to include or exclude lands from the
18 authority district in accordance with the same requirements
19 prescribed for adopting the resolution creating the authority.

20 (5) The validity of the proceedings establishing an authority
21 shall be conclusive unless contested in a court of competent
22 jurisdiction within 60 days after the last of the following takes
23 place:

24 (a) Publication of the resolution as adopted.

25 (b) Filing of the resolution with the secretary of state.

26 (6) If a separate millage for public library purposes was
27 levied before January 1, 2017, and all obligations and other

1 protected obligations of the authority are paid, then the levy is
2 exempt from capture under this part, unless the library board or
3 commission allows all or a portion of its taxes levied to be
4 included as tax increment revenues and subject to capture under
5 this part under the terms of a written agreement between the
6 library board or commission and the authority. The written
7 agreement shall be filed with the clerk of the municipality.
8 However, if a separate millage for public library purposes was
9 levied before January 1, 2017, and the authority alters or amends
10 the boundaries of the authority district or extends the duration of
11 the existing finance plan, then the library board or commission
12 may, not later than 60 days after a public hearing is held under
13 this subsection, exempt all or a portion of its taxes from capture
14 by adopting a resolution to that effect and filing a copy with the
15 clerk of the municipality that created the authority. For ad
16 valorem property taxes or specific local taxes attributable to
17 those ad valorem property taxes levied for a separate millage for
18 public library purposes approved by the electors after December 31,
19 2016, a library board or commission may allow all or a portion of
20 its taxes levied to be included as tax increment revenues and
21 subject to capture under this part under the terms of a written
22 agreement between the library board or commission and the
23 authority. The written agreement shall be filed with the clerk of
24 the municipality. However, if the library was created under section
25 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
26 under 1869 LA 233, then any action of the library board or
27 commission under this subsection shall have the concurrence of the

1 chief executive officer of the city that created the library to be
2 effective.

3 Sec. 304. (1) The authority shall be under the supervision and
4 control of a board chosen by the governing body which may by
5 majority vote designate any 1 of the following to constitute the
6 board:

7 (a) The board of directors of the economic development
8 corporation of the municipality established pursuant to the
9 economic development corporations act, 1974 PA 338, MCL 125.1601 to
10 125.1636.

11 (b) The trustees of the board of a downtown development
12 authority established pursuant to part 2.

13 (c) The trustees of the board of an urban redevelopment
14 corporation established pursuant to the urban redevelopment
15 corporations law, 1941 PA 250, MCL 125.901 to 125.922.

16 (d) The members of the commission established pursuant to 1945
17 PA 344, MCL 125.71 to 125.84.

18 (e) In a municipality that has a population of less than
19 5,000, the planning commission of the municipality established
20 pursuant to Michigan planning enabling act, 2008 PA 33, MCL
21 125.3801 to 125.3885.

22 (f) Not less than 7 nor more than 13 persons appointed by the
23 chief executive officer of the municipality subject to the approval
24 of the governing body. Of the members appointed, an equal number,
25 as near as practicable, shall be appointed for 1 year, 2 years, 3
26 years, and 4 years. A member shall hold office until the member's
27 successor is appointed. Thereafter, each member shall serve for a

1 term of 4 years. An appointment to fill a vacancy shall be made by
2 the chief executive officer of the municipality for the unexpired
3 term only. Members of the board shall serve without compensation,
4 but shall be reimbursed for actual and necessary expenses.

5 (2) The chairperson of the board shall be elected by the
6 board.

7 (3) Before assuming the duties of office, a member shall
8 qualify by taking and subscribing to the constitutional oath of
9 office.

10 (4) The board shall adopt rules governing its procedure and
11 the holding of regular meetings, subject to the approval of the
12 governing body. Special meetings may be held when called in the
13 manner provided in the rules of the board. Meetings of the board
14 shall be open to the public, in accordance with the open meetings
15 act, 1976 PA 267, MCL 15.261 to 15.275.

16 (5) Pursuant to notice and an opportunity to be heard, a
17 member of the board appointed pursuant to subsection (1)(f) may be
18 removed before the expiration of his or her term for cause by the
19 governing body. Removal of a member is subject to the review by the
20 circuit court.

21 (6) All expense items of the authority shall be publicized
22 annually and the financial records shall be open to the public
23 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
24 to 15.246.

25 Sec. 305. (1) The board may employ and fix the compensation of
26 a director, subject to the approval of the governing body. The
27 director shall serve at the pleasure of the board. A member of the

1 board is not eligible to hold the position of director. Before
2 entering upon the duties of the office, the director shall take and
3 subscribe to the constitutional oath and furnish bond by posting a
4 bond in the penal sum determined in the resolution establishing the
5 authority, payable to the authority for use and benefit of the
6 authority, approved by the board, and filed with the clerk of the
7 municipality. The premium on the bond shall be considered an
8 operating expense of the authority, payable from funds available to
9 the authority for expenses of operation. The director shall be the
10 chief executive office of the authority. Subject to the approval of
11 the board, the director shall supervise and be responsible for the
12 preparation of plans and the performance of the functions of the
13 authority in the manner authorized by this part. The director shall
14 attend the meetings of the board and shall render to the board and
15 to the governing body a regular report covering the activities and
16 financial condition of the authority. If the director is absent or
17 disabled, the board may designate a qualified person as acting
18 director to perform the duties of the office. Before entering upon
19 the duties of the office, the acting director shall take and
20 subscribe to the constitutional oath and furnish bond as required
21 of the director. The director shall furnish the board with
22 information or reports governing the operation of the authority as
23 the board requires.

24 (2) The board may appoint or employ and fix the compensation
25 of a treasurer who shall keep the financial records of the
26 authority, and who, together with the director, if a director is
27 appointed, shall approve all vouchers for the expenditure of funds

1 of the authority. The treasurer shall perform such other duties as
2 may be delegated by the board and shall furnish bond in an amount
3 as prescribed by the board.

4 (3) The board may appoint or employ and fix the compensation
5 of a secretary, who shall maintain custody of the official seal and
6 of records, books, documents, or other papers not required to be
7 maintained by the treasurer. The secretary shall attend meetings of
8 the board and keep a record of its proceedings and shall perform
9 such other duties as may be delegated by the board.

10 (4) The board may retain legal counsel to advise the board in
11 the proper performance of its duties. The legal counsel shall
12 represent the authority in actions brought by or against the
13 authority.

14 (5) The board may employ other personnel considered necessary
15 by the board.

16 (6) The employees of an authority may be eligible to
17 participate in municipal retirement and insurance programs of the
18 municipality as if they were civil service employees on the same
19 basis as civil service employees.

20 Sec. 307. The board may:

21 (a) Prepare an analysis of economic changes taking place in
22 the municipality and its environs as those changes relate to urban
23 deterioration in the development areas.

24 (b) Study and analyze the impact of growth upon development
25 areas.

26 (c) Plan and propose the construction, renovation, repair,
27 remodeling, rehabilitation, restoration, preservation, or

1 reconstruction of a public facility, an existing building, or a
2 multiple family dwelling unit which may be necessary or appropriate
3 to the execution of a plan which, in the opinion of the board, aids
4 in the revitalization and growth of the development area.

5 (d) Plan, propose, and implement an improvement to a public
6 facility within the development area to comply with the barrier
7 free design requirements of the state construction code promulgated
8 under the Stille-Derossett-Hale single state construction code act,
9 1972 PA 230, MCL 125.1501 to 125.1531.

10 (e) Develop long-range plans, in cooperation with the agency
11 which is chiefly responsible for planning in the municipality,
12 designed to halt the decline of property values and to promote the
13 growth of the development area, and take such steps as may be
14 necessary to implement the plans to the fullest extent possible.

15 (f) Implement any plan of development in a development area
16 necessary to achieve the purposes of this part, in accordance with
17 the powers of the authority as granted by this part.

18 (g) Make and enter into contracts necessary or incidental to
19 the exercise of its powers and the performance of its duties.

20 (h) Acquire by purchase or otherwise, on terms and conditions
21 and in a manner the authority considers proper, own, convey,
22 demolish, relocate, rehabilitate, or otherwise dispose of, or lease
23 as lessor or lessee, land and other property, real or personal, or
24 rights or interests therein, which the authority determines is
25 reasonably necessary to achieve the purposes of this part, and to
26 grant or acquire licenses, easements, and options with respect
27 thereto.

1 (i) Improve land, prepare sites for buildings, including the
2 demolition of existing structures and construct, reconstruct,
3 rehabilitate, restore, and preserve, equip, improve, maintain,
4 repair, and operate any building, including any type of housing,
5 and any necessary or desirable appurtenances thereto, within the
6 development area for the use, in whole or in part, of any public or
7 private person or corporation, or a combination thereof.

8 (j) Fix, charge, and collect fees, rents, and charges for the
9 use of any building or property or any part of a building or
10 property under its control, or a facility in the building or on the
11 property, and pledge the fees, rents, and charges for the payment
12 of revenue bonds issued by the authority.

13 (k) Lease any building or property or part of a building or
14 property under its control.

15 (l) Accept grants and donations of property, labor, or other
16 things of value from a public or private source.

17 (m) Acquire and construct public facilities.

18 (n) Incur costs in connection with the performance of its
19 authorized functions, including but not limited to, administrative
20 costs, and architects, engineers, legal, and accounting fees.

21 Sec. 308. If a board created under this part serves as the
22 planning commission under the Michigan planning enabling act, 2008
23 PA 33, MCL 125.3801 to 125.3885, the board shall include planning
24 commission business in its agenda.

25 Sec. 309. The authority shall be considered an instrumentality
26 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
27 to 213.332.

1 Sec. 310. A municipality may take private property under 1980
2 PA 87, MCL 213.51 to 213.77 for the purpose of transfer to the
3 authority, and may transfer the property to the authority for use
4 as authorized in the development program, on terms and conditions
5 it considers appropriate. The taking, transfer, and use shall be
6 considered necessary for public purposes and for the benefit of the
7 public.

8 Sec. 311. The activities of the authority shall be financed
9 from 1 or more of the following sources:

10 (a) Contributions to the authority for the performance of its
11 functions.

12 (b) Revenues from any property, building, or facility owned,
13 leased, licensed, or operated by the authority or under its
14 control, subject to the limitations imposed upon the authority by
15 trusts or other agreements.

16 (c) Tax increment revenues received pursuant to a tax
17 increment financing plan established under sections 313 to 315.

18 (d) Proceeds of tax increment bonds issued pursuant to section
19 315.

20 (e) Proceeds of revenue bonds issued pursuant to section 312.

21 (f) Money obtained from any other sources approved by the
22 governing body of the municipality or otherwise authorized by law
23 for use by the authority or the municipality to finance a
24 development program.

25 (g) Money obtained pursuant to section 312a.

26 Sec. 312. (1) The authority may borrow money and issue its
27 negotiable revenue bonds pursuant to the revenue bond act of 1933,

1 1933 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
2 authority shall not, except as hereinafter provided, be considered
3 a debt of the municipality or of the state.

4 (2) The municipality by majority vote of the members of its
5 governing body may pledge its full faith and credit limited tax to
6 support the authority's revenue bonds.

7 Sec. 312a. (1) If the amount of tax increment revenues lost as
8 a result of the reduction of taxes levied by local school districts
9 for school operating purposes required by the millage limitations
10 under section 1211 of the revised school code, 1976 PA 451, MCL
11 380.1211, reduced by the amount of tax increment revenues received
12 from the capture of taxes levied under or attributable to the state
13 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
14 the tax increment revenues received in a fiscal year by an
15 authority under section 314 to be insufficient to repay an eligible
16 advance or to pay an eligible obligation, the legislature shall
17 appropriate and distribute to the authority the amount described in
18 subsection (5).

19 (2) Not less than 30 days before the first day of a fiscal
20 year, an authority eligible to retain tax increment revenues from
21 taxes levied by a local or intermediate school district or this
22 state, or to receive a distribution under this section for that
23 fiscal year shall file a claim with the department of treasury. The
24 claim shall include the following information:

25 (a) The property tax millage rates levied in 1993 by local
26 school districts within the jurisdictional area of the authority
27 for school operating purposes.

1 (b) The property tax millage rates expected to be levied by
2 local school districts within the jurisdictional area of the
3 authority for school operating purposes for that fiscal year.

4 (c) The tax increment revenues estimated to be received by the
5 authority for that fiscal year based upon actual property tax
6 levies of all taxing jurisdictions within the jurisdictional area
7 of the authority plus any tax increment revenues the authority
8 would have received for the fiscal year from property that is
9 exempt from taxation pursuant to the Michigan renaissance zone act,
10 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
11 taxable value at the time the zone is designated.

12 (d) The tax increment revenues the authority estimates it
13 would have received for that fiscal year if property taxes were
14 levied by local school districts within the jurisdictional area of
15 the authority for school operating purposes at the millage rates
16 described in subdivision (a) and if no property taxes were levied
17 by this state under the state education tax act, 1993 PA 331, MCL
18 211.901 to 211.906.

19 (e) A list and documentation of eligible obligations and
20 eligible advances and the payments due on each of those eligible
21 obligations or eligible advances in that fiscal year, and the total
22 amount of all the payments due on those eligible obligations and
23 eligible advances in that fiscal year.

24 (f) The amount of money, other than tax increment revenues,
25 estimated to be received in that fiscal year by the authority that
26 is primarily pledged to, and to be used for, the payment of an
27 eligible obligation or the repayment of an eligible advance. That

1 amount shall not include excess tax increment revenues of the
2 authority that are permitted by law to be retained by the authority
3 for purposes that further the development program. However, that
4 amount shall include money to be obtained from sources authorized
5 by law, which law is enacted on or after December 1, 1993, for use
6 by the municipality or authority to finance a development project.

7 (g) The amount of a distribution received pursuant to this
8 part for a fiscal year in excess of or less than the distribution
9 that would have been required if calculated upon actual tax
10 increment revenues received for that fiscal year.

11 (h) A list and documentation of other protected obligations
12 and the payments due on each of those other protected obligations
13 in that fiscal year, and the total amount of all the payments due
14 on those other protected obligations in that fiscal year.

15 (3) For the fiscal year that commences after September 30,
16 1993 and before October 1, 1994, an authority may make a claim with
17 all information required by subsection (2) at any time after March
18 15, 1994.

19 (4) After review and verification of claims submitted pursuant
20 to this section, amounts appropriated by the state in compliance
21 with this part shall be distributed as 2 equal payments on March 1
22 and September 1 after receipt of a claim. An authority shall
23 allocate a distribution it receives for an eligible obligation
24 issued on behalf of a municipality to the municipality.

25 (5) Subject to subsections (6) and (7), the aggregate amount
26 to be appropriated and distributed pursuant to this section to an
27 authority shall be the sum of the amounts determined pursuant to

1 subdivisions (a) and (b) minus the amount determined pursuant to
2 subdivision (c), as follows:

3 (a) The amount by which the tax increment revenues the
4 authority would have received for the fiscal year, if property
5 taxes were levied by local school districts on property, including
6 property that is exempt from taxation pursuant to the Michigan
7 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
8 on the property's taxable value at the time the zone is designated,
9 for school operating purposes at the millage rates described in
10 subsection (2)(a) and if no property taxes were levied under the
11 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
12 exceed the sum of tax increment revenues the authority actually
13 received for the fiscal year plus any tax increment revenues the
14 authority would have received for the fiscal year from property
15 that is exempt from taxation pursuant to the Michigan renaissance
16 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
17 property's taxable value at the time the zone is designated.

18 (b) A shortfall required to be reported pursuant to subsection
19 (2)(g) that had not previously increased a distribution.

20 (c) An excess amount required to be reported pursuant to
21 subsection (2)(g) that had not previously decreased a distribution.

22 (6) The amount distributed under subsection (5) shall not
23 exceed the difference between the amount described in subsection
24 (2)(e) and the sum of the amounts described in subsection (2)(c)
25 and (f).

26 (7) If, based upon the tax increment financing plan in effect
27 on August 19, 1993, the payment due on eligible obligations or

1 eligible advances anticipates the use of excess prior year tax
2 increment revenues permitted by law to be retained by the
3 authority, and if the sum of the amounts described in subsection
4 (2)(c) and (f) plus the amount to be distributed under subsections
5 (5) and (6) is less than the amount described in subsection (2)(e),
6 the amount to be distributed under subsections (5) and (6) shall be
7 increased by the amount of the shortfall. However, the amount
8 authorized to be distributed pursuant to this section shall not
9 exceed that portion of the cumulative difference, for each
10 preceding fiscal year, between the amount that could have been
11 distributed pursuant to subsection (5) and the amount actually
12 distributed pursuant to subsections (5) and (6) and this
13 subsection.

14 (8) A distribution under this section replacing tax increment
15 revenues pledged by an authority or a municipality is subject to
16 the lien of the pledge, whether or not there has been physical
17 delivery of the distribution.

18 (9) Obligations for which distributions are made pursuant to
19 this section are not a debt or liability of this state; do not
20 create or constitute an indebtedness, liability, or obligation of
21 this state; and are not and do not constitute a pledge of the faith
22 and credit of this state.

23 (10) Not later than July 1 of each year, the authority shall
24 certify to the local tax collecting treasurer the amount of the
25 distribution required under subsection (5), calculated without
26 regard to the receipt of tax increment revenues attributable to
27 local or intermediate school district taxes or attributable to

1 taxes levied under the state education tax act, 1993 PA 331, MCL
2 211.901 to 211.906.

3 (11) Calculations of distributions under this section and
4 claims reports required to be made under subsection (2) shall be
5 made on the basis of each development area of the authority.

6 (12) The state tax commission may provide that the
7 reimbursement calculations under this section and the calculation
8 of allowable capture of school taxes shall be made for each
9 calendar year's tax increment revenues using a 12-month debt
10 payment period used by the authority and approved by the state tax
11 commission.

12 Sec. 312b. (1) If the amount of tax increment revenues lost as
13 a result of the personal property tax exemptions provided by
14 section 1211(4) of the revised school code, 1976 PA 451, MCL
15 380.1211, section 3 of the state education tax act, 1993 PA 331,
16 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
17 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
18 reduce the allowable school tax capture received in a fiscal year,
19 then, notwithstanding any other provision of this part, the
20 authority, with approval of the department of treasury under
21 subsection (3), may request the local tax collecting treasurer to
22 retain and pay to the authority taxes levied within the
23 municipality under the state education tax act, 1993 PA 331, MCL
24 211.901 to 211.906, to be used for the following:

25 (a) To repay an eligible advance.

26 (b) To repay an eligible obligation.

27 (c) To repay an other protected obligation.

1 (2) Not later than June 15, 2008, not later than September 30,
2 2009, and not later than June 1 of each subsequent year, an
3 authority eligible under subsection (1) to have taxes levied under
4 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
5 retained and paid to the authority under this section, shall apply
6 for approval with the department of treasury. The application for
7 approval shall include the following information:

8 (a) The property tax millage rates expected to be levied by
9 local school districts within the jurisdictional area of the
10 authority for school operating purposes for that fiscal year.

11 (b) The tax increment revenues estimated to be received by the
12 authority for that fiscal year based upon actual property tax
13 levies of all taxing jurisdictions within the jurisdictional area
14 of the authority.

15 (c) The tax increment revenues the authority estimates it
16 would have received for that fiscal year if the personal property
17 tax exemptions described in subsection (1) were not in effect.

18 (d) A list of eligible obligations, eligible advances, and
19 other protected obligations, the payments due on each of those in
20 that fiscal year, and the total amount of all the payments due on
21 all of those in that fiscal year.

22 (e) The amount of money, other than tax increment revenues,
23 estimated to be received in that fiscal year by the authority that
24 is primarily pledged to, and to be used for, the payment of an
25 eligible obligation, the repayment of an eligible advance, or the
26 payment of an other protected obligation. That amount shall not
27 include excess tax increment revenues of the authority that are

1 permitted by law to be retained by the authority for purposes that
2 further the development program. However, that amount shall include
3 money to be obtained from sources authorized by law, which law is
4 enacted on or after December 1, 1993, for use by the municipality
5 or authority to finance a development plan.

6 (f) The amount of a distribution received pursuant to this
7 part for a fiscal year in excess of or less than the distribution
8 that would have been required if calculated upon actual tax
9 increment revenues received for that fiscal year.

10 (3) Not later than August 15, 2008; for 2009 only, not later
11 than 30 days after the effective date of the amendatory act that
12 amended this sentence; and not later than August 15 of each
13 subsequent year, based on the calculations under subsection (5),
14 the department of treasury shall approve, modify, or deny the
15 application for approval to have taxes levied under the state
16 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
17 and paid to the authority under this section. If the application
18 for approval contains the information required under subsection
19 (2)(a) through (f) and appears to be in substantial compliance with
20 the provisions of this section, then the department of treasury
21 shall approve the application. If the application is denied by the
22 department of treasury, then the department of treasury shall
23 provide the opportunity for a representative of the authority to
24 discuss the denial within 21 days after the denial occurs and shall
25 sustain or modify its decision within 30 days after receiving
26 information from the authority. If the application for approval is
27 approved or modified by the department of treasury, the local tax

1 collecting treasurer shall retain and pay to the authority the
2 amount described in subsection (5) as approved by the department.
3 If the department of treasury denies the authority's application
4 for approval, the local tax collecting treasurer shall not retain
5 or pay to the authority the taxes levied under the state education
6 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
7 department does not prohibit a subsequent audit of taxes retained
8 in accordance with the procedures currently authorized by law.

9 (4) Each year, the legislature shall appropriate and
10 distribute an amount sufficient to pay each authority the
11 following:

12 (a) If the amount to be retained and paid under subsection (3)
13 is less than the amount calculated under subsection (5), the
14 difference between those amounts.

15 (b) If the application for approval is denied by the
16 department of treasury, an amount verified by the department equal
17 to the amount calculated under subsection (5).

18 (5) Subject to subsection (6), the aggregate amount under this
19 section shall be the sum of the amounts determined under
20 subdivisions (a) and (b) minus the amount determined under
21 subdivision (c), as follows:

22 (a) The amount by which the tax increment revenues the
23 authority would have received and retained for the fiscal year,
24 excluding taxes exempt under section 7ff of the general property
25 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
26 exemptions described in subsection (1) were not in effect, exceed
27 the tax increment revenues the authority actually received for the

1 fiscal year.

2 (b) A shortfall required to be reported under subsection
3 (2)(f) that had not previously increased a distribution.

4 (c) An excess amount required to be reported under subsection
5 (2)(f) that had not previously decreased a distribution.

6 (6) A distribution or taxes retained under this section
7 replacing tax increment revenues pledged by an authority or a
8 municipality are subject to any lien of the pledge described in
9 subsection (1), whether or not there has been physical delivery of
10 the distribution.

11 (7) Obligations for which distributions are made under this
12 section are not a debt or liability of this state; do not create or
13 constitute an indebtedness, liability, or obligation of this state;
14 and are not and do not constitute a pledge of the faith and credit
15 of this state.

16 (8) Not later than September 15 of each year, the authority
17 shall provide a copy of the application for approval approved by
18 the department of treasury to the local tax collecting treasurer
19 and provide the amount of the taxes retained and paid to the
20 authority under subsection (5).

21 (9) Calculations of amounts retained and paid and
22 appropriations to be distributed under this section shall be made
23 on the basis of each development area of the authority.

24 (10) The state tax commission may provide that the
25 reimbursement calculations under this section and the calculation
26 of allowable capture of school taxes shall be made for each
27 calendar year's tax increment revenues using a 12-month debt

1 payment period used by the authority and approved by the state tax
2 commission.

3 (11) It is the intent of the legislature that, to the extent
4 that the total amount of taxes levied under the state education tax
5 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
6 retained under this section and section 411b, section 15a of the
7 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2665a,
8 and section 213c, exceeds the difference of the total school aid
9 fund revenue for the tax year minus the estimated amount of revenue
10 the school aid fund would have received for the tax year had the
11 tax exemptions described in subsection (1) and the earmark created
12 by section 515 of the Michigan business tax act, 2007 PA 36, MCL
13 208.1515, not taken effect, the general fund shall reimburse the
14 school aid fund the difference.

15 Sec. 313. (1) When the authority determines that it is
16 necessary for the achievement of the purposes of this part, the
17 authority shall prepare and submit a tax increment financing plan
18 to the governing body. The plan shall be in compliance with section
19 314 and shall include a development plan as provided in section
20 316. The plan shall also contain the following:

21 (a) A statement of the reasons that the plan will result in
22 the development of captured assessed value that could not otherwise
23 be expected. The reasons may include, but are not limited to,
24 activities of the municipality, authority, or others undertaken
25 before formulation or adoption of the plan in reasonable
26 anticipation that the objectives of the plan would be achieved by
27 some means.

1 (b) An estimate of the captured assessed value for each year
2 of the plan. The plan may provide for the use of part or all of the
3 captured assessed value, but the portion intended to be used shall
4 be clearly stated in the plan. The authority or municipality may
5 exclude from captured assessed value growth in property value
6 resulting solely from inflation. The plan shall set forth the
7 method for excluding growth in property value resulting solely from
8 inflation. The percentage of taxes levied for school operating
9 purposes that is captured and used by the plan shall not be greater
10 than the plan's percentage capture and use of taxes levied by a
11 municipality or county for operating purposes. For purposes of the
12 previous sentence, taxes levied by a county for operating purposes
13 include only millage allocated for county or charter county
14 purposes under the property tax limitation act, 1933 PA 62, MCL
15 211.201 to 211.217a. This limitation does not apply to the portion
16 of the captured assessed value shared pursuant to an agreement
17 entered into before 1989 with a county or with a city in which an
18 enterprise zone is approved under section 13 of the enterprise zone
19 act, 1985 PA 224, MCL 125.2113.

20 (c) The estimated tax increment revenues for each year of the
21 plan.

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

23 (e) The maximum amount of bonded indebtedness to be incurred.

24 (f) The amount of operating and planning expenditures of the
25 authority and municipality, the amount of advances extended by or
26 indebtedness incurred by the municipality, and the amount of
27 advances by others to be repaid from tax increment revenues.

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

3 (h) The duration of the development plan and the tax increment
4 plan.

5 (i) An estimate of the impact of tax increment financing on
6 the revenues of all taxing jurisdictions in which the development
7 area is located.

8 (2) Approval of the tax increment financing plan shall be in
9 accordance with the notice, hearing, disclosure, and approval
10 provisions of sections 317 and 318. When the development plan is
11 part of the tax increment financing plan, only 1 hearing and
12 approval procedure is required for the 2 plans together.

13 (3) Before the public hearing on the tax increment financing
14 plan, the governing body shall provide a reasonable opportunity to
15 the taxing jurisdictions in which the development is located to
16 express their views and recommendations regarding the tax increment
17 financing plan. The authority shall fully inform the taxing
18 jurisdictions about the fiscal and economic implications of the
19 proposed tax increment financing plan. The taxing jurisdictions may
20 present their recommendations at the public hearing on the tax
21 increment financing plan. The authority may enter into agreements
22 with the taxing jurisdictions and the governing body of the
23 municipality in which the development area is located to share a
24 portion of the captured assessed value of the district.

25 Sec. 314. (1) The municipal and county treasurers shall
26 transmit to the authority tax increment revenues.

27 (2) The authority shall expend the tax increment revenues

1 received for the development program only in accordance with the
2 tax increment financing plan. Surplus funds may be retained by the
3 authority for the payment of the principal of and interest on
4 outstanding tax increment bonds or for other purposes that, by
5 resolution of the board, are determined to further the development
6 program. Any surplus funds not so used shall revert proportionately
7 to the respective taxing bodies. These revenues shall not be used
8 to circumvent existing property tax laws or a local charter that
9 provides a maximum authorized rate for levy of property taxes. The
10 governing body may abolish the tax increment financing plan when it
11 finds that the purposes for which the plan was established are
12 accomplished. However, the tax increment finance plan shall not be
13 abolished, allowed to expire, or otherwise terminate until the
14 principal of, and interest on, bonds issued pursuant to section 315
15 have been paid or funds sufficient to make the payment have been
16 segregated.

17 Sec. 315. (1) By resolution of its board, the authority may
18 authorize, issue, and sell its tax increment bonds, subject to the
19 limitations set forth in this section, to finance a development
20 program. The bonds are subject to the revised municipal finance
21 act, 2001 PA 34, MCL 141.2101 to 141.2821. The bonds issued under
22 this section shall be considered a single series for the purposes
23 of the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
24 141.2821.

25 (2) The municipality by majority vote of the members of its
26 governing body may pledge its full faith and credit for the payment
27 of the principal of and interest on the authority's tax increment

1 bonds. The municipality may pledge as additional security for the
2 bonds any money received by the authority or the municipality
3 pursuant to section 311.

4 (3) Notwithstanding any other provision of this part, if the
5 state treasurer determines that an authority or municipality can
6 issue a qualified refunding obligation and the authority or
7 municipality does not make a good-faith effort to issue the
8 qualified refunding obligation as determined by the state
9 treasurer, the state treasurer may reduce the amount claimed by the
10 authority or municipality under section 312a by an amount equal to
11 the net present value saving that would have been realized had the
12 authority or municipality refunded the obligation or the state
13 treasurer may require a reduction in the capture of tax increment
14 revenues from taxes levied by a local or intermediate school
15 district or this state by an amount equal to the net present value
16 savings that would have been realized had the authority or
17 municipality refunded the obligation. This subsection does not
18 authorize the state treasurer to require the authority or
19 municipality to pledge security greater than the security pledged
20 for the obligation being refunded.

21 Sec. 316. (1) When a board decides to finance a project in a
22 development area pursuant to this part, it shall prepare a
23 development plan.

24 (2) To the extent necessary to accomplish the proposed
25 development program the development plan shall contain:

26 (a) The designation of boundaries of the development area in
27 relation to the boundaries of the authority district and any other

1 development areas within the authority district.

2 (b) The designation of boundaries of the development area in
3 relation to highways, streets, or otherwise.

4 (c) The location and extent of existing streets and other
5 public facilities within the development area and the location,
6 character, and extent of the categories of public and private land
7 uses then existing and proposed for the development area, including
8 residential, recreational, commercial, industrial, educational, and
9 other uses and shall include a legal description of the development
10 area.

11 (d) A description of improvements to be made in the
12 development area, a description of any repairs and alterations
13 necessary to make those improvements, and an estimate of the time
14 required for completion of the improvements.

15 (e) The location, extent, character, and estimated cost of the
16 improvements including rehabilitation contemplated for the
17 development area and an estimate of the time required for
18 completion.

19 (f) A statement of the construction or stages of construction
20 planned, and the estimated time of completion of each stage.

21 (g) A description of any parts of the development area to be
22 left as open space and the use contemplated for the space.

23 (h) A description of any portions of the development area
24 which the authority desires to sell, donate, exchange, or lease to
25 or from the municipality and the proposed terms.

26 (i) A description of desired zoning changes and changes in
27 streets, street levels, intersections, and utilities.

1 (j) An estimate of the cost of the development, a statement of
2 the proposed method of financing the development, and the ability
3 of the authority to arrange the financing.

4 (k) Designation of the person or persons, natural or
5 corporate, to whom all or a portion of the development is to be
6 leased, sold, or conveyed and for whose benefit the project is
7 being undertaken, if that information is available to the
8 authority.

9 (l) The procedures for bidding for the leasing, purchasing, or
10 conveying of all or a portion of the development upon its
11 completion, if there is no express or implied agreement between the
12 authority and persons, natural or corporate, that all or a portion
13 of the development will be leased, sold, or conveyed to those
14 persons.

15 (m) Estimates of the number of persons residing in the
16 development area and the number of families and individuals to be
17 displaced. If occupied residences are designated for acquisition
18 and clearance by the authority, a development plan shall include a
19 survey of the families and individuals to be displaced, including
20 their income and racial composition, a statistical description of
21 the housing supply in the community, including the number of
22 private and public units in existence or under construction, the
23 condition of those in existence, the number of owner-occupied and
24 renter-occupied units, the annual rate of turnover of the various
25 types of housing and the range of rents and sale prices, an
26 estimate of the total demand for housing in the community, and the
27 estimated capacity of private and public housing available to

1 displaced families and individuals.

2 (n) A plan for establishing priority for the relocation of
3 persons displaced by the development in any new housing in the
4 development area.

5 (o) Provision for the costs of relocating persons displaced by
6 the development, and financial assistance and reimbursement of
7 expenses, including litigation expenses and expenses incident to
8 the transfer of title, in accordance with the standards and
9 provisions of the federal uniform relocation assistance and real
10 property acquisition policies act of 1970, 42 USC 4601 to 4655.

11 (p) A plan for compliance with 1972 PA 227, MCL 213.321 to
12 213.332.

13 (q) Other material which the authority, local public agency,
14 or governing body considers pertinent.

15 (3) It shall not be necessary for the board to prepare a
16 development plan pursuant to this section where a development plan
17 that adequately provides for accomplishing the proposed development
18 program has already been prepared by any of the organizations
19 described in section 314(1)(a) to (d) and where the development
20 plan has been approved by the board and governing body pursuant to
21 sections 317 and 318.

22 Sec. 317. (1) The governing body, before adoption of a
23 resolution approving or amending a development plan or approving or
24 amending a tax increment financing plan, shall hold a public
25 hearing on the development plan. Notice of the time and place of
26 the hearing shall be given by publication twice in a newspaper of
27 general circulation designated by the municipality, the first of

1 which shall not be less than 20 days before the date set for the
2 hearing. Notice shall also be mailed to all property taxpayers of
3 record in the development area not less than 20 days before the
4 hearing. Beginning June 1, 2005, the notice of hearing within the
5 time frame described in this subsection shall be mailed by
6 certified mail to the governing body of each taxing jurisdiction
7 levying taxes that would be subject to capture if the development
8 plan or the tax increment financing plan is approved or amended.

9 (2) Notice of the time and place of hearing on a development
10 plan shall contain the following:

11 (a) A description of the proposed development area in relation
12 to highways, streets, streams, or otherwise.

13 (b) A statement that maps, plats, and a description of the
14 development plan, including the method of relocating families and
15 individuals who may be displaced from the area, are available for
16 public inspection at a place designated in the notice, and that all
17 aspects of the development plan will be open for discussion at the
18 public hearing.

19 (c) Other information that the governing body considers
20 appropriate.

21 (3) At the time set for hearing, the governing body shall
22 provide an opportunity for interested persons to be heard and shall
23 receive and consider communications in writing with reference
24 thereto. The hearing shall provide the fullest opportunity for
25 expression of opinion, for argument on the merits, and for
26 introduction of documentary evidence pertinent to the development
27 plan. The governing body shall make and preserve a record of the

1 public hearing, including all data presented at that time.

2 Sec. 318. (1) The governing body, after a public hearing on
3 the development plan or the tax increment financing plan, or both,
4 with notice of the hearing given pursuant to section 317, shall
5 determine whether the development plan or tax increment financing
6 plan constitutes a public purpose. If the governing body determines
7 that the development plan or tax increment financing plan
8 constitutes a public purpose, the governing body shall then approve
9 or reject the plan, or approve it with modification, by resolution
10 based on the following considerations:

11 (a) The findings and recommendations of a development area
12 citizens council, if a development area citizens council was
13 formed.

14 (b) Whether the development plan meets the requirements set
15 forth in section 316(2) and the tax increment financing plan meets
16 the requirements set forth in section 313(1).

17 (c) Whether the proposed method of financing the development
18 is feasible and the authority has the ability to arrange the
19 financing.

20 (d) Whether the development is reasonable and necessary to
21 carry out the purposes of this part.

22 (e) Whether the amount of captured assessed value estimated to
23 result from adoption of the plan is reasonable.

24 (f) Whether the land to be acquired within the development
25 area is reasonably necessary to carry out the purposes of the plan
26 and the purposes of this part.

27 (g) Whether the development plan is in reasonable accord with

1 the approved master plan of the municipality, if an approved master
2 plan exists.

3 (h) Whether public services, such as fire and police
4 protection and utilities, are or will be adequate to service the
5 development area.

6 (i) Whether changes in zoning, streets, street levels,
7 intersections, and utilities are reasonably necessary for the
8 project and for the municipality.

9 (2) Except as provided in this subsection, amendments to an
10 approved development plan or tax increment plan must be submitted
11 by the authority to the governing body for approval or rejection
12 following the same notice and public hearing provisions that are
13 necessary for approval or rejection of the original plan. Notice
14 and hearing shall not be necessary for revisions in the estimates
15 of captured assessed value and tax increment revenues.

16 (3) The procedure, adequacy of notice, and findings with
17 respect to purpose and captured assessed value shall be conclusive
18 unless contested in a court of competent jurisdiction within 60
19 days after adoption of the resolution adopting the plan. A plan
20 adopted before July 18, 1983 is validated and shall be conclusive
21 unless contested in a court of competent jurisdiction within 60
22 days after July 18, 1983. A plan in effect before July 18, 1983
23 shall not be contested to the extent that tax increment revenues
24 are necessary for the payment of principal and interest on
25 outstanding bonds issued pursuant to the plan and payable from the
26 tax increment revenues or to the extent the authority or
27 municipality has incurred other obligations or made commitments

1 dependent upon tax increment revenues.

2 Sec. 319. A person to be relocated under this part shall be
3 given not less than 90 days' written notice to vacate unless
4 modified by court order for good cause.

5 Sec. 320. (1) A development area citizens council shall be
6 established if the proposed development area has 100 or more
7 persons residing within it and a change in zoning or a taking of
8 property by eminent domain is necessary to accomplish the proposed
9 development program. The council shall act as an advisory body to
10 the authority and the governing body in the adoption of the
11 development plan or tax increment financing plan.

12 (2) If a development area citizens council is required, the
13 council shall be appointed by the governing body, and shall consist
14 of not less than 9 members. Each member shall be at least 18 years
15 of age and reside in the development area. The council shall be
16 established at least 60 days before the public hearing on the
17 development plan or the tax increment financing plan, or both.

18 (3) If a development area citizens council is required
19 pursuant to subsection (1) and if the authority was established
20 pursuant to section 304(1)(a), (b), (c), or (d), a council
21 established in conjunction with any of those boards or commissions,
22 may serve in an advisory capacity to the authority, if the
23 authority determines it is representative of the development area.

24 Sec. 321. Periodically a representative of the authority
25 responsible for preparation of a development or tax increment
26 financing plan within the development area shall consult with and
27 advise the development area citizens council regarding the aspects

1 of a development plan, including the development of new housing for
2 relocation purposes located either inside or outside of the
3 development area. The consultation shall begin before any final
4 decisions by the authority and the governing body regarding a
5 development or tax increment financing plan. The consultation shall
6 continue throughout the preparation and implementation of the
7 development or tax increment financing plan.

8 Sec. 322. (1) Meetings of the council shall be open to the
9 public. Notice of the time and place of the meetings shall be
10 posted in at least 10 conspicuous places in the development area
11 accessible to the public not less than 5 days before the dates set
12 for meetings of the council. A person present at those meetings
13 shall have reasonable opportunity to be heard.

14 (2) A record of the meetings of a council, including
15 information and data presented, shall be maintained by the council.

16 (3) A council may request of and receive from the authority
17 information and technical assistance relevant to the preparation of
18 the development plan for the development area.

19 (4) Failure of a council to organize or to consult with and be
20 advised by the authority, or failure to advise the governing body,
21 as provided in this part, shall not preclude the adoption of a
22 development plan by a municipality if the municipality complies
23 with the other provisions of this part.

24 Sec. 323. Within 20 days after the public hearing on a
25 development or tax increment financing plan, the council, if
26 established, shall notify the governing body, in writing, of its
27 findings and recommendations concerning a proposed development

1 plan.

2 Sec. 324. A development area citizens council may not be
3 required and, if formed, may be dissolved in any of the following
4 situations:

5 (a) On petition of not less than 20% of the adult resident
6 population of the development area by the last federal decennial or
7 municipal census, a governing body, after public hearing with
8 notice given in accordance with section 317 and by a 2/3 vote, may
9 adopt a resolution eliminating the necessity of a council for the
10 development area.

11 (b) If there are less than 18 residents located in the
12 development area eligible to serve on the council.

13 (c) Upon termination of the authority by resolution of the
14 governing body.

15 Sec. 325. (1) The director of the authority shall prepare and
16 submit for the approval of the board a budget for the operation of
17 the authority for the ensuing fiscal year. The budget shall be
18 prepared in the manner and contain the information required of
19 municipal departments. Before the budget may be adopted by the
20 board, it shall be approved by the governing body. Funds of the
21 municipality shall not be included in the budget of the authority
22 except those funds authorized in this part or by the governing
23 body.

24 (2) The governing body may assess a reasonable pro rata share
25 of the funds for the cost of handling and auditing the funds
26 against the funds of the authority, other than those committed for
27 designated purposes, which cost shall be paid annually by the board

1 pursuant to an appropriate item in its budget.

2 Sec. 326. (1) A public facility, building, or structure which
3 is determined by the municipality to have significant historical
4 interests shall be preserved in a manner as considered necessary by
5 the municipality in accordance with laws relative to the
6 preservation of historical sites.

7 (2) An authority shall refer all proposed changes to the
8 exterior of sites listed on the state register of historic sites
9 and the national register of historic places to the applicable
10 historic district commission created under the local historic
11 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
12 state housing development authority for review.

13 Sec. 327. An authority which has completed the purposes for
14 which it was organized shall be dissolved by resolution of the
15 governing body. The property and assets of the authority remaining
16 after the satisfaction of the obligations of the authority shall
17 belong to the municipality.

18 Sec. 328. Notwithstanding the limitation provided by section
19 302(1) on having more than 1 authority, if an authority district is
20 part of an area annexed to or consolidated with another
21 municipality, the authority managing that authority district shall
22 become an authority of the annexing or consolidated municipality.
23 All obligations of that authority incurred pursuant to development
24 plans or tax increment plans, all agreements related to the plans,
25 and bonds issued pursuant to this part shall remain in effect
26 following the annexation or consolidation.

27 Sec. 329. (1) Beginning January 1, 1987, a new authority or

1 authority district shall not be created and the boundaries of an
2 authority district shall not be expanded to include additional
3 land.

4 (2) A tax increment finance authority, authority district,
5 development area, development plan, or tax increment financing plan
6 established under this part before December 30, 1986 shall not be
7 invalidated pursuant to a claim that based on the standards set
8 forth in section 303(1), a governing body improperly determined
9 that the necessary conditions existed for the establishment of a
10 tax increment financing authority under this part, if, at the time
11 the governing body established the authority, the governing body
12 could have determined that establishment of an authority under this
13 part would serve to create jobs or promote economic development
14 growth.

15 (3) A development area created or expanded after December 29,
16 1986 shall be subject to the requirements of section 303(1).

17 PART 4

18 LOCAL DEVELOPMENT FINANCE AUTHORITIES

19 Sec. 401. (1) The legislature finds all of the following:

20 (a) That there exists in this state conditions of
21 unemployment, underemployment, and joblessness detrimental to the
22 state economy and the economic growth of the state economy.

23 (b) That government programs are desirable and necessary to
24 eliminate the causes of unemployment, underemployment, and
25 joblessness therefore benefiting the economic growth of the state.

26 (c) That it is appropriate to finance these government
27 programs by means available to the state and local units of

1 government, including tax increment financing.

2 (d) That tax increment financing is a government financing
3 program which contributes to economic growth and development by
4 dedicating a portion of the tax base resulting from the economic
5 growth and development to certain public facilities and structures
6 or improvements of the type designed and dedicated to public use
7 and thereby facilitate certain projects which create economic
8 growth and development.

9 (e) That it is necessary for the legislature to exercise the
10 sovereign power to legislate tax increment financing as authorized
11 in this part and in the exercise of this sovereign power to mandate
12 the transfer of tax increment revenues by city, village, township,
13 school district, and county treasurers to authorities created under
14 this part in order to effectuate the legislated government programs
15 to eliminate the conditions of unemployment, underemployment, and
16 joblessness and to promote state economic growth.

17 (f) That the creation of jobs and the promotion of economic
18 growth in the state are essential governmental functions and
19 constitute essential public purposes.

20 (g) That the creation of jobs and the promotion of economic
21 growth stabilize and strengthen the tax bases upon which local
22 units of government rely and that government programs to eliminate
23 causes of unemployment, underemployment, and joblessness benefit
24 local units of government and are for the use of those local units
25 of government.

26 (h) That the provisions of this part are enacted to provide a
27 means for local units of government to eliminate the conditions of

1 unemployment, underemployment, and joblessness and to promote
2 economic growth in the communities served by these local units of
3 government.

4 (2) This part shall be known and may be cited as "the local
5 development financing part".

6 Sec. 402. As used in this part:

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

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

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

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

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

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

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

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

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

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

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

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

21 (e) "Authority" means a local development finance authority
22 created pursuant to this part.

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

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

26 (h) "Business development area" means an area designated as a
27 certified industrial park under this part prior to June 29, 2000,

1 or an area designated in the tax increment financing plan that
2 meets all of the following requirements:

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

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

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

8 (i) Is located in a certified technology park or a certified
9 alternative energy park.

10 (ii) Is subject to an agreement under section 412a or 412c.

11 (iii) Is developed for the primary purpose of attracting 1 or
12 more owners or tenants who will engage in activities that would
13 each separately qualify the property as eligible property under
14 subdivision (s) (iii) .

15 (j) "Captured assessed value" means the amount in any 1 year
16 by which the current assessed value of the eligible property
17 identified in the tax increment financing plan or, for a certified
18 technology park, a certified alternative energy park, or a Next
19 Michigan development area, the real and personal property included
20 in the tax increment financing plan, including the current assessed
21 value of property for which specific local taxes are paid in lieu
22 of property taxes as determined pursuant to subdivision (hh) ,
23 exceeds the initial assessed value. The state tax commission shall
24 prescribe the method for calculating captured assessed value.

25 Except as otherwise provided in this part, tax abated property in a
26 renaissance zone as defined under section 3 of the Michigan
27 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded

1 from the calculation of captured assessed value to the extent that
2 the property is exempt from ad valorem property taxes or specific
3 local taxes.

4 (k) "Certified alternative energy park" means that portion of
5 an authority district designated by a written agreement entered
6 into pursuant to section 412c between the authority, the
7 municipality or municipalities, and the Michigan economic
8 development corporation.

9 (l) "Certified business park" means a business development
10 area that has been designated by the Michigan economic development
11 corporation as meeting criteria established by the Michigan
12 economic development corporation. The criteria shall establish
13 standards for business development areas including, but not limited
14 to, use, types of building materials, landscaping, setbacks,
15 parking, storage areas, and management.

16 (m) "Certified technology park" means that portion of the
17 authority district designated by a written agreement entered into
18 pursuant to section 412a between the authority, the municipality,
19 and the Michigan economic development corporation.

20 (n) "Chief executive officer" means the mayor or city manager
21 of a city, the president of a village, or, for other local units of
22 government or school districts, the person charged by law with the
23 supervision of the functions of the local unit of government or
24 school district.

25 (o) "Development plan" means that information and those
26 requirements for a development set forth in section 415.

27 (p) "Development program" means the implementation of a

1 development plan.

2 (q) "Eligible advance" means an advance made before August 19,
3 1993.

4 (r) "Eligible obligation" means an obligation issued or
5 incurred by an authority or by a municipality on behalf of an
6 authority before August 19, 1993 and its subsequent refunding by a
7 qualified refunding obligation. Eligible obligation includes an
8 authority's written agreement entered into before August 19, 1993
9 to pay an obligation issued after August 18, 1993 and before
10 December 31, 1996 by another entity on behalf of the authority.

11 (s) "Eligible property" means land improvements, buildings,
12 structures, and other real property, and machinery, equipment,
13 furniture, and fixtures, or any part or accessory thereof whether
14 completed or in the process of construction comprising an
15 integrated whole, located within an authority district, of which
16 the primary purpose and use is or will be 1 of the following:

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

19 (ii) Agricultural processing.

20 (iii) A high technology activity.

21 (iv) The production of energy by the processing of goods or
22 materials by physical or chemical change by a small power
23 production facility as defined by the Federal Energy Regulatory
24 Commission pursuant to the public utility regulatory policies act
25 of 1978, Public Law 95-617, which facility is fueled primarily by
26 biomass or wood waste. This part does not affect a person's rights
27 or liabilities under law with respect to groundwater contamination

1 described in this subparagraph. This subparagraph applies only if
2 all of the following requirements are met:

3 (A) Tax increment revenues captured from the eligible property
4 will be used to finance, or will be pledged for debt service on tax
5 increment bonds used to finance, a public facility in or near the
6 authority district designed to reduce, eliminate, or prevent the
7 spread of identified soil and groundwater contamination, pursuant
8 to law.

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

13 (C) The municipality that created the authority establishes a
14 special assessment district whereby not less than 50% of the
15 operating expenses of the public facility described in this
16 subparagraph will be paid for by special assessments. Not less than
17 50% of the amount specially assessed against all parcels in the
18 special assessment district shall be assessed against parcels owned
19 by parties potentially responsible for the identified groundwater
20 contamination pursuant to law.

21 (v) A business incubator.

22 (vi) An alternative energy technology business.

23 (vii) A transit-oriented facility.

24 (viii) A transit-oriented development.

25 (ix) An eligible Next Michigan business, as that term is
26 defined in section 3 of the Michigan economic growth authority act,
27 1995 PA 24, MCL 207.803, and other businesses within a Next

1 Michigan development area, but only to the extent designated as
2 eligible property within a development plan approved by a Next
3 Michigan development corporation.

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

5 (u) "Governing body" means, except as otherwise provided in
6 this subdivision, the elected body having legislative powers of a
7 municipality creating an authority under this part. For a Next
8 Michigan development corporation, governing body means the
9 executive committee of the Next Michigan development corporation,
10 unless otherwise provided in the interlocal agreement or articles
11 of incorporation creating the Next Michigan development corporation
12 or the governing body of an eligible urban entity or its designee
13 as provided in the next Michigan development act, 2010 PA 275, MCL
14 125.2951 to 125.2959.

15 (v) "High-technology activity" means that term as defined in
16 section 3 of the Michigan economic growth authority act, 1995 PA
17 24, MCL 207.803.

18 (w) "Initial assessed value" means the assessed value of the
19 eligible property identified in the tax increment financing plan
20 or, for a certified technology park, a certified alternative energy
21 park, or a Next Michigan development area, the assessed value of
22 any real and personal property included in the tax increment
23 financing plan, at the time the resolution establishing the tax
24 increment financing plan is approved as shown by the most recent
25 assessment roll for which equalization has been completed at the
26 time the resolution is adopted or, for property that becomes
27 eligible property in other than a certified technology park or a

1 certified alternative energy park after the date the plan is
2 approved, at the time the property becomes eligible property.
3 Property exempt from taxation at the time of the determination of
4 the initial assessed value shall be included as zero. Property for
5 which a specific local tax is paid in lieu of property tax shall
6 not be considered exempt from taxation. The initial assessed value
7 of property for which a specific local tax was paid in lieu of
8 property tax shall be determined as provided in subdivision (hh).

9 (x) "Michigan economic development corporation" means the
10 public body corporate created under section 28 of article VII of
11 the state constitution of 1963 and the urban cooperation act of
12 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual
13 interlocal agreement effective April 5, 1999 between local
14 participating economic development corporations formed under the
15 economic development corporations act, 1974 PA 338, MCL 125.1601 to
16 125.1636, and the Michigan strategic fund. If the Michigan economic
17 development corporation is unable for any reason to perform its
18 duties under this part, those duties may be exercised by the
19 Michigan strategic fund.

20 (y) "Michigan strategic fund" means the Michigan strategic
21 fund as described in the Michigan strategic fund act, 1984 PA 270,
22 MCL 125.2001 to 125.2094.

23 (z) "Municipality" means a city, village, or urban township.
24 However, for purposes of creating and operating a certified
25 alternative energy park or a certified technology park,
26 municipality includes townships that are not urban townships.

27 (aa) "Next Michigan development area" means a portion of an

1 authority district designated by a Next Michigan development
2 corporation under section 412e to which a development plan is
3 applicable.

4 (bb) "Next Michigan development corporation" means that term
5 as defined in section 3 of the next Michigan development act, 2010
6 PA 275, MCL 125.2953.

7 (cc) "Obligation" means a written promise to pay, whether
8 evidenced by a contract, agreement, lease, sublease, bond, or note,
9 or a requirement to pay imposed by law. An obligation does not
10 include a payment required solely because of default upon an
11 obligation, employee salaries, or consideration paid for the use of
12 municipal offices. An obligation does not include those bonds that
13 have been economically defeased by refunding bonds issued under
14 this part. Obligation includes, but is not limited to, the
15 following:

16 (i) A requirement to pay proceeds derived from ad valorem
17 property taxes or taxes levied in lieu of ad valorem property
18 taxes.

19 (ii) A management contract or a contract for professional
20 services.

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

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

27 (v) A letter of credit, paying agent, transfer agent, bond

1 registrar, or trustee fee associated with a contract, agreement,
2 bond, or note.

3 (dd) "On behalf of an authority", in relation to an eligible
4 advance made by a municipality or an eligible obligation or other
5 protected obligation issued or incurred by a municipality, means in
6 anticipation that an authority would transfer tax increment
7 revenues or reimburse the municipality from tax increment revenues
8 in an amount sufficient to fully make payment required by the
9 eligible advance made by a municipality, or eligible obligation or
10 other protected obligation issued or incurred by the municipality,
11 if the anticipation of the transfer or receipt of tax increment
12 revenues from the authority is pursuant to or evidenced by 1 or
13 more of the following:

14 (i) A reimbursement agreement between the municipality and an
15 authority it established.

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

18 (iii) A resolution of the authority agreeing to make payments
19 to the incorporating unit.

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

22 (ee) "Other protected obligation" means:

23 (i) A qualified refunding obligation issued to refund an
24 obligation described in subparagraph (ii) or (iii), an obligation
25 that is not a qualified refunding obligation that is issued to
26 refund an eligible obligation, or a qualified refunding obligation
27 issued to refund an obligation described in this subparagraph.

1 (ii) An obligation issued or incurred by an authority or by a
2 municipality on behalf of an authority after August 19, 1993, but
3 before December 31, 1994, to finance a project described in a tax
4 increment finance plan approved by the municipality in accordance
5 with this part before August 19, 1993, for which a contract for
6 final design is entered into by the municipality or authority
7 before March 1, 1994.

8 (iii) An obligation incurred by an authority or municipality
9 after August 19, 1993, to reimburse a party to a development
10 agreement entered into by a municipality or authority before August
11 19, 1993, for a project described in a tax increment financing plan
12 approved in accordance with this part before August 19, 1993, and
13 undertaken and installed by that party in accordance with the
14 development agreement.

15 (iv) An ongoing management or professional services contract
16 with the governing body of a county that was entered into before
17 March 1, 1994 and that was preceded by a series of limited term
18 management or professional services contracts with the governing
19 body of the county, the last of which was entered into before
20 August 19, 1993.

21 (ff) "Public facility" means 1 or more of the following:

22 (i) A street, road, bridge, storm water or sanitary sewer,
23 sewage treatment facility, facility designed to reduce, eliminate,
24 or prevent the spread of identified soil or groundwater
25 contamination, drainage system, retention basin, pretreatment
26 facility, waterway, waterline, water storage facility, rail line,
27 electric, gas, telephone or other communications, or any other type

1 of utility line or pipeline, transit-oriented facility, transit-
2 oriented development, or other similar or related structure or
3 improvement, together with necessary easements for the structure or
4 improvement. Except for rail lines, utility lines, or pipelines,
5 the structures or improvements described in this subparagraph shall
6 be either owned or used by a public agency, functionally connected
7 to similar or supporting facilities owned or used by a public
8 agency, or designed and dedicated to use by, for the benefit of, or
9 for the protection of the health, welfare, or safety of the public
10 generally, whether or not used by a single business entity. Any
11 road, street, or bridge shall be continuously open to public
12 access. A public facility shall be located on public property or in
13 a public, utility, or transportation easement or right-of-way.

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

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

23 (iv) An improvement to a facility used by the public or a
24 public facility as those terms are defined in section 1 of 1966 PA
25 1, MCL 125.1351, which improvement is made to comply with the
26 barrier free design requirements of the state construction code
27 promulgated under the Stille-DeRossett-Hale single state

1 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

2 (v) All of the following costs approved by the Michigan
3 economic development corporation:

4 (A) Operational costs and the costs related to the
5 acquisition, improvement, preparation, demolition, disposal,
6 construction, reconstruction, remediation, rehabilitation,
7 restoration, preservation, maintenance, repair, furnishing, and
8 equipping of land and other assets that are or may become eligible
9 for depreciation under the internal revenue code of 1986 for a
10 business incubator located in a certified technology park or
11 certified alternative energy park.

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

23 (C) Costs related to the acquisition, improvement,
24 preparation, demolition, disposal, construction, reconstruction,
25 remediation, rehabilitation, restoration, preservation,
26 maintenance, repair, furnishing, and equipping of land and other
27 assets that, if privately owned, would be eligible for depreciation

1 under the internal revenue code of 1986 for facilities that are or
2 that will support eligible property under subdivision (s) (vi), that
3 have been or will be owned by a public entity at the time such
4 costs are incurred, that are located within a certified alternative
5 energy park, and that have been or will be conveyed, by gift or
6 sale, by such public entity to an alternative energy technology
7 business.

8 (vi) Operating and planning costs included in a plan pursuant
9 to section 412(1)(f), including costs of marketing property within
10 the district and attracting development of eligible property within
11 the district.

12 (gg) "Qualified refunding obligation" means an obligation
13 issued or incurred by an authority or by a municipality on behalf
14 of an authority to refund an obligation if the refunding obligation
15 meets both of the following:

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

21 (ii) The net present value of the sum of the tax increment
22 revenues described in subdivision (jj) (ii) and the distributions
23 under section 411a to repay the refunding obligation will not be
24 greater than the net present value of the sum of the tax increment
25 revenues described in subdivision (jj) (ii) and the distributions
26 under section 411a to repay the obligation being refunded, as
27 calculated using a method approved by the department of treasury.

1 (hh) "Specific local taxes" means a tax levied under 1974 PA
2 198, MCL 207.551 to 207.572, the obsolete property rehabilitation
3 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial
4 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the
5 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA
6 189, MCL 211.181 to 211.182, and the technology park development
7 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed
8 value or current assessed value of property subject to a specific
9 local tax is the quotient of the specific local tax paid divided by
10 the ad valorem millage rate. However, after 1993, the state tax
11 commission shall prescribe the method for calculating the initial
12 assessed value and current assessed value of property for which a
13 specific local tax was paid in lieu of a property tax.

14 (ii) "State fiscal year" means the annual period commencing
15 October 1 of each year.

16 (jj) "Tax increment revenues" means the amount of ad valorem
17 property taxes and specific local taxes attributable to the
18 application of the levy of all taxing jurisdictions upon the
19 captured assessed value of eligible property within the district
20 or, for purposes of a certified technology park, a Next Michigan
21 development area, or a certified alternative energy park, real or
22 personal property that is located within the certified technology
23 park, a Next Michigan development area, or a certified alternative
24 energy park and included within the tax increment financing plan,
25 subject to the following requirements:

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

1 levy of all taxing jurisdictions, other than the state pursuant to
2 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
3 and local or intermediate school districts, upon the captured
4 assessed value of real and personal property in the development
5 area for any purpose authorized by this part.

6 (ii) Tax increment revenues include ad valorem property taxes
7 and specific local taxes attributable to the application of the
8 levy of the state pursuant to the state education tax act, 1993 PA
9 331, MCL 211.901 to 211.906, and local or intermediate school
10 districts upon the captured assessed value of real and personal
11 property in the development area in an amount equal to the amount
12 necessary, without regard to subparagraph (i), for the following
13 purposes:

14 (A) To repay eligible advances, eligible obligations, and
15 other protected obligations.

16 (B) To fund or to repay an advance or obligation issued by or
17 on behalf of an authority to fund the cost of public facilities
18 related to or for the benefit of eligible property located within a
19 certified technology park or a certified alternative energy park to
20 the extent the public facilities have been included in an agreement
21 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as
22 determined by the state treasurer, of the amounts levied by the
23 state pursuant to the state education tax act, 1993 PA 331, MCL
24 211.901 to 211.906, and local and intermediate school districts for
25 a period, except as otherwise provided in this sub-subparagraph,
26 not to exceed 15 years, as determined by the state treasurer, if
27 the state treasurer determines that the capture under this sub-

1 subparagraph is necessary to reduce unemployment, promote economic
2 growth, and increase capital investment in the municipality.
3 However, upon approval of the state treasurer and the president of
4 the Michigan economic development corporation, a certified
5 technology park may capture under this sub-subparagraph for an
6 additional period of 5 years if the authority agrees to additional
7 reporting requirements and modifies its tax increment financing
8 plan to include regional collaboration as determined by the state
9 treasurer and the president of the Michigan economic development
10 corporation. In addition, upon approval of the state treasurer and
11 the president of the Michigan economic development corporation, if
12 a municipality that has created a certified technology park that
13 has entered into an agreement with another authority that does not
14 contain a certified technology park to designate a distinct
15 geographic area under section 412b, that authority that has created
16 the certified technology park and the associated distinct
17 geographic area may both capture under this sub-subparagraph for an
18 additional period of 15 years as determined by the state treasurer
19 and the president of the Michigan economic development corporation.

20 (C) To fund the cost of public facilities related to or for
21 the benefit of eligible property located within a Next Michigan
22 development area to the extent that the public facilities have been
23 included in a development plan, not to exceed 50%, as determined by
24 the state treasurer, of the amounts levied by the state pursuant to
25 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
26 and local and intermediate school districts for a period not to
27 exceed 15 years, as determined by the state treasurer, if the state

1 treasurer determines that the capture under this sub-subparagraph
2 is necessary to reduce unemployment, promote economic growth, and
3 increase capital investment in the authority district.

4 (iii) Tax increment revenues do not include any of the
5 following:

6 (A) Ad valorem property taxes or specific local taxes that are
7 excluded from and not made part of the tax increment financing
8 plan. Ad valorem personal property taxes or specific local taxes
9 associated with personal property may be excluded from and may not
10 be part of the tax increment financing plan.

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

16 (C) Ad valorem property taxes exempted from capture under
17 section 404(3) or specific local taxes attributable to such ad
18 valorem property taxes.

19 (D) Ad valorem property taxes specifically levied for the
20 payment of principal and interest of obligations approved by the
21 electors or obligations pledging the unlimited taxing power of the
22 local governmental unit or specific local taxes attributable to
23 such ad valorem property taxes.

24 (E) The amount of ad valorem property taxes or specific taxes
25 captured by a downtown development authority under part 2, tax
26 increment financing authority under part 3, or brownfield
27 redevelopment authority under the brownfield redevelopment

1 financing act, 1996 PA 381, MCL 125.2651 to 125.2672, if those
2 taxes were captured by these other authorities on the date that the
3 initial assessed value of a parcel of property was established
4 under this part.

5 (F) Ad valorem property taxes levied under 1 or more of the
6 following or specific local taxes attributable to those ad valorem
7 property taxes:

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

10 (II) The art institute authorities act, 2010 PA 296, MCL
11 123.1201 to 123.1229.

12 (III) Except as otherwise provided in section 404(3), ad
13 valorem property taxes or specific local taxes attributable to
14 those ad valorem property taxes levied for a separate millage for
15 public library purposes approved by the electors after December 31,
16 2016.

17 (iv) The amount of tax increment revenues authorized to be
18 included under subparagraph (ii), and required to be transmitted to
19 the authority under section 413(1), from ad valorem property taxes
20 and specific local taxes attributable to the application of the
21 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
22 211.906, or a local school district or an intermediate school
23 district upon the captured assessed value of real and personal
24 property in a development area shall be determined separately for
25 the levy by the state, each school district, and each intermediate
26 school district as the product of sub-subparagraphs (A) and (B):

27 (A) The percentage that the total ad valorem taxes and

1 specific local taxes available for distribution by law to the
2 state, local school district, or intermediate school district,
3 respectively, bears to the aggregate amount of ad valorem millage
4 taxes and specific taxes available for distribution by law to the
5 state, each local school district, and each intermediate school
6 district.

7 (B) The maximum amount of ad valorem property taxes and
8 specific local taxes considered tax increment revenues under
9 subparagraph (ii).

10 (kk) "Transit-oriented development" means infrastructure
11 improvements that are located within 1/2 mile of a transit station
12 or transit-oriented facility that promotes transit ridership or
13 passenger rail use as determined by the board and approved by the
14 municipality in which it is located.

15 (ll) "Transit-oriented facility" means a facility that houses
16 a transit station in a manner that promotes transit ridership or
17 passenger rail use.

18 (mm) "Urban township" means a township that meets 1 or more of
19 the following:

20 (i) Meets all of the following requirements:

21 (A) Has a population of 20,000 or more, or has a population of
22 10,000 or more but is located in a county with a population of
23 400,000 or more.

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

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

27 (ii) Meets all of the following requirements:

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

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

5 (C) Has within its boundaries a parcel of property under
6 common ownership that is 800 acres or larger and is capable of
7 being served by a railroad, and located within 3 miles of a limited
8 access highway.

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

10 (iii) Meets all of the following requirements:

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

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

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

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

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

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

22 (iv) Meets all of the following requirements:

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

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

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

27 (v) Meets all of the following requirements:

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

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

6 (C) Has a master plan in effect.

7 (vi) Meets all of the following requirements:

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

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

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

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

16 (E) Has rail service.

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

18 (vii) Has joined an authority under section 403(2) which is
19 seeking or has entered into an agreement for a certified technology
20 park.

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

23 Sec. 403. (1) Except as otherwise provided by subsection (2),
24 a municipality may establish not more than 1 authority under the
25 provisions of this part. An authority established under this
26 subsection shall exercise its powers in all authority districts.

27 (2) In addition to an authority established under subsection

1 (1), a municipality may join with 1 or more other municipalities
2 located within the same county to establish an authority under this
3 part. An authority created under this subsection may only exercise
4 its powers in a certified technology park designated in an
5 agreement made under section 412a or 412b or in a certified
6 alternative energy park designated in an agreement under section
7 412c. A municipality shall not establish more than 1 authority
8 under this subsection.

9 (3) A Next Michigan development corporation may establish not
10 more than 1 authority under the provisions of this part. An
11 authority established under this subsection shall exercise its
12 powers within its authority district and in all Next Michigan
13 development areas. The authority district in which the authority
14 may exercise its powers shall include all or part of the territory
15 of a Next Michigan development corporation, as determined by the
16 governing body of the Next Michigan development corporation.

17 (4) The authority shall be a public body corporate which may
18 sue and be sued in any court of this state. The authority possesses
19 all the powers necessary to carry out the purpose of its
20 incorporation. The enumeration of a power in this part shall not be
21 construed as a limitation upon the general powers of the authority.
22 The powers granted in this part to an authority may be exercised
23 notwithstanding that bonds are not issued by the authority.

24 Sec. 404. (1) The governing body of a municipality may declare
25 by resolution adopted by a majority of its members elected and
26 serving its intention to create and provide for the operation of an
27 authority.

1 (2) In the resolution of intent, the governing body proposing
2 to create the authority shall set a date for holding a public
3 hearing on the adoption of a proposed resolution creating the
4 authority and designating the boundaries of the authority district
5 or districts. Notice of the public hearing shall be published twice
6 in a newspaper of general circulation in the municipality, not less
7 than 20 nor more than 40 days before the date of the hearing.
8 Except as otherwise provided in subsection (8), not less than 20
9 days before the hearing, the governing body proposing to create the
10 authority shall also mail notice of the hearing to the property
11 taxpayers of record in a proposed authority district and, for a
12 public hearing to be held after February 15, 1994, to the governing
13 body of each taxing jurisdiction levying taxes that would be
14 subject to capture if the authority is established and a tax
15 increment financing plan is approved. Beginning June 1, 2005, the
16 notice of hearing within the time frame described in this
17 subsection shall be mailed by certified mail to the governing body
18 of each taxing jurisdiction levying taxes that would be subject to
19 capture if the authority is established and a tax increment
20 financing plan is approved. Failure of a property taxpayer to
21 receive the notice shall not invalidate these proceedings. The
22 notice shall state the date, time, and place of the hearing, and
23 shall describe the boundaries of the proposed authority district or
24 districts. At that hearing, a resident, taxpayer, or property owner
25 from a taxing jurisdiction in which the proposed district is
26 located or an official from a taxing jurisdiction with millage that
27 would be subject to capture has the right to be heard in regard to

1 the establishment of the authority and the boundaries of that
2 proposed authority district. The governing body of the municipality
3 in which a proposed district is to be located shall not incorporate
4 land into an authority district not included in the description
5 contained in the notice of public hearing, but it may eliminate
6 lands described in the notice of public hearing from an authority
7 district in the final determination of the boundaries.

8 (3) Except as otherwise provided in subsection (8), not more
9 than 60 days after a public hearing held after February 15, 1994,
10 the governing body of a taxing jurisdiction with millage that would
11 otherwise be subject to capture may exempt its taxes from capture
12 by adopting a resolution to that effect and filing a copy with the
13 clerk of the municipality proposing to create the authority.
14 However, a resolution by a governing body of a taxing jurisdiction
15 to exempt its taxes from capture is not effective for the capture
16 of taxes that are used for a certified technology park or a
17 certified alternative energy park. The resolution takes effect when
18 filed with that clerk and remains effective until a copy of a
19 resolution rescinding that resolution is filed with that clerk. If
20 a separate millage for public library purposes was levied before
21 January 1, 2017, and all obligations and other protected
22 obligations of the authority are paid, then the levy is exempt from
23 capture under this part, unless the library board or commission
24 allows all or a portion of its taxes levied to be included as tax
25 increment revenues and subject to capture under this part under the
26 terms of a written agreement between the library board or
27 commission and the authority. The written agreement shall be filed

1 with the clerk of the municipality. However, if a separate millage
2 for public library purposes was levied before January 1, 2017, and
3 the authority alters or amends the boundaries of the authority
4 district or extends the duration of the existing finance plan, then
5 the library board or commission may, not later than 60 days after a
6 public hearing is held under this subsection, exempt all or a
7 portion of its taxes from capture by adopting a resolution to that
8 effect and filing a copy with the clerk of the municipality that
9 created the authority. For ad valorem property taxes or specific
10 local taxes attributable to those ad valorem property taxes levied
11 for a 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 part 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.

23 (4) Except as otherwise provided in subsection (8), not less
24 than 60 days after the public hearing or a shorter period as
25 determined by the governing body for a certified technology park or
26 a certified alternative energy park, if the governing body creating
27 the authority intends to proceed with the establishment of the

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

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

17 (6) The validity of the proceedings establishing an authority
18 shall be conclusive unless contested in a court of competent
19 jurisdiction within 60 days after the last of the following takes
20 place:

21 (a) Publication of the resolution creating the authority as
22 adopted.

23 (b) Filing of the resolution creating the authority with the
24 secretary of state.

25 (7) Except as otherwise provided by this subsection, if 2 or
26 more municipalities desire to establish an authority under section
27 403(2), each municipality in which the authority district will be

1 located shall comply with the procedures prescribed by this part.
2 The notice required by subsection (2) may be published jointly by
3 the municipalities establishing the authority. The resolutions
4 establishing the authority shall include, or shall approve an
5 agreement including, provisions governing the number of members on
6 the board, the method of appointment, the members to be represented
7 by governmental units or agencies, the terms of initial and
8 subsequent appointments to the board, the manner in which a member
9 of the board may be removed for cause before the expiration of his
10 or her term, the manner in which the authority may be dissolved,
11 and the disposition of assets upon dissolution. An authority
12 described in this subsection shall not be considered established
13 unless all of the following conditions are satisfied:

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

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

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

23 (8) For an authority created under section 403(3), except as
24 otherwise provided by this subsection, the Next Michigan
25 development corporation shall comply with the procedures prescribed
26 for a municipality by subsections (1) and (2) and this subsection.
27 The provisions of subsections (3) and (4) shall not apply to an

1 authority exercising its powers under section 403(3). The notice
2 required by subsection (2) may be published by the Next Michigan
3 development corporation in a newspaper or newspapers of general
4 circulation within the municipalities which are constituent members
5 of the Next Michigan development corporation, and notice shall not
6 be required to be mailed to the property taxpayers of record in the
7 proposed authority district. The governing body of the Next
8 Michigan development corporation shall be the governing body of the
9 authority. A taxing jurisdiction levying ad valorem taxes within
10 the authority district that would otherwise be subject to capture
11 which is not a party to the intergovernmental agreement may exempt
12 its taxes from capture by adopting a resolution to that effect and
13 filing a copy not more than 60 days after the public hearing with
14 the recording officer of the Next Michigan development corporation.
15 The Next Michigan development corporation shall mail notice of the
16 public hearing to the governing body of each taxing jurisdiction
17 which is not a party to the intergovernmental agreement not less
18 than 20 days before the hearing. Following the public hearing, the
19 governing body of the Next Michigan development corporation shall
20 adopt a resolution designating the boundaries of the authority
21 district within which the authority shall exercise its powers,
22 which may include any certified technology park within the proposed
23 authority district in accordance with this subsection and may
24 include property adjacent to or within 1,500 feet of a road
25 classified as an arterial or collector according to the Federal
26 Highway Administration manual "Highway Functional Classification -
27 Concepts, Criteria and Procedures" or of another road in the

1 discretion of the Next Michigan development corporation, and
2 property adjacent to that property within the territory of the Next
3 Michigan development corporation, as provided in the resolution.
4 The resolution shall be effective when adopted, shall be filed with
5 the secretary of state and the president of the Michigan strategic
6 fund promptly after its adoption, and shall be published at least
7 once in a newspaper of general circulation in the territory of the
8 Next Michigan development corporation. If an authority district
9 designated under this subsection or subsequently amended includes a
10 certified technology park which is within the authority district of
11 another authority and which is subject to an existing development
12 plan or tax increment financing plan, then that certified
13 technology park may be considered to be under the jurisdiction of
14 the authority established under section 403(3) if so provided in a
15 resolution of the authority established under section 403(3) and if
16 approved by resolution of the governing body of the municipality
17 which created the other authority, and by the president of the
18 Michigan strategic fund. If so provided and approved, then the
19 development plan and tax increment financing plan applicable to the
20 certified technology park, including all assets and obligations
21 under the plans, shall be considered assigned and transferred from
22 the other authority to the authority created under section 403(3),
23 and the initial assessed value of the certified technology park
24 prior to the transfer shall remain the initial assessed value of
25 the certified technology park following the transfer. The transfer
26 shall be effective as of the later of the effective date of the
27 resolution of the authority established under section 403(3), the

1 resolution approved by the governing body of the municipality which
2 created the other authority, and the approval of the president of
3 the Michigan strategic fund.

4 Sec. 405. (1) The authority shall be under the supervision and
5 control of a board of 7 members appointed by the chief executive
6 officer of the city, village, or urban township creating the
7 authority subject to the approval of the governing body creating
8 the authority. The board shall include 1 member appointed by the
9 county board of commissioners of the county in which the authority
10 is located. The board shall include 1 member representing a
11 community or junior college in whose district the authority is
12 located appointed by the chief executive officer of that community
13 or junior college. The board shall also include 2 members appointed
14 by the chief executive officer of each local governmental unit,
15 other than the city, village, or urban township creating the
16 authority, which levied 20% or more of the ad valorem property
17 taxes levied against all property located in an authority district
18 in the year before the year in which the authority district is
19 established. However, those additional members shall only vote on
20 matters relating to authority districts located within their
21 respective local unit of government. Of the members first
22 appointed, an equal number, as near as possible, shall have terms
23 designated by the governing body creating the authority of 1 year,
24 2 years, 3 years, and 4 years. However, a member shall hold office
25 until the member's successor is appointed. After the first
26 appointment, each member shall serve for a term of 4 years. An
27 appointment to fill a vacancy shall be made in the same manner as

1 the original appointment. An appointment to fill an unexpired term
2 shall be for the unexpired portion of the term only. Members of the
3 board shall serve without compensation, but shall be reimbursed for
4 actual and necessary expenses.

5 (2) The chairperson of the board shall be elected by the
6 board.

7 (3) Before assuming the duties of office, a member shall
8 qualify by taking and subscribing to the constitutional oath of
9 office.

10 (4) The board shall adopt rules governing its procedure and
11 the holding of regular meetings, subject to the approval of the
12 governing body. Special meetings may be held when called in the
13 manner provided in the rules of the board. Meetings of the board
14 shall be open to the public, in accordance with the open meetings
15 act, 1976 PA 267, MCL 15.261 to 15.275.

16 (5) Subject to notice and an opportunity to be heard, a member
17 of the board may be removed before the expiration of his or her
18 term for cause by the governing body. Removal of a member is
19 subject to review by the circuit court.

20 (6) All expense items of the authority shall be publicized
21 annually and the financial records shall be open to the public
22 pursuant to the freedom of information act, 1976 PA 442, MCL 15.231
23 to 15.246.

24 (7) The provisions of subsections (1) and (5) of this section
25 shall not apply to an authority exercising its powers under section
26 403(3).

27 Sec. 406. (1) The board may employ and fix the compensation of

1 a director, subject to the approval of the governing body creating
2 the authority. The director shall serve at the pleasure of the
3 board. A member of the board is not eligible to hold the position
4 of director. Before entering upon the duties of the office, the
5 director shall take and subscribe to the constitutional oath of
6 office and shall furnish bond by posting a bond in the penal sum
7 determined in the resolution establishing the authority. The bond
8 shall be payable to the authority for the use and benefit of the
9 authority, approved by the board, and filed with the clerk of the
10 municipality. The premium on the bond shall be considered an
11 operating expense of the authority, payable from funds available to
12 the authority for expenses of operation. The director shall be the
13 chief executive officer of the authority. Subject to the approval
14 of the board, the director shall supervise and be responsible for
15 the preparation of plans and the performance of the functions of
16 the authority in the manner authorized by this part. The director
17 shall attend the meetings of the board and shall render to the
18 board and to the governing body a regular report covering the
19 activities and financial condition of the authority. If the
20 director is absent or disabled, the board may designate a qualified
21 person as acting director to perform the duties of the office.
22 Before entering upon the duties of the office, the acting director
23 shall take and subscribe to the constitutional oath of office and
24 furnish bond as required of the director. The director shall
25 furnish the board with information or reports governing the
26 operation of the authority as the board requires.

27 (2) The board may appoint or employ and fix the compensation

1 of a treasurer who shall keep the financial records of the
2 authority and who, together with the director, if a director is
3 appointed, shall approve all vouchers for the expenditure of funds
4 of the authority. The treasurer shall perform other duties as may
5 be delegated by the board and shall furnish bond in an amount as
6 prescribed by the board.

7 (3) The board may appoint or employ and fix the compensation
8 of a secretary who shall maintain custody of the official seal and
9 of records, books, documents, or other papers not required to be
10 maintained by the treasurer. The secretary shall attend meetings of
11 the board and keep a record of its proceedings and shall perform
12 other duties as may be delegated by the board.

13 (4) The board may retain legal counsel to advise the board in
14 the proper performance of its duties. The legal counsel may
15 represent the authority in actions brought by or against the
16 authority.

17 (5) The board may employ other personnel considered necessary
18 by the board.

19 (6) The employees of an authority may be eligible to
20 participate in municipal retirement and insurance programs of the
21 municipality as if they were civil service employees on the same
22 basis as civil service employees.

23 Sec. 407. The board may:

24 (a) Study and analyze unemployment, underemployment, and
25 joblessness and the impact of growth upon the authority district or
26 districts.

27 (b) Plan and propose the construction, renovation, repair,

1 remodeling, rehabilitation, restoration, preservation, or
2 reconstruction of a public facility.

3 (c) Develop long-range plans, in cooperation with the agency
4 which is chiefly responsible for planning in the municipality, to
5 promote the growth of the authority district or districts, and take
6 the steps that are necessary to implement the plans to the fullest
7 extent possible to create jobs, and promote economic growth.

8 (d) Implement any plan of development necessary to achieve the
9 purposes of this part in accordance with the powers of the
10 authority as granted by this part.

11 (e) Make and enter into contracts necessary or incidental to
12 the exercise of the board's powers and the performance of its
13 duties.

14 (f) Acquire by purchase or otherwise on terms and conditions
15 and in a manner the authority considers proper, own or lease as
16 lessor or lessee, convey, demolish, relocate, rehabilitate, or
17 otherwise dispose of real or personal property, or rights or
18 interests in that property, which the authority determines is
19 reasonably necessary to achieve the purposes of this part, and to
20 grant or acquire licenses, easements, and options with respect to
21 the property.

22 (g) Improve land, prepare sites for buildings, including the
23 demolition of existing structures, and construct, reconstruct,
24 rehabilitate, restore and preserve, equip, improve, maintain,
25 repair, or operate a building, and any necessary or desirable
26 appurtenances to a building, as provided in section 412(2) for the
27 use, in whole or in part, of a public or private person or

1 corporation, or a combination thereof.

2 (h) Fix, charge, and collect fees, rents, and charges for the
3 use of a building or property or a part of a building or property
4 under the board's control, or a facility in the building or on the
5 property, and pledge the fees, rents, and charges for the payment
6 of revenue bonds issued by the authority.

7 (i) Lease a building or property or part of a building or
8 property under the board's control.

9 (j) Accept grants and donations of property, labor, or other
10 things of value from a public or private source.

11 (k) Acquire and construct public facilities.

12 (l) Incur costs in connection with the performance of the
13 board's authorized functions including, but not limited to,
14 administrative costs, and architects, engineers, legal, and
15 accounting fees.

16 (m) Plan, propose, and implement an improvement to a public
17 facility on eligible property to comply with the barrier free
18 design requirements of the state construction code promulgated
19 under the Stille-DeRossett-Hale single state constitution code act,
20 1972 PA 230, MCL 125.1501 to 125.1531.

21 Sec. 408. The authority shall be considered an instrumentality
22 of a political subdivision for purposes of 1972 PA 227, MCL 213.321
23 to 213.332.

24 Sec. 409. A municipality may take private property under the
25 uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to
26 213.75, for the purpose of transfer to the authority, and may
27 transfer the property to the authority for use as authorized in the

1 development plan, on terms and conditions it considers appropriate.
2 The taking, transfer, and use shall be considered necessary for
3 public purposes and for the benefit of the public.

4 Sec. 410. The activities of the authority shall be financed
5 from 1 or more of the following sources:

6 (a) Contributions to the authority for the performance of its
7 functions.

8 (b) Revenues from any property, building, or facility owned,
9 leased, licensed, or operated by the authority or under its
10 control, subject to the limitations imposed upon the authority by
11 trusts or other agreements.

12 (c) Tax increment revenues received pursuant to a tax
13 increment financing plan established under sections 412 to 414.

14 (d) Proceeds of tax increment bonds issued pursuant to section
15 414.

16 (e) Proceeds of revenue bonds issued pursuant to section 411.

17 (f) Money obtained from any other legal source approved by the
18 governing body of the municipality or otherwise authorized by law
19 for use by the authority or the municipality to finance a
20 development program.

21 (g) Money obtained pursuant to section 411a.

22 (h) Loans from the Michigan strategic fund or the Michigan
23 economic development corporation.

24 Sec. 411. (1) The authority may borrow money and issue its
25 negotiable revenue bonds pursuant to the revenue bond act of 1933,
26 1933 PA 94, MCL 141.101 to 141.135. Except as provided in
27 subsection (2), revenue bonds issued by the authority shall not be

1 considered a debt of the municipality or of the state.

2 (2) The municipality by a majority vote of the members of its
3 governing body may make a limited tax pledge to support the
4 authority's revenue bonds or, if authorized by the voters of the
5 municipality, may pledge its full faith and credit to support the
6 authority's revenue bonds.

7 Sec. 411a. (1) If the amount of tax increment revenues lost as
8 a result of the reduction of taxes levied by local school districts
9 for school operating purposes required by the millage limitations
10 under section 1211 of the revised school code, 1976 PA 451, MCL
11 380.1211, reduced by the amount of tax increment revenues received
12 from the capture of taxes levied under or attributable to the state
13 education tax act, 1993 PA 331, MCL 211.901 to 211.906, will cause
14 the tax increment revenues received in a fiscal year by an
15 authority under section 413 to be insufficient to repay an eligible
16 advance or to pay an eligible obligation, the legislature shall
17 appropriate and distribute to the authority the amount described in
18 subsection (5).

19 (2) Not less than 30 days before the first day of a fiscal
20 year, an authority eligible to retain tax increment revenues from
21 taxes levied by a local or intermediate school district or this
22 state or to receive a distribution under this section for that
23 fiscal year shall file a claim with the department of treasury. The
24 claim shall include the following information:

25 (a) The property tax millage rates levied in 1993 by local
26 school districts within the jurisdictional area of the authority
27 for school operating purposes.

1 (b) The property tax millage rates expected to be levied by
2 local school districts within the jurisdictional area of the
3 authority for school operating purposes for that fiscal year.

4 (c) The tax increment revenues estimated to be received by the
5 authority for that fiscal year based upon actual property tax
6 levies of all taxing jurisdictions within the jurisdictional area
7 of the authority plus any tax increment revenues the authority
8 would have received for the fiscal year from property that is
9 exempt from taxation pursuant to the Michigan renaissance zone act,
10 1996 PA 376, MCL 125.2681 to 125.2696, based on the property's
11 taxable value at the time the zone is designated.

12 (d) The tax increment revenues the authority estimates it
13 would have received for that fiscal year if property taxes were
14 levied by local school districts within the jurisdictional area of
15 the authority for school operating purposes at the millage rates
16 described in subdivision (a) and if no property taxes were levied
17 by this state under the state education tax act, 1993 PA 331, MCL
18 211.901 to 211.906.

19 (e) A list and documentation of eligible obligations and
20 eligible advances and the payments due on each of those eligible
21 obligations or eligible advances in that fiscal year, and the total
22 amount of all the payments due on those eligible obligations and
23 eligible advances in that fiscal year.

24 (f) The amount of money, other than tax increment revenues,
25 estimated to be received in that fiscal year by the authority that
26 is primarily pledged to, and to be used for, the payment of an
27 eligible obligation or the repayment of an eligible advance. That

1 amount shall not include excess tax increment revenues of the
2 authority that are permitted by law to be retained by the authority
3 for purposes that further the development program. However, that
4 amount shall include money to be obtained from sources authorized
5 by law, which law is enacted on or after December 1, 1993, for use
6 by the municipality or authority to finance a development project.

7 (g) The amount of a distribution received pursuant to this
8 part for a fiscal year in excess of or less than the distribution
9 that would have been required if calculated upon actual tax
10 increment revenues received for that fiscal year.

11 (h) A list and documentation of other protected obligations
12 and the payments due on each of those other protected obligations
13 in that fiscal year, and the total amount of all the payments due
14 on those other protected obligations in that fiscal year.

15 (3) For the fiscal year that commences after September 30,
16 1993 and before October 1, 1994, an authority may make a claim with
17 all information required by subsection (2) at any time after March
18 15, 1994.

19 (4) After review and verification of claims submitted pursuant
20 to this section, amounts appropriated by the state in compliance
21 with this part shall be distributed as 2 equal payments on March 1
22 and September 1 after receipt of a claim. An authority shall
23 allocate a distribution it receives for an eligible obligation
24 issued on behalf of a municipality to the municipality.

25 (5) Subject to subsections (6) and (7), the aggregate amount
26 to be appropriated and distributed pursuant to this section to an
27 authority shall be the sum of the amounts determined pursuant to

1 subdivisions (a) and (b) minus the amount determined pursuant to
2 subdivision (c), as follows:

3 (a) The amount by which the tax increment revenues the
4 authority would have received for the fiscal year, if property
5 taxes were levied by local school districts on property, including
6 property that is exempt from taxation pursuant to the Michigan
7 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based
8 on the property's taxable value at the time the zone is designated,
9 for school operating purposes at the millage rates described in
10 subsection (2)(a) and if no property taxes were levied under the
11 state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
12 exceed the sum of tax increment revenues the authority actually
13 received for the fiscal year plus any tax increment revenues the
14 authority would have received for the fiscal year from property
15 that is exempt from taxation pursuant to the Michigan renaissance
16 zone act, 1996 PA 376, MCL 125.2681 to 125.2696, based on the
17 property's taxable value at the time the zone is designated.

18 (b) A shortfall required to be reported pursuant to subsection
19 (2)(g) that had not previously increased a distribution.

20 (c) An excess amount required to be reported pursuant to
21 subsection (2)(g) that had not previously decreased a distribution.

22 (6) The amount distributed under subsection (5) shall not
23 exceed the difference between the amount described in subsection
24 (2)(e) and the sum of the amounts described in subsection (2)(c)
25 and (f).

26 (7) If, based upon the tax increment financing plan in effect
27 on August 19, 1993, the payment due on eligible obligations or

1 eligible advances anticipates the use of excess prior year tax
2 increment revenues permitted by law to be retained by the
3 authority, and if the sum of the amounts described in subsection
4 (2)(c) and (f) plus the amount to be distributed under subsections
5 (5) and (6) is less than the amount described in subsection (2)(e),
6 the amount to be distributed under subsections (5) and (6) shall be
7 increased by the amount of the shortfall. However, the amount
8 authorized to be distributed pursuant to this section shall not
9 exceed that portion of the cumulative difference, for each
10 preceding fiscal year, between the amount that could have been
11 distributed pursuant to subsection (5) and the amount actually
12 distributed pursuant to subsections (5) and (6) and this
13 subsection.

14 (8) A distribution under this section replacing tax increment
15 revenues pledged by an authority or a municipality is subject to
16 the lien of the pledge, whether or not there has been physical
17 delivery of the distribution.

18 (9) Obligations for which distributions are made pursuant to
19 this section are not a debt or liability of this state; do not
20 create or constitute an indebtedness, liability, or obligation of
21 this state; and are not and do not constitute a pledge of the faith
22 and credit of this state.

23 (10) Not later than July 1 of each year, the authority shall
24 certify to the local tax collecting treasurer the amount of the
25 distribution required under subsection (5), calculated without
26 regard to the receipt of tax increment revenues attributable to
27 local or intermediate school district operating taxes or

1 attributable to taxes levied under the state education tax act,
2 1993 PA 331, MCL 211.901 to 211.906.

3 (11) Calculations of distributions under this section and
4 claims reports required to be made under subsection (2) shall be
5 made on the basis of each development area of the authority.

6 (12) The state tax commission may provide that the
7 reimbursement calculations under this section and the calculation
8 of allowable capture of school taxes shall be made for each
9 calendar year's tax increment revenues using a 12-month debt
10 payment period used by the authority and approved by the state tax
11 commission.

12 Sec. 411b. (1) If the amount of tax increment revenues lost as
13 a result of the personal property tax exemptions provided by
14 section 1211(4) of the revised school code, 1976 PA 451, MCL
15 380.1211, section 3 of the state education tax act, 1993 PA 331,
16 MCL 211.903, section 14(4) of 1974 PA 198, MCL 207.564, and section
17 9k of the general property tax act, 1893 PA 206, MCL 211.9k, will
18 reduce the allowable school tax capture received in a fiscal year,
19 then, notwithstanding any other provision of this part, the
20 authority, with approval of the department of treasury under
21 subsection (3), may request the local tax collecting treasurer to
22 retain and pay to the authority taxes levied under the state
23 education tax act, 1993 PA 331, MCL 211.901 to 211.906, to be used
24 for the following:

25 (a) To repay an eligible advance.

26 (b) To repay an eligible obligation.

27 (c) To repay an other protected obligation.

1 (d) To pay an advance or an obligation identified in a
2 development plan, or an amendment to that plan for property located
3 in a certified technology park approved by board of the authority
4 not later than 90 days after July 19, 2010 if the plan contains all
5 of the following and the plan for the capture of school taxes has
6 been approved within 1 year after July 19, 2010:

7 (i) A detailed description of the project.

8 (ii) A statement of the estimated cost of the project.

9 (iii) The specific location of the project.

10 (iv) The name of any developer of the project.

11 (e) To pay an advance or an obligation identified in a
12 development plan, or an amendment to that plan for property located
13 in a certified alternative energy park approved by the board of the
14 authority if the plan contains all of the following and the plan
15 for the capture of school taxes has been approved not later than
16 December 31, 2012:

17 (i) A detailed description of the project.

18 (ii) A statement of the estimated cost of the project.

19 (iii) The specific location of the project.

20 (iv) The name of any developer of the project.

21 (2) Not later than June 15, 2008, not later than September 30,
22 2009, and not later than June 1 of each subsequent year, an
23 authority eligible under subsection (1) to have taxes levied under
24 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,
25 retained and paid to the authority under this section, shall apply
26 for approval with the department of treasury. The application for
27 approval shall include the following information:

1 (a) The property tax millage rates expected to be levied by
2 local school districts within the jurisdictional area of the
3 authority for school operating purposes for that fiscal year.

4 (b) The tax increment revenues estimated to be received by the
5 authority for that fiscal year based upon actual property tax
6 levies of all taxing jurisdictions within the jurisdictional area
7 of the authority.

8 (c) The tax increment revenues the authority estimates it
9 would have received for that fiscal year if the personal property
10 tax exemptions described in subsection (1) were not in effect.

11 (d) A list of eligible obligations, eligible advances, other
12 protected obligations, and advances and obligations described in
13 subsection (1)(d) for expenditures authorized in a certified
14 technology park or described in subsection (1)(e) for expenditures
15 authorized in a certified alternative energy park; the payments due
16 on each of those in that fiscal year; and the total amount of
17 payments due on all of those in that fiscal year.

18 (e) The amount of money, other than tax increment revenues,
19 estimated to be received in that fiscal year by the authority that
20 is primarily pledged to, and to be used for, the payment of an
21 eligible obligation, the repayment of an eligible advance, the
22 payment of another protected obligation, the payment of obligations
23 or advances described in subsection (1)(d) for expenditures
24 authorized in a certified technology park, or the payment of
25 obligations or advances described in subsection (1)(e) for
26 expenditures authorized in a certified alternative energy park.
27 That amount shall not include excess tax increment revenues of the

1 authority that are permitted by law to be retained by the authority
2 for purposes that further the development program. However, that
3 amount shall include money to be obtained from sources authorized
4 by law, which law is enacted on or after December 1, 1993, for use
5 by the municipality or authority to finance a development plan.

6 (f) The amount of a distribution received pursuant to this
7 part for a fiscal year in excess of or less than the distribution
8 that would have been required if calculated upon actual tax
9 increment revenues received for that fiscal year.

10 (3) Not later than August 15, 2008; for 2009 only, not later
11 than 30 days after August 1, 2012; and not later than August 15 of
12 each subsequent year, based on the calculations under subsection
13 (5), the department of treasury shall approve, modify, or deny the
14 application for approval to have taxes levied under the state
15 education tax act, 1993 PA 331, MCL 211.901 to 211.906, retained
16 and paid to the authority under this section. If the application
17 for approval contains the information required under subsection
18 (2)(a) through (f) and appears to be in substantial compliance with
19 the provisions of this section, then the department of treasury
20 shall approve the application. If the application is denied by the
21 department of treasury, then the department of treasury shall
22 provide the opportunity for a representative of the authority to
23 discuss the denial within 21 days after the denial occurs and shall
24 sustain or modify its decision within 30 days after receiving
25 information from the authority. If the application for approval is
26 approved or modified by the department of treasury, the local tax
27 collecting treasurer shall retain and pay to the authority the

1 amount described in subsection (5) as approved by the department.
2 If the department of treasury denies the authority's application
3 for approval, the local tax collecting treasurer shall not retain
4 or pay to the authority the taxes levied under the state education
5 tax act, 1993 PA 331, MCL 211.901 to 211.906. An approval by the
6 department does not prohibit a subsequent audit of taxes retained
7 in accordance with the procedures currently authorized by law.

8 (4) Each year, the legislature shall appropriate and
9 distribute an amount sufficient to pay each authority the
10 following:

11 (a) If the amount to be retained and paid under subsection (3)
12 is less than the amount calculated under subsection (5), the
13 difference between those amounts.

14 (b) If the application for approval is denied by the
15 department of treasury, an amount verified by the department equal
16 to the amount calculated under subsection (5).

17 (5) Subject to subsection (6), the aggregate amount under this
18 section shall be the sum of the amounts determined under
19 subdivisions (a) and (b) minus the amount determined under
20 subdivision (c), as follows:

21 (a) The amount by which the tax increment revenues the
22 authority would have received and retained for the fiscal year,
23 excluding taxes exempt under section 7ff of the general property
24 tax act, 1893 PA 206, MCL 211.7ff, if the personal property tax
25 exemptions described in subsection (1) were not in effect, exceed
26 the tax increment revenues the authority actually received for the
27 fiscal year.

1 (b) A shortfall required to be reported under subsection
2 (2)(f) that had not previously increased a distribution.

3 (c) An excess amount required to be reported under subsection
4 (2)(f) that had not previously decreased a distribution.

5 (6) A distribution or taxes retained under this section
6 replacing tax increment revenues pledged by an authority or a
7 municipality are subject to any lien of the pledge described in
8 subsection (1), whether or not there has been physical delivery of
9 the distribution.

10 (7) Obligations for which distributions are made under this
11 section are not a debt or liability of this state; do not create or
12 constitute an indebtedness, liability, or obligation of this state;
13 and are not and do not constitute a pledge of the faith and credit
14 of this state.

15 (8) Not later than September 15 of each year, the authority
16 shall provide a copy of the application for approval approved by
17 the department of treasury to the local tax collecting treasurer
18 and provide the amount of the taxes retained and paid to the
19 authority under subsection (5).

20 (9) Calculations of amounts retained and paid and
21 appropriations to be distributed under this section shall be made
22 on the basis of each development area of the authority.

23 (10) The state tax commission may provide that the
24 reimbursement calculations under this section and the calculation
25 of allowable capture of school taxes shall be made for each
26 calendar year's tax increment revenues using a 12-month debt
27 payment period used by the authority and approved by the state tax

1 commission.

2 (11) It is the intent of the legislature that, to the extent
3 that the total amount of taxes levied under the state education tax
4 act, 1993 PA 331, MCL 211.901 to 211.906, that are allowed to be
5 retained under this section and section 15a of the brownfield
6 redevelopment financing act, 1996 PA 381, MCL 125.2665a, section
7 312b, and section 213c exceeds the difference of the total school
8 aid fund revenue for the tax year minus the estimated amount of
9 revenue the school aid fund would have received for the tax year
10 had the tax exemptions described in subsection (1) and the earmark
11 created by section 515 of the Michigan business tax act, 2007 PA
12 36, MCL 208.1515, not taken effect, the general fund shall
13 reimburse the school aid fund the difference.

14 Sec. 412. (1) If the board determines that it is necessary for
15 the achievement of the purposes of this part, the board shall
16 prepare and submit a tax increment financing plan to the governing
17 body. The plan shall be in compliance with section 413 and shall
18 include a development plan as provided in section 415. The plan
19 shall also contain the following:

20 (a) A statement of the reasons that the plan will result in
21 the development of captured assessed value that could not otherwise
22 be expected. The reasons may include, but are not limited to,
23 activities of the municipality, authority, or others undertaken
24 before formulation or adoption of the plan in reasonable
25 anticipation that the objectives of the plan would be achieved by
26 some means.

27 (b) An estimate of the captured assessed value for each year

1 of the plan. The plan may provide for the use of part or all of the
2 captured assessed value or, subject to subsection (3), of the tax
3 increment revenues attributable to the levy of any taxing
4 jurisdiction, but the portion intended to be used shall be clearly
5 stated in the plan. The board or the municipality creating the
6 authority may exclude from captured assessed value a percentage of
7 captured assessed value as specified in the plan or growth in
8 property value resulting solely from inflation. If excluded, the
9 plan shall set forth the method for excluding growth in property
10 value resulting solely from inflation.

11 (c) The estimated tax increment revenues for each year of the
12 plan.

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

14 (e) The maximum amount of note or bonded indebtedness to be
15 incurred, if any.

16 (f) The amount of operating and planning expenditures of the
17 authority and municipality, the amount of advances extended by or
18 indebtedness incurred by the municipality, and the amount of
19 advances by others to be repaid from tax increment revenues.

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

22 (h) The duration of the development plan and the tax increment
23 plan.

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

27 (j) A legal description of the eligible property to which the

1 tax increment financing plan applies or shall apply upon
2 qualification as eligible property.

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

5 (l) The proposed boundaries of a certified technology park to
6 be created under an agreement proposed to be entered into pursuant
7 to section 412a, or of a certified alternative energy park to be
8 created under an agreement proposed to be entered into pursuant to
9 section 412c, or of a Next Michigan development area designated
10 under section 412e, an identification of the real property within
11 the certified technology park, the certified alternative energy
12 park, or the Next Michigan development area to be included in the
13 tax increment financing plan for purposes of determining tax
14 increment revenues, and whether personal property located in the
15 certified technology park, the certified alternative energy park,
16 or the Next Michigan development area is exempt from determining
17 tax increment revenues.

18 (2) Except as provided in subsection (7), a tax increment
19 financing plan shall provide for the use of tax increment revenues
20 for public facilities for eligible property whose captured assessed
21 value produces the tax increment revenues or, to the extent the
22 eligible property is located within a business development area or
23 a Next Michigan development area, for other eligible property
24 located in the business development area or the Next Michigan
25 development area. Public facilities for eligible property include
26 the development or improvement of access to and around, or within
27 the eligible property, of road facilities reasonably required by

1 traffic flow to be generated by the eligible property, and the
2 development or improvement of public facilities that are necessary
3 to service the eligible property, whether or not located on that
4 eligible property. If the eligible property identified in the tax
5 increment financing plan is property to which section 402(p)(iv)
6 applies, the tax increment financing plan shall not provide for the
7 use of tax increment revenues for public facilities other than
8 those described in the development plan as of April 1, 1991.

9 Whether or not provided in the tax increment financing plan, if the
10 eligible property identified in the tax increment financing plan is
11 property to which section 402(s)(iv) applies, then to the extent
12 that captured tax increment revenues are utilized for the costs of
13 cleanup of identified soil and groundwater contamination, the
14 captured tax increment revenues shall be first credited against the
15 shares of responsibility for the total costs of cleanup of
16 uncollectible parties who are responsible for the identified soil
17 and groundwater contamination pursuant to law, and then shall be
18 credited on a pro rata basis against the shares of responsibility
19 for the total costs of cleanup of other parties who are responsible
20 for the identified soil and groundwater contamination pursuant to
21 law.

22 (3) The percentage of taxes levied for school operating
23 purposes that is captured and used by the tax increment financing
24 plan and the tax increment financing plans under part 2, part 3,
25 and the brownfield redevelopment financing act, 1996 PA 381, MCL
26 125.2651 to 125.2672, shall not be greater than the percentage
27 capture and use of taxes levied by a municipality or county for

1 operating purposes under the tax increment financing plan and tax
2 increment financing plans under part 2, part 3, and the brownfield
3 redevelopment financing act, 1996 PA 381, MCL 125.2651 to 125.2672.
4 For purposes of the previous sentence, taxes levied by a county for
5 operating purposes include only millage allocated for county or
6 charter county purposes under the property tax limitation act, 1933
7 PA 62, MCL 211.201 to 211.217a.

8 (4) Except as otherwise provided by this subsection, approval
9 of the tax increment financing plan shall be in accordance with the
10 notice, hearing, disclosure, and approval provisions of sections
11 416 and 417. If the development plan is part of the tax increment
12 financing plan, only 1 hearing and approval procedure is required
13 for the 2 plans together. For a plan submitted by an authority
14 established by 2 or more municipalities under sections 403(2) and
15 404(7) or by an authority established by a Next Michigan
16 development corporation under sections 403(3) and 404(8), the
17 notice required by section 416 may be published jointly by the
18 municipalities in which the authority district is located or by the
19 Next Michigan development corporation. For a plan submitted by an
20 authority exercising its powers under sections 403(2) and 404(7),
21 the plan shall not be considered approved unless each governing
22 body in which the authority district is located makes the
23 determinations required by section 417 and approves the same plan,
24 including the same modifications, if any, made to the plan by any
25 other governing body. A plan submitted by an authority exercising
26 its powers under sections 403(3) and 404(8) shall be approved if
27 the governing body of the Next Michigan development corporation

1 makes the determinations required by section 417.

2 (5) Before the public hearing on the tax increment financing
3 plan, the governing body shall provide a reasonable opportunity to
4 the taxing jurisdictions levying taxes subject to capture to
5 express their views and recommendations regarding the tax increment
6 financing plan. The authority shall fully inform the taxing
7 jurisdictions about the fiscal and economic implications of the
8 proposed tax increment financing plan. The taxing jurisdictions may
9 present their recommendations at the public hearing on the tax
10 increment financing plan. The authority may enter into agreements
11 with the taxing jurisdictions and the governing body of the
12 municipality in which the authority district is located to share a
13 portion of the captured assessed value of the district or to
14 distribute tax increment revenues among taxing jurisdictions. Upon
15 adoption of the plan, the collection and transmission of the amount
16 of tax increment revenues, as specified in this part, shall be
17 binding on all taxing units levying ad valorem property taxes or
18 specific local taxes against property located in the authority
19 district.

20 (6) Property qualified as a public facility under section
21 402(ff)(ii) that is acquired by an authority may be sold, conveyed,
22 or otherwise disposed to any person, public or private, for fair
23 market value or reasonable monetary consideration established by
24 the authority with the concurrence of the Michigan economic
25 development corporation and the municipality in which the eligible
26 property is located based on a fair market value appraisal from a
27 fee appraiser only if the property is sold for fair market value.

1 Unless the property acquired by an authority was located within a
2 certified business park, a certified technology park, a certified
3 alternative energy park, or a Next Michigan development area at the
4 time of disposition, an authority shall remit all monetary proceeds
5 received from the sale or disposition of property that qualified as
6 a public facility under section 402(ff)(ii) and was purchased with
7 tax increment revenues to the taxing jurisdictions. Proceeds
8 distributed to taxing jurisdictions shall be remitted in proportion
9 to the amount of tax increment revenues attributable to each taxing
10 jurisdiction in the year the property was acquired. If the property
11 was acquired in part with funds other than tax increment revenues,
12 only that portion of the monetary proceeds received upon
13 disposition that represent the proportion of the cost of
14 acquisition paid with tax increment revenues is required to be
15 remitted to taxing jurisdictions. If the property is located within
16 a certified business park, a certified technology park, or a
17 certified alternative energy park, or a Next Michigan development
18 area at the time of disposition, the monetary proceeds received
19 from the sale or disposition of that property may be retained by
20 the authority for any purpose necessary to further the development
21 program for the certified business park, certified technology park,
22 certified alternative energy park, or Next Michigan development
23 area in accordance with the tax increment financing plan.

24 (7) The tax increment financing plan may provide for the use
25 of tax increment revenues from a certified technology park for
26 public facilities for any eligible property located in the
27 certified technology park. The tax increment financing plan may

1 provide for the use of tax increment revenues from a certified
2 alternative energy park for public facilities for any eligible
3 property located in the certified alternative energy park. The tax
4 increment financing plan may provide for the use of tax increment
5 revenues within or without the development area from which the tax
6 increment revenues are derived, provided that the tax increment
7 revenues shall be used for public facilities within a Next Michigan
8 development area within the municipality whose levy has contributed
9 to the tax increment revenues except as otherwise provided in the
10 interlocal agreement creating the Next Michigan development
11 corporation that established the authority.

12 (8) If title to property qualified as a public facility under
13 section 402(ff)(ii) and acquired by an authority with tax increment
14 revenues is sold, conveyed, or otherwise disposed of pursuant to
15 subsection (6) for less than fair market value, the authority shall
16 enter into an agreement relating to the use of the property with
17 the person to whom the property is sold, conveyed, or disposed of,
18 which agreement shall include a penalty provision addressing
19 repayment to the authority if any interest in the property is sold,
20 conveyed, or otherwise disposed of by the person within 12 years
21 after the person received title to the property from the authority.
22 This subsection shall not require enforcement of a penalty
23 provision for a conveyance incident to a merger, acquisition,
24 reorganization, sale-lease back transaction, employee stock
25 ownership plan, or other change in corporate or business form or
26 structure.

27 (9) The penalty provision described in subsection (8) shall

1 not be less than an amount equal to the difference between the fair
2 market value of the property when originally sold, conveyed, or
3 otherwise disposed of and the actual consideration paid by the
4 person to whom the property was originally sold, conveyed, or
5 otherwise disposed of.

6 Sec. 412a. (1) A municipality that has created an authority
7 may apply to the Michigan economic development corporation for
8 designation of all or a portion of the authority district as a
9 certified technology park and to enter into an agreement governing
10 the terms and conditions of the designation. The form of the
11 application shall be in a form specified by the Michigan economic
12 development corporation and shall include information the Michigan
13 economic development corporation determines necessary to make the
14 determinations required under this section.

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

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

26 (i) Grants of preferences for access to and commercialization
27 of intellectual property.

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

4 (iii) Donations of services.

5 (iv) Access to telecommunication facilities and other
6 infrastructure.

7 (v) Financial commitments.

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

9 (vii) Opportunities for adjunct faculty and other types of
10 staff arrangements or affiliations.

11 (b) A demonstration of a significant commitment on behalf of
12 the institution of higher education, private research-based
13 institute, or a large, private corporate research and development
14 center to the commercialization of research produced at the
15 certified technology park, as evidenced by the intellectual
16 property and, if applicable, tenure policies that reward faculty
17 and staff for commercialization and collaboration with private
18 businesses.

19 (c) A demonstration that the proposed certified technology
20 park will be developed to take advantage of the unique
21 characteristics and specialties offered by the public and private
22 resources available in the area in which the proposed certified
23 technology park will be located.

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

27 (i) Significant financial and other types of support from the

1 public or private resources in the area in which the proposed
2 certified technology park will be located.

3 (ii) A business plan exhibiting the economic utilization and
4 availability of resources and a likelihood of successful
5 development of technologies and research into viable business
6 enterprises.

7 (iii) A commitment to the employment of a qualified full-time
8 manager to supervise the development and operation of the business
9 incubator.

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

14 (i) A commitment to new business formation.

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

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

18 (iv) The availability of and method proposed for development
19 of infrastructure and other improvements, including
20 telecommunications technology, necessary for the development of the
21 proposed certified technology park.

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

24 (f) A demonstrable and satisfactory assurance that the
25 proposed certified technology park can be developed to principally
26 contain eligible property as defined by section 402(s) (iii) and
27 (v) .

1 (3) An authority and a municipality that incorporated the
2 authority may enter into an agreement with the Michigan economic
3 development corporation establishing the terms and conditions
4 governing the certified technology park. Upon designation of the
5 certified technology park pursuant to the terms of the agreement,
6 the subsequent failure of any party to comply with the terms of the
7 agreement shall not result in the termination or rescission of the
8 designation of the area as a certified technology park. The
9 agreement shall include, but is not limited to, the following
10 provisions:

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

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

16 (c) The financial commitments of any party to the agreement
17 and of any owner or developer of property within the certified
18 technology park.

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

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

27 (f) The public facilities to be developed for the certified

1 technology park.

2 (g) The costs approved for public facilities under section
3 402(dd).

4 (4) If the Michigan economic development corporation has
5 determined that a sale price or rental value at below market rate
6 will assist in increasing employment or private investment in the
7 certified technology park, the authority and municipality have
8 authority to determine the sale price or rental value for public
9 facilities owned or developed by the authority and municipality in
10 the certified technology park at below market rate.

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

18 (6) Except as otherwise provided in this section, an agreement
19 designating a certified technology park may not be made after
20 December 31, 2002, but any agreement made on or before December 31,
21 2002 may be amended after that date. However, the Michigan economic
22 development corporation may enter into an agreement with a
23 municipality after December 31, 2002 and on or before December 31,
24 2005 if that municipality has adopted a resolution of interest to
25 create a certified technology park before December 31, 2002.

26 (7) The Michigan economic development corporation shall market
27 the certified technology parks and the certified business parks.

1 The Michigan economic development corporation and an authority may
2 contract with each other or any third party for these marketing
3 services.

4 (8) Except as otherwise provided in subsections (9), (10), and
5 (11), the Michigan economic development corporation shall not
6 designate more than 10 certified technology parks. For purposes of
7 this subsection only, 2 certified technology parks located in a
8 county that contains a city with a population of more than 750,000,
9 shall be counted as 1 certified technology park. Not more than 7 of
10 the certified technology parks designated under this section may
11 not include a firm commitment from at least 1 business engaged in a
12 high technology activity creating a significant number of jobs.

13 (9) The Michigan economic development corporation may
14 designate an additional 5 certified technology parks after November
15 1, 2002 and before December 31, 2007. The Michigan economic
16 development corporation shall not accept applications for the
17 additional certified technology parks under this subsection until
18 after November 1, 2002.

19 (10) The Michigan economic development corporation may
20 designate an additional 3 certified technology parks after February
21 1, 2008 and before December 31, 2008. The Michigan economic
22 development corporation shall not accept applications for the
23 additional certified technology parks under this subsection until
24 after February 1, 2008.

25 (11) The Michigan economic development corporation may
26 designate an additional 3 certified technology parks before March
27 31, 2013. It is the intent of the legislature that after the

1 additional 3 certified technology parks are designated under this
2 subsection, no additional certified technology parks shall be
3 designated under this section.

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

6 (13) For an authority established by 2 or more municipalities
7 under sections 403(2) and 404(7), each municipality in which the
8 authority district is located by a majority vote of the members of
9 its governing body may make a limited tax pledge to support the
10 authority's tax increment bonds issued under section 14 or, if
11 authorized by the voters of the municipality, may pledge its full
12 faith and credit for the payment of the principal of and interest
13 on the bonds. The municipalities that have made a pledge to support
14 the authority's tax increment bonds may approve by resolution an
15 agreement among themselves establishing obligations each may have
16 to the other party or parties to the agreement for reimbursement of
17 all or any portion of a payment made by a municipality related to
18 its pledge to support the authority's tax increment bonds.

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

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

27 (b) Reimburse local school districts each year for all tax

1 revenue lost that was captured by an authority for a certified
2 technology park designated by the Michigan economic development
3 corporation after October 3, 2002.

4 (c) Reimburse the school aid fund from funds other than those
5 appropriated in section 411 of the state school aid act of 1979,
6 1979 PA 94, MCL 388.1611, for an amount equal to the reimbursement
7 calculations under subdivisions (a) and (b) and for all revenue
8 lost that was captured by an authority for a certified technology
9 park designated by the Michigan economic development corporation
10 after October 3, 2002. Foundation allowances calculated under
11 section 20 of the state school aid act of 1979, 1979 PA 94, MCL
12 388.1620, shall not be reduced as a result of tax revenue lost that
13 was captured by an authority for a certified technology park
14 designated by the Michigan economic development corporation under
15 subsection (9), (10), or (11) after October 3, 2002.

16 Sec. 412b. (1) A municipality that has created an authority in
17 which a certified technology park has been designated under this
18 part may enter into an agreement with another authority that does
19 not contain a certified technology park to designate a distinct
20 geographic area within the authority district as a certified
21 technology park. The authority shall consider the advantages of the
22 unique characteristics and specialties offered by the public and
23 private resources available in the distinct geographic area, shall
24 consider the benefits to regional cooperation and collaboration,
25 and shall consider whether designating the additional distinct
26 geographic area adds value to the mission of the designated
27 certified technology park. The distinct geographic area is subject

1 to the provisions of section 412a(3), (4), and (5). The state
2 treasurer shall not approve the capture of amounts levied by the
3 state under the state education tax act, 1993 PA 331, MCL 211.901
4 to 211.906, and by local and intermediate school districts as
5 permitted in section 402(jj)(ii)(B) for more than 9 distinct
6 geographic areas designated under this section. In addition,
7 beginning on July 21, 2015, the state treasurer shall not approve
8 the capture of amounts described in this subsection unless the
9 application for approval of a distinct geographic area under this
10 subsection is also approved by the Michigan economic development
11 corporation as provided in subsection (2). A copy of the
12 designation shall be filed with the Michigan economic development
13 corporation.

14 (2) Beginning on July 21, 2015, the Michigan economic
15 development corporation shall designate the distinct geographic
16 areas under subsection (1) pursuant to a competitive application
17 process that has an initial application period and a final
18 application period and that meets all the following:

19 (a) The initial application period shall begin on July 21,
20 2015 and end on October 1, 2015. All applications submitted during
21 the initial application period shall be approved or denied not
22 later than November 1, 2015. The Michigan economic development
23 corporation may approve up to 3 applications as a result of the
24 initial application period. Applications submitted outside the
25 initial application period shall not be considered under this
26 subdivision.

27 (b) The final application period shall begin on January 1,

1 2016 and end on July 1, 2016. All applications submitted during the
2 final application period shall be approved or denied by September
3 1, 2016. The Michigan economic development corporation may approve
4 the remaining designations available under subsection (1) as a
5 result of the final application period. However, there is no
6 requirement that all 9 designations be made under this section.
7 Applications submitted outside the final application period shall
8 not be considered under this subdivision.

9 (c) The Michigan economic development corporation shall
10 publish the application process and competitive criteria upon which
11 applications will be evaluated on its website. If an application
12 does not meet the requirements of this section, the application
13 shall not be approved by the Michigan economic development
14 corporation.

15 Sec. 412c. (1) A municipality that has created an authority
16 may apply to the Michigan economic development corporation for
17 designation of all or a portion of the authority district as a
18 certified alternative energy park and to enter into an agreement
19 governing the terms and conditions of the designation. The form of
20 the application shall be in a form specified by the Michigan
21 economic development corporation and shall include information the
22 Michigan economic development corporation determines necessary to
23 make the determinations required under this section.

24 (2) After receipt of an application, the Michigan economic
25 development corporation may designate, pursuant to an agreement
26 entered into under subsection (3), a certified alternative energy
27 park that is determined by the Michigan economic development

1 corporation to satisfy 1 or more of the following criteria based on
2 the application:

3 (a) A demonstration that the proposed alternative energy park
4 will be developed to take advantage of the unique characteristics
5 and specialties offered by public and private resources available
6 in the area in which the proposed certified alternative energy park
7 will be located.

8 (b) The existence of or strong likelihood of attracting
9 alternative energy technology businesses to the proposed
10 alternative energy park by exhibiting the following types of
11 resources and organization:

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

14 (ii) Proposed or actual ownership of land in sufficient
15 quantity as to attract 1 or more major alternative energy
16 technology businesses.

17 (c) The existence of a business plan for the proposed
18 certified alternative energy park that identifies its objectives in
19 a clearly focused and measurable fashion and that addresses the
20 following matters:

21 (i) A commitment to new business formation or major business
22 attraction.

23 (ii) The clustering of businesses, technology, and research
24 within the region.

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

27 (iv) The availability of and method proposed for development

1 and sale or conveyance of shovel-ready sites to include
2 infrastructure and other improvements, including telecommunications
3 technology, necessary for the successful development of the
4 proposed certified alternative energy park.

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

7 (d) A demonstrable and satisfactory assurance that the
8 proposed certified alternative energy park can be developed to
9 principally contain eligible property as defined by section
10 402(s) (v) and (vi).

11 (e) The proposed certified alternative energy park includes a
12 military installation that was operated by the United States
13 Department of Defense and closed after 1980.

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

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

26 (b) Covenants and restrictions, if any, upon all or a portion
27 of the properties contained within the certified alternative energy

1 park and terms of enforcement of any covenants or restrictions.

2 (c) The financial commitments of any party to the agreement
3 and of any owner or developer of property, including sale or
4 transfer of ownership or options thereto upon designation of a
5 certified alternative energy park for property within the certified
6 alternative energy park.

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

11 (e) Proposed method of ownership of the land within the
12 certified alternative energy park.

13 (f) The costs approved for public facilities under section
14 402(dd).

15 (g) Proposed method of operating the certified alternative
16 energy park.

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

25 (5) If public facilities developed pursuant to an agreement
26 entered into under this section are conveyed or leased at less than
27 fair market value or at below market rates, the terms of the

1 conveyance or lease shall include legal and equitable remedies and
2 rights to assure that the public facilities are used as eligible
3 property. Legal and equitable remedies and rights may include
4 penalties and actual or liquidated damages.

5 (6) Except as otherwise provided in this section, an agreement
6 designating a certified alternative energy park may not be made
7 after December 31, 2012, but any agreement made on or before
8 December 31, 2012 may be amended after that date.

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

14 (8) For an authority established by 2 or more municipalities
15 under sections 403(2) and 404(7), each municipality in which the
16 authority district is located by a majority vote of the members of
17 its governing body may make a limited tax pledge to support the
18 authority's tax increment bonds issued under section 414 or, if
19 authorized by the voters of the municipality, may pledge its full
20 faith and credit for the payment of the principal of and interest
21 on the bonds. The municipalities that have made a pledge to support
22 the authority's tax increment bonds may approve by resolution an
23 agreement among themselves establishing obligations each may have
24 to the other party or parties to the agreement for reimbursement of
25 all or any portion of a payment made by a municipality related to
26 its pledge to support the authority's tax increment bonds.

27 (9) Upon approval of the Michigan economic development

1 corporation, the certified alternative energy park may be owned and
2 operated by an economic development corporation created under the
3 economic development corporations act, 1974 PA 338, MCL 125.1601 to
4 125.1636, or other public body agreeable to all members.

5 Sec. 412d. (1) If an authority determines that a sale price or
6 rental value at below market rate will assist in increasing
7 employment or private investment in a development area, the
8 authority may determine a sale price or rental value for public
9 facilities owned or developed by the authority at below market
10 rate.

11 (2) If public facilities are conveyed or leased at less than
12 fair market value or at below market rates, the terms of the
13 conveyance or lease shall include legal and equitable remedies and
14 rights to assure that the public facilities are used as eligible
15 property. Legal and equitable remedies and rights may include
16 penalties and actual or liquidated damages. If public facilities
17 for public benefit are provided to private owners or users of
18 eligible property, the terms of the conveyance or lease shall
19 include a benefit to the private owner or user.

20 Sec. 412e. (1) A Next Michigan development corporation
21 establishing an authority under section 403(3) shall notify the
22 Michigan economic development corporation of the designation of a
23 Next Michigan development area.

24 (2) The Michigan economic development corporation shall market
25 the authority district including Next Michigan development areas.

26 (3) For an authority exercising its powers under section
27 403(3), each municipality and county which is a party to the

1 interlocal agreement establishing the Next Michigan development
2 corporation, or any 1 of them, by a majority vote of the members of
3 its governing body, may make a limited tax pledge to support the
4 authority's tax increment bonds issued under section 414 or, if
5 authorized by the voters of the municipality or county, may pledge
6 its full faith and credit for the payment of the principal of and
7 interest on the bonds. The municipalities or counties that have
8 made a pledge to support the authority's tax increment bonds may
9 approve by resolution an agreement among themselves establishing
10 obligations each may have to the other party or parties to the
11 agreement for reimbursement of all or any portion of a payment made
12 by a municipality or county related to its pledge to support the
13 authority's tax increment bonds.

14 Sec. 413. (1) The city, village, township, school district,
15 and county treasurers shall transmit to the authority tax increment
16 revenues.

17 (2) The authority shall expend the tax increment revenues
18 received for the development program only in accordance with the
19 tax increment financing plan. Tax increment revenues in excess of
20 the estimated tax increment revenues or of the actual costs of the
21 plan to be paid by the tax increment revenues may be retained by
22 the authority only for purposes, that by resolution of the board,
23 are determined to further the development program in accordance
24 with the tax increment financing plan. The excess tax increment
25 revenues not so used shall revert proportionately to the respective
26 taxing jurisdictions. These revenues shall not be used to
27 circumvent existing property tax laws or a local charter that

1 provides a maximum authorized rate for the levy of property taxes.
2 The governing body may abolish the tax increment financing plan if
3 it finds that the purposes for which the plan was established are
4 accomplished. However, the tax increment financing plan may not be
5 abolished, allowed to expire, or otherwise terminate until the
6 principal of, and interest on, bonds issued pursuant to section 414
7 have been paid or funds sufficient to make that payment have been
8 segregated and placed in an irrevocable trust for the benefit of
9 the holders of the bonds.

10 Sec. 414. (1) By resolution of its board and subject to the
11 limitations set forth in this section, the authority may authorize,
12 issue, and sell its tax increment bonds to finance a development
13 program. The bonds are subject to the revised municipal finance
14 act, 2001 PA 34, MCL 141.2101 to 141.2821. The authority may pledge
15 for debt service requirements the tax increment revenues to be
16 received from an eligible property. The bonds issued under this
17 section shall be considered a single series for the purposes of the
18 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
19 141.2821.

20 (2) The municipality by majority vote of the members of its
21 governing body may make a limited tax pledge to support the
22 authority's tax increment bonds or, if authorized by the voters of
23 the municipality, pledge its full faith and credit for the payment
24 of the principal of and interest on the authority's tax increment
25 bonds. The municipality may pledge as additional security for the
26 bonds any money received by the authority or the municipality
27 pursuant to section 410.

1 (3) Bonds and notes issued by the authority and the interest
2 on and income from those bonds and notes are exempt from taxation
3 by the state or a political subdivision of this state.

4 (4) Notwithstanding any other provision of this part, if the
5 state treasurer determines that an authority or municipality can
6 issue a qualified refunding obligation and the authority or
7 municipality does not make a good-faith effort to issue the
8 qualified refunding obligation as determined by the state
9 treasurer, the state treasurer may reduce the amount claimed by the
10 authority or municipality under section 411a by an amount equal to
11 the net present value saving that would have been realized had the
12 authority or municipality refunded the obligation or the state
13 treasurer may require a reduction in the capture of tax increment
14 revenues from taxes levied by a local or intermediate school
15 district or this state by an amount equal to the net present value
16 savings that would have been realized had the authority or
17 municipality refunded the obligation. This subsection does not
18 authorize the state treasurer to require the authority or
19 municipality to pledge security greater than the security pledged
20 for the obligation being refunded.

21 Sec. 415. (1) If a board decides to finance a project under
22 this part, it shall prepare a development plan.

23 (2) To the extent necessary to accomplish the proposed
24 development program the development plan shall contain:

25 (a) A description of the property to which the plan applies in
26 relation to the boundaries of the authority district and a legal
27 description of the property.

1 (b) The designation of boundaries of the property to which the
2 plan applies in relation to highways, streets, or otherwise.

3 (c) The location and extent of existing streets and other
4 public facilities in the vicinity of the property to which the plan
5 applies; the location, character, and extent of the categories of
6 public and private land uses then existing and proposed for the
7 property to which the plan applies, including residential,
8 recreational, commercial, industrial, educational, and other uses.

9 (d) A description of public facilities to be acquired for the
10 property to which the plan applies, a description of any repairs
11 and alterations necessary to make those improvements, and an
12 estimate of the time required for completion of the improvements.

13 (e) The location, extent, character, and estimated cost of the
14 public facilities for the property to which the plan applies, and
15 an estimate of the time required for completion.

16 (f) A statement of the construction or stages of construction
17 planned, and the estimated time of completion of each stage.

18 (g) A description of any portions of the property to which the
19 plan applies, which the authority desires to sell, donate,
20 exchange, or lease to or from the municipality and the proposed
21 terms.

22 (h) A description of desired zoning changes and changes in
23 streets, street levels, intersections, and utilities.

24 (i) An estimate of the cost of the public facility or
25 facilities, a statement of the proposed method of financing the
26 public facility or facilities, and the ability of the authority to
27 arrange the financing.

1 (j) Designation of the person or persons, natural or
2 corporate, to whom all or a portion of the public facility or
3 facilities is to be leased, sold, or conveyed and for whose benefit
4 the project is being undertaken, if that information is available
5 to the authority.

6 (k) The procedures for bidding for the leasing, purchasing, or
7 conveying of all or a portion of the public facility or facilities
8 upon its completion, if there is no express or implied agreement
9 between the authority and persons, natural or corporate, that all
10 or a portion of the development will be leased, sold, or conveyed
11 to those persons.

12 (l) Estimates of the number of persons residing on the
13 property to which the plan applies and the number of families and
14 individuals to be displaced. If occupied residences are designated
15 for acquisition and clearance by the authority, a development plan
16 shall include a survey of the families and individuals to be
17 displaced, including their income and racial composition, a
18 statistical description of the housing supply in the community,
19 including the number of private and public units in existence or
20 under construction, the condition of those in existence, the number
21 of owner-occupied and renter-occupied units, the annual rate of
22 turnover of the various types of housing and the range of rents and
23 sale prices, an estimate of the total demand for housing in the
24 community, and the estimated capacity of private and public housing
25 available to displaced families and individuals.

26 (m) A plan for establishing priority for the relocation of
27 persons displaced by the development.

1 (n) Provision for the costs of relocating persons displaced by
2 the development, and financial assistance and reimbursement of
3 expenses, including litigation expenses and expenses incident to
4 the transfer of title, in accordance with the standards and
5 provisions of the federal uniform relocation assistance and real
6 property acquisition policies act of 1970, 42 USC 4601 to 4655.

7 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
8 213.332.

9 (p) Other material which the authority or governing body
10 considers pertinent.

11 (3) It shall not be necessary for the board to prepare a
12 development plan pursuant to this section if a development plan
13 that adequately provides for accomplishing the proposed development
14 program has already been prepared and where the development plan
15 has been approved by the board and governing body pursuant to
16 sections 416 and 417.

17 Sec. 416. (1) Before adoption of a resolution approving or
18 amending a development plan or approving or amending a tax
19 increment financing plan, the governing body shall hold a public
20 hearing on the development plan. Notice of the time and place of
21 the hearing shall be given by publication twice in a newspaper of
22 general circulation designated by the municipality, the first of
23 which shall not be less than 20 days before the date set for the
24 hearing. Beginning June 1, 2005, the notice of hearing within the
25 time frame described in this subsection shall be mailed by
26 certified mail to the governing body of each taxing jurisdiction
27 levying taxes that would be subject to capture if the development

1 plan or the tax increment financing plan is approved or amended.

2 (2) Notice of the time and place of hearing on a development
3 plan shall contain the following:

4 (a) A description of the property to which the plan applies in
5 relation to highways, streets, streams, or otherwise.

6 (b) A statement that maps, plats, and a description of the
7 development plan, including the method of relocating families and
8 individuals who may be displaced from the area, are available for
9 public inspection at a place designated in the notice, and that all
10 aspects of the development plan will be open for discussion at the
11 public hearing.

12 (c) Other information that the governing body considers
13 appropriate.

14 (3) At the time set for hearing, the governing body shall
15 provide an opportunity for interested persons to be heard and shall
16 receive and consider communications in writing with reference to
17 the matter. The hearing shall provide the fullest opportunity for
18 expression of opinion, for argument on the merits, and for
19 introduction of documentary evidence pertinent to the development
20 plan. The governing body shall make and preserve a record of the
21 public hearing, including all data presented at that time.

22 Sec. 417. (1) After a public hearing on the development plan
23 or the tax increment financing plan, or both, with notice of the
24 hearing given pursuant to section 416, the governing body shall
25 determine whether the development plan or tax increment financing
26 plan, or both, constitutes a public purpose. If the governing body
27 determines that the development plan or tax increment financing

1 plan, or both, constitutes a public purpose, the governing body may
2 then approve or reject the plan, or approve it with modification,
3 by resolution, based on the following considerations:

4 (a) Whether the development plan meets the requirements set
5 forth in section 415(2) and the tax increment financing plan meets
6 the requirements set forth in section 412(1), (2), and (3).

7 (b) Whether the proposed method of financing the public
8 facility or facilities is feasible and the authority has the
9 ability to arrange the financing.

10 (c) Whether the development is reasonable and necessary to
11 carry out the purposes of this part.

12 (d) Whether the amount of captured assessed value estimated to
13 result from adoption of the plan is reasonable.

14 (e) Whether the land to be acquired under the development plan
15 is reasonably necessary to carry out the purposes of the plan and
16 the purposes of this part.

17 (f) Whether the development plan is in reasonable accord with
18 the approved master plan of the municipality, if an approved master
19 plan exists.

20 (g) Whether public services, such as fire and police
21 protection and utilities, are or will be adequate to service the
22 property.

23 (h) Whether changes in zoning, streets, street levels,
24 intersections, and utilities are reasonably necessary for the
25 project and for the municipality.

26 (2) Except as provided in this subsection, amendments to an
27 approved development plan or tax increment plan must be submitted

1 by the authority to the governing body for approval or rejection
2 following the same notice and public hearing provisions that are
3 necessary for approval or rejection of the original plan. Notice
4 and hearing shall not be necessary for revisions in the estimates
5 of captured assessed value and tax increment revenues.

6 (3) The procedure, adequacy of notice, and findings with
7 respect to purpose and captured assessed value shall be conclusive
8 unless contested in a court of competent jurisdiction within 60
9 days after adoption of the resolution adopting the plan. An
10 amendment, adopted by resolution, to a conclusive plan shall
11 likewise be conclusive unless contested within 60 days after
12 adoption of the resolution adopting the amendment. If a resolution
13 adopting an amendment to the plan is contested, the resolution
14 adopting the plan is not open to contest.

15 Sec. 418. A person to be relocated under this part shall be
16 given not less than 90 days' written notice to vacate unless
17 modified by court order for good cause.

18 Sec. 419. (1) The director of the authority shall prepare and
19 submit for the approval of the board a budget for the operation of
20 the authority for the ensuing fiscal year. The budget shall be
21 prepared in the manner and contain the information required of
22 municipal departments. Before the budget may be adopted by the
23 board, it shall be approved by the governing body. Funds of the
24 municipality shall not be included in the budget of the authority
25 except those funds authorized in this part or by the governing
26 body.

27 (2) The governing body may assess a reasonable pro rata share

1 of the funds for the cost of handling and auditing the funds
2 against the funds of the authority, other than those committed for
3 designated purposes, which cost shall be paid annually by the board
4 pursuant to an appropriate item in its budget.

5 Sec. 420. An authority that completes the purposes for which
6 it was organized shall be dissolved by resolution of the governing
7 body. The property and assets of the authority remaining after the
8 satisfaction of the obligations of the authority shall belong to
9 the municipality or to an agency or instrumentality designated by
10 resolution of the municipality.

11 PART 5

12 NONPROFIT STREET RAILWAYS

13 Sec. 503. The legislature finds and declares that there exists
14 in this state a need to encourage the development of transportation
15 facilities and the provision of public transportation services by
16 authorizing the acquiring, owning, constructing, furnishing,
17 equipping, completing, operating, improving, and maintaining of
18 nonprofit street railway companies and systems and that public
19 assistance in acquiring, owning, constructing, furnishing,
20 equipping, completing, operating, improving, and maintaining
21 nonprofit street railway companies and systems in this state is
22 declared to be a public purpose. It is the intent of the
23 legislature that a street railway system constructed by a nonprofit
24 corporation under this part be designed to adapt to or connect with
25 other public transit systems. It is the intent of the legislature
26 that resources expended to construct a street railway system under
27 this part qualify as state and local match funds for transit

1 systems eligible for federal funding.

2 Sec. 505. (1) This part shall be construed liberally to
3 effectuate the legislative intent and the purpose of this part as
4 complete and independent authorization for the performance of each
5 and every act and thing authorized in this part and all powers
6 granted in this part shall be broadly interpreted to effectuate the
7 intent and purposes of this part and not as a limitation of powers.

8 (2) The powers conferred in this part upon a street railway
9 shall be in addition to any other powers the street railway
10 possesses under law.

11 (3) Unless permitted by the state constitution of 1963 or this
12 part or agreed to by a street railway, any restrictions, standards,
13 conditions, or prerequisites of a city, village, or township
14 otherwise applicable only to a street railway and enacted after
15 January 12, 2009 do not apply to a street railway. This subsection
16 is intended to prohibit special local legislation or ordinances
17 applicable exclusively or primarily to a street railway and not to
18 exempt a street railway from laws generally applicable to other
19 persons or entities.

20 Sec. 507. As used in this part:

21 (a) "Department" means the state transportation department.

22 (b) "Nonprofit corporation" means that term as defined under
23 section 108 of the nonprofit corporation act, 1982 PA 162, MCL
24 450.2108.

25 (c) "Public street or highway" means any state trunk line
26 highway, county road, or city or village street maintained by a
27 road authority.

1 (d) "Railroad" means that term as defined under section 109 of
2 the railroad code of 1993, 1993 PA 354, MCL 462.109.

3 (e) "Operating license agreement" means an agreement entered
4 into under section 513 by and among a street railway and each road
5 authority with jurisdiction over public streets and highways upon
6 which the street railway operates or seeks to operate a street
7 railway system, including, but not limited to, each city, village,
8 or township road authority in the city, village, or township in
9 which the street railway operates or seeks to operate a street
10 railway system.

11 (f) "Road authority" means each governmental agency with
12 jurisdiction over public streets and highways. Road authority
13 includes the department, any other state agency, and
14 intergovernmental, county, city, and village governmental agencies
15 responsible for the construction, repair, and maintenance of
16 streets and highways. When a street railway operates or seeks to
17 operate a street railway system over public streets and highways
18 over which more than 1 road authority possesses jurisdiction, road
19 authority includes each road authority with jurisdiction over
20 public streets and highways upon which the street railway operates
21 or seeks to operate a street railway system.

22 (g) "Street railway" means a nonprofit corporation organized
23 under this part for the purpose of operating a street railway
24 system other than a railroad train for transporting individuals or
25 property. Street railway includes a nonprofit corporation
26 incorporated under the nonprofit corporation act, 1982 PA 162, MCL
27 450.2101 to 450.3192, by a street railway organized under section

1 511, or by 1 or more members of the board of directors of a street
2 railway for the purpose of assisting the street railway in
3 acquiring, owning, constructing, furnishing, equipping, completing,
4 operating, improving, or maintaining a street railway system or for
5 the purpose of financing a street railway system.

6 (h) "Street railway system" means the facilities, equipment,
7 and personnel required to provide and maintain a public
8 transportation system operated on rails at grade or above or below
9 ground within a city, village, or township utilizing streetcars,
10 trolleys, light rail vehicles, or trams for the transportation of
11 individuals or property. Street railway system also includes
12 necessary power feeds, signals, and stops or stations within a
13 public right-of-way. Street railway system excludes facilities and
14 improvements that are not required to maintain a public
15 transportation system.

16 Sec. 509. (1) After January 12, 2009, 1 or more persons may
17 organize a street railway under this part for the purpose of
18 acquiring, owning, constructing, furnishing, equipping, completing,
19 operating, improving, and maintaining a street railway system by
20 signing in ink and filing articles of incorporation for the street
21 railway. The articles shall include all of the following:

22 (a) The name of the street railway, which shall include the
23 words "rail", "railway", "street railway", "light rail", or "metro
24 rail".

25 (b) The purpose for which the corporation is organized, which
26 shall be limited to acquiring, owning, constructing, furnishing,
27 equipping, completing, operating, improving, and maintaining a

1 street railway system.

2 (c) The city, village, or township in which the street railway
3 system will principally operate.

4 (2) Articles of incorporation shall be filed with the bureau
5 of commercial services of the department of talent and economic
6 development as provided under the nonprofit corporation act, 1982
7 PA 162, MCL 450.2101 to 450.3192.

8 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
9 to 450.3192, shall apply to a street railway organized under this
10 section unless otherwise provided in or inconsistent with this
11 part.

12 Sec. 511. (1) A nonprofit corporation may become a street
13 railway under this part and acquire, own, construct, furnish,
14 equip, complete, operate, improve, and maintain a street railway
15 system in a city if on and after January 12, 2009 the articles of
16 incorporation for the nonprofit corporation are amended to include
17 all of the following provisions:

18 (a) A provision authorizing the name of the corporation, to
19 include the words "rail", "railway", or "street railway", "light
20 rail", or "metro rail".

21 (b) A provision detailing the purposes for which the
22 corporation is organized, which shall be limited to purposes
23 related to acquiring, owning, constructing, furnishing, equipping,
24 completing, operating, improving, and maintaining a street railway
25 system.

26 (c) A provision indicating the city in which the street
27 railway system will principally operate.

1 (2) Amendments to the articles of incorporation of a nonprofit
2 corporation under this section shall be adopted and filed with the
3 bureau of commercial services of the department of talent and
4 economic development as provided under the nonprofit corporation
5 act, 1982 PA 162, MCL 450.2101 to 450.3192.

6 (3) The nonprofit corporation act, 1982 PA 162, MCL 450.2101
7 to 450.3192, shall apply to a street railway organized under this
8 section unless otherwise provided in or inconsistent with this
9 part.

10 Sec. 513. (1) A street railway may acquire, own, construct,
11 furnish, equip, complete, operate, improve, and maintain a street
12 railway system in and upon the streets and highways of a road
13 authority with the approval of the road authority, on terms and
14 conditions imposed by the road authority. The approval shall be
15 embodied in an operating license agreement between a street railway
16 and each road authority with jurisdiction over public streets and
17 highways upon which the street railway operates or seeks to operate
18 a street railway system, including, but not limited to, a city,
19 village, or township road authority located in the city, village,
20 or township in which the street railway system operates or seeks to
21 operate. An operating license agreement shall include the terms and
22 conditions for operation of the street railway system. An operating
23 license agreement may require the street railway to pay the direct
24 administrative costs incurred by the road authority in
25 administering the operating license agreement. An operating license
26 agreement shall not require a street railway to acquire, accept
27 responsibility for, or obligate itself to assume liability for or

1 pay for any legacy costs of a public transportation provider.
2 Before approving a proposed operating license agreement, a road
3 authority shall hold a public hearing on the proposed operating
4 license agreement. The hearing shall be held in the city, village,
5 or township in which the street railway seeks to operate a street
6 railway system and shall be held in compliance with the open
7 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the
8 public hearing shall be provided not less than 20 days before the
9 date of the hearing. One or more road authorities may conduct a
10 joint public hearing under this section. At a public hearing, a
11 street railway and a road authority may present information
12 regarding the proposed operating licensing agreement. When
13 operating in and upon the streets and highways of a road authority,
14 a street railway is subject to rules, regulations, or ordinances
15 imposed by the road authority. A street railway shall not construct
16 a street railway system in and upon the streets and highways of a
17 road authority until the street railway accepts in writing any
18 terms and conditions imposed by the road authority, the operating
19 license agreement is approved under this section, and the agreement
20 is filed with each road authority with jurisdiction over public
21 streets and highways upon which the street railway will operate. A
22 road authority may approve or disapprove an operating license
23 agreement. A decision of a road authority regarding an operating
24 license agreement is final and binding upon a street railway and
25 other interested persons. The street railway shall pay a road
26 authority for all of the road authority's costs incurred in
27 constructing the street railway system, mitigating the impact of

1 the street railway system on road users, the environment, and the
2 surrounding neighborhoods, and modifying the streets or highways
3 impacted by construction of the street railway system, as provided
4 in the operating license agreement. As a condition to obtaining or
5 holding an operating license agreement, a road authority shall not
6 require a street railway to obtain any other license or franchise,
7 assess any other fee or charge, or impose any other licensing,
8 regulatory, or franchise requirement, including a provision
9 regulating schedules or fares of a street railway, unless expressly
10 authorized under this part.

11 (2) A street railway may acquire, own, construct, furnish,
12 equip, complete, operate, improve, and maintain a street railway
13 system upon public or private rights of way, and obtain easements
14 when necessary for a street railway to acquire and use private
15 property for acquiring, owning, constructing, furnishing,
16 equipping, completing, operating, improving, and maintaining a
17 street railway system.

18 (3) After a road authority consents to the acquiring, owning,
19 constructing, furnishing, equipping, completing, operating,
20 improving, and maintaining of a street railway system on the
21 streets or highways of the road authority or grants a right or
22 privilege to the street railway by entering into an operating
23 license agreement with the street railway, the road authority may
24 not revoke the consent or deprive the street railway of the rights
25 and privileges conferred without affording the street railway
26 procedural due process of law if and to the extent provided in the
27 operating license agreement.

1 (4) A street railway may do 1 or more of the following:

2 (a) Acquire by gift, devise, transfer, exchange, purchase,
3 lease, or otherwise on terms and conditions and in a manner the
4 street railway considers proper property or rights or interests in
5 property relating to the operation of the street railway or street
6 railway system.

7 (b) Take, transport, or carry and convey individuals and
8 property on a street railway system and receive just and fair
9 compensation from users of the street railway system for that
10 purpose.

11 (c) Erect and maintain all necessary and convenient buildings,
12 structures, stations, depots, fixtures, and machinery for the
13 accommodation and use of individuals and property transported by
14 the street railway.

15 (d) Regulate the time and manner in which individuals and
16 property are transported by the street railway and fares or other
17 compensation are paid for that purpose. A street railway may charge
18 just and fair compensation for the use of its street railway
19 system.

20 (e) Borrow money and issue bonds and notes for any
21 indebtedness incurred and mortgage street railway property and
22 rights to secure the payment of bonds, notes, money borrowed, and
23 any and all debts and liabilities incurred by the street railway. A
24 street railway shall not use tax increments to repay bonds and
25 notes.

26 (f) Transfer a street railway system to a public entity
27 operating a public transportation system, with the consent of the

1 public entity, if the transfer is authorized by a law enacted after
2 January 12, 2009.

3 (5) As used in this section, "public transportation provider"
4 means that term as defined in section 2 of the regional transit
5 authority act, 2012 PA 387, MCL 124.542.

6 Sec. 515. (1) Subject to applicable law and applicable
7 regulations of this state, a city, a township, or a village, a
8 street railway may generate, store, transmit, distribute, dispense,
9 furnish, or use electricity and electric power for use or
10 consumption by the street railway and the street railway system.

11 (2) For a street railway that constructs, expands, or modifies
12 a street railway system outside of a qualified city, if the street
13 railway requests a public utility to modify or relocate facilities
14 of the public utility that lie within a public street or highway
15 right of way, or if, in response to the construction, expansion, or
16 modification of a street railway system a public utility determines
17 that the public utility should modify or relocate the public
18 utility's facilities, consistent with law, regulation, or sound
19 utility practice and unless the street railway and the public
20 utility agree otherwise, the street railway shall pay all costs of
21 the relocation and modification of the facilities to the public
22 utility.

23 (3) A street railway that constructs, expands, or modifies a
24 street railway system in a qualified city shall protect and keep in
25 place the facilities of a public utility affected by the
26 construction, expansion, or modification of the street railway
27 system in a public highway, street, or right-of-way unless sound

1 utility practice requires modification or relocation of the
2 facilities. If sound utility practice requires modification or
3 relocation of the facilities, the street railway shall pay the cost
4 of the modification or relocation, unless 1 or both of the
5 following apply:

6 (a) Modification or relocation of the public utility's
7 facilities is required because the facilities are at an
8 unauthorized location in the public highway, street, or right-of-
9 way. If the facilities are located anywhere in a public highway,
10 street, or right-of-way, there is a rebuttable presumption that the
11 public utility's facilities are at an authorized location in the
12 public highway, street, or right-of-way.

13 (b) The street railway and the public utility agree to an
14 alternative cost allocation.

15 (4) Notwithstanding subsection (3), a qualified city and a
16 street railway may agree that the street railway pay the cost of
17 modifying or relocating a public utility's facilities in the
18 qualified city if the modification or relocation is required by the
19 modification or relocation of a street railway system by the street
20 railway in a public highway, street, or right-of-way in the
21 qualified city.

22 (5) The property of a street railway and its income and
23 operations are exempt from all taxation by this state or a
24 political subdivision of this state.

25 (6) A public utility or a street railway may bring an action
26 in circuit court to enforce the provisions of this section. This
27 remedy is in addition to any other remedy that may exist at law.

1 (7) As used in this section:

2 (a) "Public utility" includes a provider of communications,
3 data, cable television, electricity, heat, natural or manufactured
4 gas, steam, sewage, video, water, or other similar services. Public
5 utility also includes a telecommunications provider and a video
6 service provider.

7 (b) "Qualified city" means a city that has incorporated an
8 authority under the municipal lighting authority act, 2012 PA 392,
9 MCL 123.1261 to 123.1295.

10 (c) "Telecommunications provider" means that term as defined
11 in section 102 of the Michigan telecommunications act, 1991 PA 179,
12 MCL 484.2102.

13 (d) "Video service provider" means that term as defined in
14 section 1 of the uniform video services local franchise act, 2006
15 PA 480, MCL 484.3301.

16 Sec. 517. (1) In constructing a street railway system, a
17 street railway shall conform to grades established by a road
18 authority for a public street or highway traversed by the street
19 railway.

20 (2) A street railway shall not alter or change the grade or
21 line of any public street or highway, without the consent of the
22 road authority with public jurisdiction over the public street or
23 highway.

24 (3) A street railway shall lay and maintain the track of a
25 street railway system in a manner and with the type of track to
26 keep the track and the pavement of the public street or highway
27 adjacent to the track in a state of condition and repair as

1 prescribed by the road authority with jurisdiction over the public
2 street or highway.

3 Sec. 519. A road authority may establish and prescribe rules
4 and regulations applicable to a street railway operating in or upon
5 a public street or highway under the jurisdiction of a road
6 authority relating to 1 or more of the following subjects:

7 (a) Grading, paving, obstruction, or repairing of a street or
8 highway.

9 (b) Construction, maintenance, or obstruction of public
10 service facilities and infrastructure, including water, light,
11 heat, power, sewage disposal, and transportation.

12 (c) Construction, maintenance, or obstruction of traffic
13 control and parking control facilities and infrastructure.

14 Sec. 521. (1) If a person refuses to pay a fare owed to a
15 street railway or refuses to obey regulations established by the
16 street railway for the convenience and safety of passengers, the
17 street railway may remove the person from the streetcar, tram, or
18 trolley at a usual stopping place.

19 (2) A person who causes or attempts to cause the derailment of
20 a streetcar, tram, or trolley of a street railway by the placing of
21 an impediment upon the track of a street railway, whether the
22 streetcar, tram, or trolley is dislodged from the track or not, or
23 who by any other means whatsoever willfully endangers or attempts
24 to endanger the life of any person engaged in the work of the
25 street railway, or any person traveling on the streetcar, tram, or
26 trolley of the street railway, is guilty of a felony punishable by
27 imprisonment for life or any number of years. Proof that the person

1 intended to injure or endanger the life of any particular person is
2 not required to prove a violation of this section.

3 (3) A person who throws a stone, brick, or other missile at a
4 streetcar, tram, or trolley of a street railway is guilty of a
5 misdemeanor punishable by a fine of not less than \$100.00 or more
6 than \$500.00 or imprisonment for not less than 10 days or more than
7 90 days, or both.

8 Sec. 523. (1) At the request of a street railway, and with the
9 consent of the department, a city, village, or township in which a
10 street railway system is located may establish a transit operations
11 finance zone for a street railway system if the city, village, or
12 township and the department determine that it is necessary for the
13 best interests of the public to promote and finance transit
14 operations in a zone. A parcel shall not be included in more than 1
15 zone created under this section.

16 (2) The boundaries of a zone shall be established by the city,
17 village, or township and may include parcels that are in whole or
18 in part up to 1/4 mile in distance from the street railway system.
19 Before establishing a zone, the city, village, or township shall
20 consult with the street railway, the department, affected taxing
21 jurisdictions, and any other person or entity that the city,
22 village, or township considers necessary. The city, village, or
23 township may conduct a planning study and may designate a zone
24 before implementation of street railway system service within the
25 zone.

26 (3) If the city, village, or township and the department
27 determine that it is necessary for the best interests of the public

1 to promote and finance transit operations in a zone under
2 subsection (1), the city, village, or township shall enter into an
3 agreement with the street railway and the department for the
4 creation of a zone. The agreement shall include, but not be limited
5 to, all of the following:

6 (a) The geographic boundaries of the zone, including both of
7 the following:

8 (i) The designation of boundaries of the zone in relation to
9 highways, streets, streams, lakes, other bodies of water, or
10 otherwise.

11 (ii) The location and extent of existing streets and other
12 public facilities within the zone, designating the location,
13 character, and extent of the categories of public and private land
14 uses then existing in the zone, including residential,
15 recreational, commercial, industrial, educational, and other uses,
16 and including a legal description of the zone.

17 (b) A tax increment financing plan for the zone as provided
18 under subsection (4).

19 (c) A description of specific actions to be taken by the
20 parties under the agreement to help establish the zone.

21 (d) The requirement that amendments to the agreement must be
22 approved by the city, village, or township, the department, and the
23 street railway.

24 (e) Any other material that the city, village, or township,
25 the department, or the street railway consider necessary or
26 appropriate.

27 (4) A tax increment financing plan for a zone established

1 under this section shall include a description of the tax increment
2 financing procedure, the distribution of tax increment financing
3 revenue to the street railway, and a statement of the estimated
4 impact of tax increment financing on the assessed value of property
5 in each taxing jurisdiction in the zone. The plan may exclude from
6 captured assessed value growth in property value resulting solely
7 from inflation and, if so, shall include the method for excluding
8 that growth. The plan shall require that tax increment revenue
9 received by a street railway under the plan be used only for the
10 expenses of operating the street railway system. If the street
11 railway subject to an agreement designating a zone under this
12 section ceases to operate a street railway system in the city,
13 village, or township that established the zone, the plan shall
14 terminate and the zone shall be abolished. The plan shall restrict
15 the revenue distributed to a street railway for any tax year to the
16 lesser of 25% of any operating deficit of the street railway for
17 the prior fiscal year or \$4,000,000.00. Before including a tax
18 increment financing plan in an agreement, the city, village, or
19 township shall provide taxing jurisdictions in the zone levying
20 taxes subject to capture under the plan an opportunity to meet with
21 the city, village, or township. The city, village, or township
22 shall fully inform the taxing jurisdictions of the fiscal and
23 economic implications of the plan and the taxing jurisdictions may
24 present recommendations to the city, village, or township on the
25 tax increment financing plan.

26 (5) Before entering into an agreement for the creation of a
27 zone under this section, the city, village, or township shall

1 conduct a public hearing on the proposed agreement. Notice of the
2 public hearing shall be published twice in a newspaper of general
3 circulation in the city, village, or township, not less than 20 or
4 more than 40 days before the date of the hearing. The notice shall
5 state the date, time, and place of the hearing and shall describe
6 the proposed boundaries of the zone. A citizen, taxpayer, or
7 property owner of the city, village, or township, or an official
8 from a taxing jurisdiction within the zone has the right to be
9 heard on the agreement and the proposed boundaries of the zone. The
10 agreement shall not include in the zone land not included in the
11 description contained in the notice of public hearing, but the
12 agreement may exclude described land from the zone in the final
13 determination of the boundaries of the zone. A city, village, or
14 township shall not execute an agreement for the creation of a zone
15 under this section unless the city, village, or township finds that
16 it is necessary for the best interests of the public to promote and
17 finance transit operations in a zone.

18 (6) An agreement designating a zone and establishing its
19 boundaries under this section and any amendments to the agreement
20 shall be filed by the city, village, or township with the secretary
21 of state.

22 (7) The municipal and county treasurers shall transmit tax
23 increment revenues to the treasurer for the city, village, or
24 township in which the street railway system is located for
25 distribution to the street railway according to the tax increment
26 financing plan and the agreement. The street railway shall expend
27 the tax increment revenues only under the terms of the tax

1 increment financing plan and the agreement under this section.
2 Unused funds shall revert proportionately to the respective taxing
3 jurisdictions. Tax increment revenues shall not be used to
4 circumvent existing property tax limitations. The city, village, or
5 township and the department may abolish the zone if the city,
6 village, or township and the department find that the purposes for
7 which the zone was established are accomplished. Annually, the
8 city, village, or township, with assistance from the street
9 railway, shall submit to the department and the state tax
10 commission a report on the status of the tax increment financing
11 revenue. The report shall include all of the following:

12 (a) The amount and source of tax increment revenue received by
13 the street railway.

14 (b) The amount and purpose of expenditures from tax increment
15 revenue.

16 (c) The initial assessed value of the zone.

17 (d) The captured assessed value retained within the zone.

18 (e) A description of operating expenditures of the street
19 railway.

20 (8) The state tax commission may institute proceedings to
21 compel enforcement of this section. The state tax commission may
22 promulgate rules necessary for the administration of this section
23 under the administrative procedures act of 1969, 1969 PA 306, MCL
24 24.201 to 24.328.

25 (9) As used in this section:

26 (a) "Assessed value" means the taxable value as determined
27 under section 27a of the general property tax act, 1893 PA 206, MCL

1 211.27a.

2 (b) "Captured assessed value" means the amount in any 1 year
3 by which the current assessed value of a zone, including the
4 assessed value of property for which specific local taxes are paid
5 in lieu of property taxes, exceeds the initial assessed value. The
6 state tax commission shall prescribe the method for calculating
7 captured assessed value.

8 (c) "Initial assessed value" means the assessed value of all
9 the taxable property within the boundaries of a zone at the time
10 the tax increment financing plan is approved, as shown by the most
11 recent equalized assessment roll of the city, village, or township
12 at the time an agreement is approved under this section. Property
13 exempt from taxation at the time of the determination of the
14 initial assessed value shall be included as zero. For the purpose
15 of determining initial assessed value, property for which a
16 specific local tax is paid in lieu of a property tax shall not be
17 considered to be property that is exempt from taxation.

18 (d) "Parcel" means an identifiable unit of land that is
19 treated as separate for valuation or zoning purposes.

20 (e) "Specific local tax" means a tax levied under 1974 PA 198,
21 1976 PA 430, MCL 207.551 to 207.572, the commercial redevelopment
22 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park
23 development act, 1984 PA 385, MCL 207.701 to 207.718, the
24 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,
25 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to
26 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL
27 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The

1 initial assessed value or current assessed value of property
2 subject to a specific local tax shall be the quotient of the
3 specific local tax paid divided by the ad valorem millage rate. 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 (f) "Tax increment revenues" means the amount of ad valorem
8 property taxes and specific local taxes attributable to the
9 application of the levy of all taxing jurisdictions upon the
10 captured assessed value of real and personal property in the zone.
11 Tax increment revenues do not include any of the following:

12 (i) Taxes under the state education tax act, 1993 PA 331, MCL
13 211.901 to 211.906.

14 (ii) Taxes levied by local or intermediate school districts.

15 (iii) Taxes levied by a library established by 1901 LA 359.

16 (iv) Ad valorem property taxes attributable either to a
17 portion of the captured assessed value shared with taxing
18 jurisdictions within the jurisdictional area of the authority or to
19 a portion of value of property that may be excluded from captured
20 assessed value or specific local taxes attributable to the ad
21 valorem property taxes.

22 (v) Ad valorem property taxes excluded by the tax increment
23 financing plan of the authority from the determination of the
24 amount of tax increment revenues to be transmitted to the authority
25 or specific local taxes attributable to the ad valorem property
26 taxes.

27 (vi) Ad valorem property taxes exempted from capture under

1 this section or specific local taxes attributable to the ad valorem
2 property taxes.

3 (vii) Ad valorem property taxes specifically levied for the
4 payment of principal and interest of obligations approved by the
5 electors or obligations pledging the unlimited taxing power of the
6 local governmental unit or specific taxes attributable to those ad
7 valorem property taxes.

8 (viii) Ad valorem taxes captured on property in a zone by any
9 of the following authorities if the taxes were captured on the date
10 that the property became subject to a tax increment financing plan
11 under this section by any of the following authorities:

12 (A) A downtown development authority created under 1975 PA
13 197, MCL 125.1651 to 125.1681.

14 (B) A water resource improvement tax increment finance
15 authority created under the water resource improvement tax
16 increment finance authority act, 2008 PA 94, MCL 125.1771 to
17 125.1794.

18 (C) A tax increment finance authority under the tax increment
19 finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.

20 (D) A local development finance authority created under the
21 local development finance authority act, 1986 PA 281, MCL 125.2151
22 to 125.2174.

23 (E) A brownfield redevelopment finance authority created under
24 the brownfield redevelopment financing act, 1996 PA 381, MCL
25 125.2651 to 125.2672.

26 (F) A historical neighborhood tax increment finance authority
27 created under the historical neighborhood tax increment finance

1 authority act, 2004 PA 530, MCL 125.2841 to 125.2866.

2 (G) A corridor improvement authority created under the
3 corridor improvement authority act, 2005 PA 280, MCL 125.2871 to
4 125.2899.

5 (H) A neighborhood improvement authority created under the
6 neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to
7 125.2932.

8 (ix) Ad valorem property taxes levied under 1 or more of the
9 following or specific local taxes attributable to those ad valorem
10 property taxes:

11 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
12 to 123.1183.

13 (B) The art institute authorities act, 2010 PA 296, MCL
14 123.1201 to 123.1229.

15 (g) "Zone" means a transit operations finance zone established
16 under this section.

17 Sec. 527. (1) Within 30 days of January 12, 2009, the
18 secretary of state or any other agency having records of a street
19 railway formed under this part prior to January 12, 2009 shall
20 certify and transfer the records to the bureau of commercial
21 services of the department of talent and economic development.

22 (2) Any entity formed on or after January 12, 2009 for the
23 purpose of acquiring, owning, constructing, furnishing, equipping,
24 completing, operating, improving, and maintaining a street railway
25 or street railway system shall be organized under this part.

26 (3) A street railway is not subject to the railroad code of
27 1993, 1993 PA 354, MCL 462.101 to 462.451.

PART 6

CORRIDOR IMPROVEMENT AUTHORITIES

Sec. 602. As used in this part:

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

(b) "Assessed value" means the taxable value as determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

(c) "Authority" means a corridor improvement authority created under section 604(1) or a joint authority created under section 604(2).

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

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

(f) "Captured assessed value" means the amount in any 1 year by which the current assessed value of the development area, including the assessed value of property for which specific local taxes are paid in lieu of property taxes as determined in section 603(e), exceeds the initial assessed value. The state tax commission shall prescribe the method for calculating captured assessed value.

(g) "Chief executive officer" means the mayor of a city, the

1 president of a village, or the supervisor of a township.

2 (h) "Development area" means that area described in section
3 605 to which a development plan is applicable.

4 (i) "Development plan" means that information and those
5 requirements for a development area set forth in section 621.

6 (j) "Development program" means the implementation of the
7 development plan.

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

9 (l) "Governing body" or "governing body of a municipality"
10 means the elected body of a municipality having legislative powers
11 or, for a joint authority created under section 604(2), the elected
12 body of each municipality having legislative powers that is a
13 member of the joint authority.

14 (m) "Initial assessed value" means the assessed value, as
15 equalized, of all the taxable property within the boundaries of the
16 development area at the time the resolution establishing or
17 amending the tax increment financing plan is approved, as shown by
18 the most recent assessment roll of the municipality for which
19 equalization has been completed at the time the resolution is
20 adopted. The initial assessed value may be modified once during the
21 term of the tax increment financing plan through an amendment as
22 provided in section 618(4) after the tax increment financing plan
23 fails to generate captured assessed value for 3 consecutive years
24 due to declines in assessed value. Property exempt from taxation at
25 the time of the determination of the initial or amended assessed
26 value shall be included as zero. For the purpose of determining
27 initial or amended assessed value, property for which a specific

1 local tax is paid in lieu of a property tax shall not be considered
2 to be property that is exempt from taxation. The initial assessed
3 value of property for which a specific local tax was paid in lieu
4 of a property tax shall be determined as provided in section
5 603(e).

6 (n) "Land use plan" means a plan prepared under former 1921 PA
7 207, former 1943 PA 184, or a site plan under the Michigan zoning
8 enabling act, 2006 PA 110, MCL 125.3101 to 125.3702.

9 (o) "Municipality" means 1 of the following:

10 (i) A city.

11 (ii) A village.

12 (iii) A township.

13 (iv) A combination of 2 or more cities, villages, or townships
14 acting jointly under a joint authority created under section
15 604(2).

16 Sec. 603. As used in this part:

17 (a) "Operations" means office maintenance, including salaries
18 and expenses of employees, office supplies, consultation fees,
19 design costs, and other expenses incurred in the daily management
20 of the authority and planning of its activities.

21 (b) "Parcel" means an identifiable unit of land that is
22 treated as separate for valuation or zoning purposes.

23 (c) "Public facility" means a street, plaza, pedestrian mall,
24 and any improvements to a street, plaza, or pedestrian mall
25 including street furniture and beautification, sidewalk, trail,
26 lighting, traffic flow modification, park, parking facility,
27 recreational facility, right-of-way, structure, waterway, bridge,

1 lake, pond, canal, utility line or pipe, transit-oriented
2 development, transit-oriented facility, or building, including
3 access routes, that are either designed and dedicated to use by the
4 public generally or used by a public agency, or that are located in
5 a qualified development area and are for the benefit of or for the
6 protection of the health, welfare, or safety of the public
7 generally, whether or not used by 1 or more business entities,
8 provided that any road, street, or bridge shall be continuously
9 open to public access and that other property shall be located in
10 public easements or rights-of-way and designed to accommodate
11 foreseeable development of public facilities in adjoining areas.
12 Public facility includes an improvement to a facility used by the
13 public or a public facility as those terms are defined in section 1
14 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
15 barrier-free design requirements of the state construction code
16 promulgated under the Stille-DeRossett-Hale single state
17 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

18 (d) "Qualified development area" means a development area that
19 meets 1 of the following:

20 (i) All of the following:

21 (A) Is located within a city with a population of 700,000 or
22 more.

23 (B) Contains at least 30 contiguous acres.

24 (C) Was owned by this state on December 31, 2003 and was
25 conveyed to a private owner before June 30, 2004.

26 (D) Is zoned to allow for mixed use that includes commercial
27 use and that may include residential use.

1 (E) Otherwise complies with the requirements of section
2 605(a), (d), (e), and (g).

3 (F) Construction within the qualified development area begins
4 on or before the date 2 years after the effective date of the
5 amendatory act that added this subdivision.

6 (G) Is located in a distressed area.

7 (ii) Contains transit-oriented development or a transit-
8 oriented facility.

9 (e) "Specific local tax" means a tax levied under 1974 PA 198,
10 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
11 255, MCL 207.651 to 207.668, the technology park development act,
12 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
13 211.182. The initial assessed value or current assessed value of
14 property subject to a specific local tax shall be the quotient of
15 the specific local tax paid divided by the ad valorem millage rate.
16 The state tax commission shall prescribe the method for calculating
17 the initial assessed value and current assessed value of property
18 for which a specific local tax was paid in lieu of a property tax.

19 (f) "State fiscal year" means the annual period commencing
20 October 1 of each year.

21 (g) "Tax increment revenues" means the amount of ad valorem
22 property taxes and specific local taxes attributable to the
23 application of the levy of all taxing jurisdictions upon the
24 captured assessed value of real and personal property in the
25 development area. Except as otherwise provided in section 29, tax
26 increment revenues do not include any of the following:

27 (i) Taxes under the state education tax act, 1993 PA 331, MCL

1 211.901 to 211.906.

2 (ii) Taxes levied by local or intermediate school districts.

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

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

14 (v) Ad valorem property taxes exempted from capture under
15 section 618(5) or specific local taxes attributable to the ad
16 valorem property taxes.

17 (vi) Ad valorem property taxes specifically levied for the
18 payment of principal and interest of obligations approved by the
19 electors or obligations pledging the unlimited taxing power of the
20 local governmental unit or specific taxes attributable to those ad
21 valorem property taxes.

22 (vii) Ad valorem property taxes levied under 1 or more of the
23 following or specific local taxes attributable to those ad valorem
24 property taxes:

25 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
26 to 123.1183.

27 (B) The art institute authorities act, 2010 PA 296, MCL

1 123.1201 to 123.1229.

2 (C) Except as otherwise provided in section 618(5), ad valorem
3 property taxes or specific local taxes attributable to those ad
4 valorem property taxes levied for a separate millage for public
5 library purposes approved by the electors after December 31, 2016.

6 (h) "Transit-oriented development" means infrastructural
7 improvements that are located within 1/2 mile of a transit station
8 or transit-oriented facility that promotes transit ridership or
9 passenger rail use as determined by the board and approved by the
10 municipality in which it is located.

11 (i) "Transit-oriented facility" means a facility that houses a
12 transit station in a manner that promotes transit ridership or
13 passenger rail use.

14 (j) "Distressed area" means a local governmental unit that
15 meets all of the following:

16 (i) Has a population of 700,000 or more.

17 (ii) Shows a negative population change from 1970 to the date
18 of the most recent federal decennial census.

19 (iii) Shows an overall increase in the state equalized value
20 of real and personal property of less than the statewide average
21 increase since 1972.

22 (iv) Has a poverty rate, as defined by the most recent federal
23 decennial census, greater than the statewide average.

24 (v) Has had an unemployment rate higher than the statewide
25 average.

26 Sec. 604. (1) Except as otherwise provided in this subsection,
27 a municipality may establish multiple authorities. A parcel of

1 property shall not be included in more than 1 authority created
2 under this part.

3 (2) A city, village, or township located in a county with a
4 population of more than 335,000 and less than 415,000 and that has
5 not less than 2 state public universities within its boundaries may
6 by resolution join with 1 or more cities, villages, or townships
7 located in a county with a population of more than 335,000 and less
8 than 415,000 and that has not less than 2 state public universities
9 within its boundaries to create a joint authority under this part.

10 (3) An authority is a public body corporate which may sue and
11 be sued in any court of this state. An authority possesses all the
12 powers necessary to carry out its purpose. The enumeration of a
13 power in this part shall not be construed as a limitation upon the
14 general powers of an authority.

15 Sec. 605. A development area shall only be established in a
16 municipality and, except for a development area located in a
17 qualified development area, shall comply with all of the following
18 criteria:

19 (a) Is adjacent to or is within 500 feet of a road classified
20 as an arterial or collector according to the Federal Highway
21 Administration manual "Highway Functional Classification -
22 Concepts, Criteria and Procedures".

23 (b) Contains at least 10 contiguous parcels or at least 5
24 contiguous acres.

25 (c) More than 1/2 of the existing ground floor square footage
26 in the development area is classified as commercial real property
27 under section 34c of the general property tax act, 1893 PA 206, MCL

1 211.34c.

2 (d) Residential use, commercial use, or industrial use has
3 been allowed and conducted under the zoning ordinance or conducted
4 in the entire development area, for the immediately preceding 30
5 years.

6 (e) Is presently served by municipal water or sewer.

7 (f) Is zoned to allow for mixed use that includes high-density
8 residential use.

9 (g) The municipality agrees to all of the following:

10 (i) To expedite the local permitting and inspection process in
11 the development area.

12 (ii) To modify its master plan to provide for walkable
13 nonmotorized interconnections, including sidewalks and streetscapes
14 throughout the development area.

15 Sec. 606. (1) If the governing body of a municipality
16 determines that it is necessary for the best interests of the
17 public to redevelop its commercial corridors and to promote
18 economic growth, the governing body may, by resolution, do 1 of the
19 following:

20 (a) Declare its intention to create and provide for the
21 operation of an authority.

22 (b) Declare its intention to jointly create and provide for
23 the operation of a joint authority created under section 604(2).

24 (2) In the resolution of intent, the governing body shall
25 state that the proposed development area meets the criteria in
26 section 605, set a date for a public hearing on the adoption of a
27 proposed resolution creating the authority, and designate the

1 boundaries of the development area. Notice of the public hearing
2 shall be published twice in a newspaper of general circulation in
3 the municipality, not less than 20 or more than 40 days before the
4 date of the hearing. Not less than 20 days before the hearing, the
5 governing body proposing to create the authority shall also mail
6 notice of the hearing to the property taxpayers of record in the
7 proposed development area, to the governing body of each taxing
8 jurisdiction levying taxes that would be subject to capture if the
9 authority is established and a tax increment financing plan is
10 approved, and to the state tax commission. Failure of a property
11 taxpayer to receive the notice does not invalidate these
12 proceedings. Notice of the hearing shall be posted in at least 20
13 conspicuous and public places in the proposed development area not
14 less than 20 days before the hearing. The notice shall state the
15 date, time, and place of the hearing and shall describe the
16 boundaries of the proposed development area. A citizen, taxpayer,
17 or property owner of the municipality or an official from a taxing
18 jurisdiction with millage that would be subject to capture has the
19 right to be heard in regard to the establishment of the authority
20 and the boundaries of the proposed development area. The governing
21 body of the municipality shall not incorporate land into the
22 development area not included in the description contained in the
23 notice of public hearing, but it may eliminate described lands from
24 the development area in the final determination of the boundaries.

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

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

11 (4) The governing body of the municipality may alter or amend
12 the boundaries of the development area to include or exclude lands
13 from the development area in the same manner as adopting the
14 resolution creating the authority.

15 (5) A municipality that has created an authority may enter
16 into an agreement with an adjoining municipality that has created
17 an authority to jointly operate and administer those authorities
18 under an interlocal agreement under the urban cooperation act of
19 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal
20 agreement shall include, but is not limited to, a plan to
21 coordinate and expedite local inspections and permit approvals, a
22 plan to address contradictory zoning requirements, and a date
23 certain to implement all provisions of these plans. If a
24 municipality enters into an interlocal agreement under this
25 subsection, the municipality shall provide a copy of that
26 interlocal agreement to the state tax commission within 60 days of
27 entering into the interlocal agreement.

1 Sec. 607. If a development area is part of an area annexed to
2 or consolidated with another municipality, the authority managing
3 that development area shall become an authority of the annexing or
4 consolidated municipality. Obligations of that authority incurred
5 under a development or tax increment plan, agreements related to a
6 development or tax increment plan, and bonds issued under this part
7 shall remain in effect following the annexation or consolidation.

8 Sec. 608. (1) Except as provided in subsection (7) or as
9 otherwise provided in subsection (8), an authority shall be under
10 the supervision and control of a board consisting of the chief
11 executive officer of the municipality or his or her assignee and
12 not less than 5 or more than 9 members as determined by the
13 governing body of the municipality. Members shall be appointed by
14 the chief executive officer of the municipality, subject to
15 approval by the governing body of the municipality. Not less than a
16 majority of the members shall be persons having an ownership or
17 business interest in property located in the development area. At
18 least 1 of the members shall be a resident of the development area
19 or of an area within 1/2 mile of any part of the development area.
20 Of the members first appointed, an equal number of the members, as
21 near as is practicable, shall be appointed for 1 year, 2 years, 3
22 years, and 4 years. A member shall hold office until the member's
23 successor is appointed. After the initial appointment, each member
24 shall serve for a term of 4 years. An appointment to fill a vacancy
25 shall be made by the chief executive officer of the municipality
26 for the unexpired term only. Members of the board shall serve
27 without compensation, but shall be reimbursed for actual and

1 necessary expenses. The chairperson of the board shall be elected
2 by the board.

3 (2) Before assuming the duties of office, a member shall
4 qualify by taking and subscribing to the constitutional oath of
5 office.

6 (3) The proceedings and rules of the board are subject to the
7 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
8 shall adopt rules governing its procedure and the holding of
9 regular meetings, subject to the approval of the governing body.
10 Special meetings may be held if called in the manner provided in
11 the rules of the board.

12 (4) After having been given notice and an opportunity to be
13 heard, a member of the board may be removed for cause by the
14 governing body.

15 (5) All expense items of the authority shall be publicized
16 monthly and the financial records shall always be open to the
17 public.

18 (6) A writing prepared, owned, used, in the possession of, or
19 retained by the board in the performance of an official function is
20 subject to the freedom of information act, 1976 PA 442, MCL 15.231
21 to 15.246.

22 (7) If the boundaries of the development area are the same as
23 those of a business improvement district established under 1961 PA
24 120, MCL 125.981 to 125.990m, the governing body of the
25 municipality may provide that the members of the board of the
26 authority shall be the members of the board of the business
27 improvement district and 1 person shall be a resident of the

1 development area or of an area within 1/2 mile of any part of the
2 development area.

3 (8) If 2 or more cities, villages, or townships create a joint
4 authority under section 604(2), the board shall consist of up to 3
5 individuals appointed by the chief executive officer of each city,
6 village, or township that is a member of the joint authority. Each
7 of those individuals shall be appointed for initial staggered terms
8 of 2 years, 3 years, or 4 years. A member shall hold office until
9 the member's successor is appointed. After the initial appointment,
10 each member shall serve for a term of 4 years. An appointment to
11 fill a vacancy shall be made by the chief executive officer of the
12 city, village, or township for the unexpired term only. Members of
13 the board shall serve without compensation, but shall be reimbursed
14 for actual and necessary expenses. The chairperson of the board
15 shall be elected by the board.

16 Sec. 609. (1) The board may employ and fix the compensation of
17 a director, subject to the approval of the governing body of the
18 municipality. The director shall serve at the pleasure of the
19 board. A member of the board is not eligible to hold the position
20 of director. Before beginning his or her duties, the director shall
21 take and subscribe to the constitutional oath, and furnish bond, by
22 posting a bond in the sum determined in the resolution establishing
23 the authority payable to the authority for use and benefit of the
24 authority, approved by the board, and filed with the municipal
25 clerk. The premium on the bond shall be considered an operating
26 expense of the authority, payable from funds available to the
27 authority for expenses of operation. The director shall be the

1 chief executive officer of the authority. Subject to the approval
2 of the board, the director shall supervise and be responsible for
3 the preparation of plans and the performance of the functions of
4 the authority in the manner authorized by this part. The director
5 shall attend the meetings of the board and shall provide to the
6 board and to the governing body of the municipality a regular
7 report covering the activities and financial condition of the
8 authority. If the director is absent or disabled, the board may
9 designate a qualified person as acting director to perform the
10 duties of the office. Before beginning his or her duties, the
11 acting director shall take and subscribe to the oath, and furnish
12 bond, as required of the director. The director shall furnish the
13 board with information or reports governing the operation of the
14 authority as the board requires.

15 (2) The board may employ and fix the compensation of a
16 treasurer, who shall keep the financial records of the authority
17 and who, together with the director, shall approve all vouchers for
18 the expenditure of funds of the authority. The treasurer shall
19 perform all duties delegated to him or her by the board and shall
20 furnish bond in an amount prescribed by the board.

21 (3) The board may employ and fix the compensation of a
22 secretary, who shall maintain custody of the official seal and of
23 records, books, documents, or other papers not required to be
24 maintained by the treasurer. The secretary shall attend meetings of
25 the board and keep a record of its proceedings and shall perform
26 other duties delegated by the board.

27 (4) The board may retain legal counsel to advise the board in

1 the proper performance of its duties. The legal counsel shall
2 represent the authority in actions brought by or against the
3 authority.

4 (5) The board may employ other personnel considered necessary
5 by the board.

6 Sec. 610. The employees of an authority shall be eligible to
7 participate in municipal retirement and insurance programs of the
8 municipality as if they were civil service employees except that
9 the employees of an authority are not civil service employees.

10 Sec. 611. (1) The board may do any of the following:

11 (a) Prepare an analysis of economic changes taking place in
12 the development area.

13 (b) Study and analyze the impact of metropolitan growth upon
14 the development area.

15 (c) Plan and propose the construction, renovation, repair,
16 remodeling, rehabilitation, restoration, preservation, or
17 reconstruction of a public facility, an existing building, or a
18 multiple-family dwelling unit which may be necessary or appropriate
19 to the execution of a plan which, in the opinion of the board, aids
20 in the economic growth of the development area.

21 (d) Plan, propose, and implement an improvement to a public
22 facility within the development area to comply with the barrier
23 free design requirements of the state construction code promulgated
24 under the Stille-DeRossett-Hale single state construction code act,
25 1972 PA 230, MCL 125.1501 to 125.1531.

26 (e) Develop long-range plans, in cooperation with the agency
27 that is chiefly responsible for planning in the municipality,

1 designed to halt the deterioration of property values in the
2 development area and to promote the economic growth of the
3 development area, and take steps as may be necessary to persuade
4 property owners to implement the plans to the fullest extent
5 possible.

6 (f) Implement any plan of development in the development area
7 necessary to achieve the purposes of this part in accordance with
8 the powers of the authority granted by this part.

9 (g) Make and enter into contracts necessary or incidental to
10 the exercise of its powers and the performance of its duties.

11 (h) On terms and conditions and in a manner and for
12 consideration the authority considers proper or for no
13 consideration, acquire by purchase or otherwise, or own, convey, or
14 otherwise dispose of, or lease as lessor or lessee, land and other
15 property, real or personal, or rights or interests in the property,
16 that the authority determines is reasonably necessary to achieve
17 the purposes of this part, and to grant or acquire licenses,
18 easements, and options.

19 (i) Improve land and construct, reconstruct, rehabilitate,
20 restore and preserve, equip, improve, maintain, repair, and operate
21 any building, including multiple-family dwellings, and any
22 necessary or desirable appurtenances to those buildings, within the
23 development area for the use, in whole or in part, of any public or
24 private person or corporation, or a combination thereof.

25 (j) Fix, charge, and collect fees, rents, and charges for the
26 use of any facility, building, or property under its control or any
27 part of the facility, building, or property, and pledge the fees,

1 rents, and charges for the payment of revenue bonds issued by the
2 authority.

3 (k) Lease, in whole or in part, any facility, building, or
4 property under its control.

5 (l) Accept grants and donations of property, labor, or other
6 things of value from a public or private source.

7 (m) Acquire and construct public facilities.

8 (n) Conduct market research and public relations campaigns,
9 develop, coordinate, and conduct retail and institutional
10 promotions, and sponsor special events and related activities.

11 (o) Contract for broadband service and wireless technology
12 service in a development area.

13 (2) Notwithstanding any other provision of this part, in a
14 qualified development area the board may, in addition to the powers
15 enumerated in subsection (1), do 1 or more of the following:

16 (a) Perform any necessary or desirable site improvements to
17 the land, including, but not limited to, installation of temporary
18 or permanent utilities, temporary or permanent roads and driveways,
19 silt fences, perimeter construction fences, curbs and gutters,
20 sidewalks, pavement markings, water systems, gas distribution
21 lines, concrete, including, but not limited to, building pads,
22 storm drainage systems, sanitary sewer systems, parking lot paving
23 and light fixtures, electrical service, communications systems,
24 including broadband and high-speed internet, site signage, and
25 excavation, backfill, grading of site, landscaping and irrigation,
26 within the development area for the use, in whole or in part, of
27 any public or private person or business entity, or a combination

1 of these.

2 (b) Incur expenses and expend funds to pay or reimburse a
3 public or private person for costs associated with any of the
4 improvements described in subdivision (a).

5 (c) Make and enter into financing arrangements with a public
6 or private person for the purposes of implementing the board's
7 powers described in this section, including, but not limited to,
8 lease purchase agreements, land contracts, installment sales
9 agreements, sale leaseback agreements, and loan agreements.

10 Sec. 612. The authority is an instrumentality of a political
11 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

12 Sec. 613. A municipality may acquire private property under
13 1911 PA 149, MCL 213.21 to 213.25, for the purpose of transfer to
14 the authority, and may transfer the property to the authority for
15 use in an approved development, on terms and conditions it
16 considers appropriate, and the taking, transfer, and use shall be
17 considered necessary for public purposes and for the benefit of the
18 public.

19 Sec. 614. (1) The activities of the authority shall be
20 financed from 1 or more of the following sources:

21 (a) Donations to the authority for the performance of its
22 functions.

23 (b) Money borrowed and to be repaid as authorized by sections
24 616 and 617.

25 (c) Revenues from any property, building, or facility owned,
26 leased, licensed, or operated by the authority or under its
27 control, subject to the limitations imposed upon the authority by

1 trusts or other agreements.

2 (d) Proceeds of a tax increment financing plan established
3 under sections 618 to 620.

4 (e) Proceeds from a special assessment district created as
5 provided by law.

6 (f) Money obtained from other sources approved by the
7 governing body of the municipality or otherwise authorized by law
8 for use by the authority or the municipality to finance a
9 development program.

10 (2) Money received by the authority and not covered under
11 subsection (1) shall immediately be deposited to the credit of the
12 authority, subject to disbursement under this part. Except as
13 provided in this part, the municipality shall not obligate itself,
14 and shall not be obligated, to pay any sums from public funds,
15 other than money received by the municipality under this section,
16 for or on account of the activities of the authority.

17 Sec. 615. (1) An authority with the approval of the governing
18 body may levy a special assessment as provided by law.

19 (2) The municipality may at the request of the authority
20 borrow money and issue its notes under the revised municipal
21 finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in anticipation
22 of collection of the ad valorem tax authorized in this section.

23 Sec. 616. The authority may, with approval of the local
24 governing body, borrow money and issue its negotiable revenue bonds
25 under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
26 141.140. Revenue bonds issued by the authority are not a debt of
27 the municipality unless the municipality by majority vote of the

1 members of its governing body pledges its full faith and credit to
2 support the authority's revenue bonds. Revenue bonds issued by the
3 authority are never a debt of the state.

4 Sec. 617. (1) The authority may with approval of the local
5 governing body borrow money and issue its revenue bonds or notes to
6 finance all or part of the costs of acquiring or constructing or
7 causing to be constructed property in connection with either of the
8 following:

9 (a) The implementation of a development plan in the
10 development area.

11 (b) The refund, or refund in advance, of bonds or notes issued
12 under this section.

13 (2) Any of the following may be financed by the issuance of
14 revenue bonds or notes:

15 (a) The cost of purchasing, acquiring, constructing,
16 improving, enlarging, extending, or repairing property in
17 connection with the implementation of a development plan in the
18 development area, and, for the implementation of the development
19 plan in a qualified development area, the cost of reimbursing a
20 public or private person for any of those costs.

21 (b) Any engineering, architectural, legal, accounting, or
22 financial expenses.

23 (c) The costs necessary or incidental to the borrowing of
24 money.

25 (d) Interest on the bonds or notes during the period of
26 construction.

27 (e) A reserve for payment of principal and interest on the

1 bonds or notes.

2 (f) A reserve for operation and maintenance until sufficient
3 revenues have developed.

4 (3) The authority may secure the bonds and notes by mortgage,
5 assignment, or pledge of the property and any money, revenues, or
6 income received in connection with the property.

7 (4) A pledge made by the authority is valid and binding from
8 the time the pledge is made. The money or property pledged by the
9 authority immediately is subject to the lien of the pledge without
10 a physical delivery, filing, or further act. The lien of a pledge
11 is valid and binding against parties having claims of any kind in
12 tort, contract, or otherwise, against the authority, whether or not
13 the parties have notice of the lien. Neither the resolution, the
14 trust agreement, nor any other instrument by which a pledge is
15 created must be filed or recorded to be enforceable.

16 (5) Bonds or notes issued under this section are exempt from
17 all taxation in this state except inheritance and transfer taxes,
18 and the interest on the bonds or notes is exempt from all taxation
19 in this state, notwithstanding that the interest may be subject to
20 federal income tax.

21 (6) The municipality is not liable on bonds or notes of the
22 authority issued under this section, and the bonds or notes are not
23 a debt of the municipality. The bonds or notes shall contain on
24 their face a statement to that effect.

25 (7) The bonds and notes of the authority may be invested in by
26 all public officers, state agencies and political subdivisions,
27 insurance companies, banks, savings and loan associations,

1 investment companies, and fiduciaries and trustees, and may be
2 deposited with and received by all public officers and the agencies
3 and political subdivisions of this state for any purpose for which
4 the deposit of bonds is authorized.

5 Sec. 618. (1) If the authority determines that it is necessary
6 for the achievement of the purposes of this part, the authority
7 shall prepare and submit a tax increment financing plan to the
8 governing body of the municipality. The plan shall include a
9 development plan as provided in section 621, a detailed explanation
10 of the tax increment procedure, the maximum amount of bonded
11 indebtedness to be incurred, and the duration of the program, and
12 shall be in compliance with section 619. The plan shall contain a
13 statement of the estimated impact of tax increment financing on the
14 assessed values of all taxing jurisdictions in which the
15 development area is located. The plan may provide for the use of
16 part or all of the captured assessed value, but the portion
17 intended to be used by the authority shall be clearly stated in the
18 tax increment financing plan. The authority or municipality may
19 exclude from captured assessed value growth in property value
20 resulting solely from inflation. The plan shall set forth the
21 method for excluding growth in property value resulting solely from
22 inflation.

23 (2) Approval of the tax increment financing plan shall comply
24 with the notice, hearing, and disclosure provisions of section 622.
25 If the development plan is part of the tax increment financing
26 plan, only 1 hearing and approval procedure is required for the 2
27 plans together.

1 (3) Before the public hearing on the tax increment financing
2 plan, the governing body shall provide a reasonable opportunity to
3 the taxing jurisdictions levying taxes subject to capture to meet
4 with the governing body. The authority shall fully inform the
5 taxing jurisdictions of the fiscal and economic implications of the
6 proposed development area. The taxing jurisdictions may present
7 their recommendations at the public hearing on the tax increment
8 financing plan. The authority may enter into agreements with the
9 taxing jurisdictions and the governing body of the municipality in
10 which the development area is located to share a portion of the
11 captured assessed value of the development area.

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

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

1 part, unless the library board or commission allows all or a
2 portion of its taxes levied to be included as tax increment
3 revenues and subject to capture under this part under the terms of
4 a written agreement between the library board or commission and the
5 authority. The written agreement shall be filed with the clerk of
6 the municipality. However, if a separate millage for public library
7 purposes was levied before January 1, 2017, and the authority
8 alters or amends the boundaries of the development area or extends
9 the duration of the existing finance plan, then the library board
10 or commission may, not later than 60 days after a public hearing is
11 held under this subsection, exempt all or a portion of its taxes
12 from capture by adopting a resolution to that effect and filing a
13 copy with the clerk of the municipality that created the authority.
14 For ad valorem property taxes or specific local taxes attributable
15 to those ad valorem property taxes levied for a separate millage
16 for public library purposes approved by the electors after December
17 31, 2016, a library board or commission may allow all or a portion
18 of its taxes levied to be included as tax increment revenues and
19 subject to capture under this part under the terms of a written
20 agreement between the library board or commission and the
21 authority. The written agreement shall be filed with the clerk of
22 the municipality. However, if the library was created under section
23 1 or 10a of 1877 PA 164, MCL 397.201 and 397.210a, or established
24 under 1869 LA 233, then any action of the library board or
25 commission under this subsection shall have the concurrence of the
26 chief executive officer of the city that created the library to be
27 effective.

1 Sec. 619. (1) The municipal and county treasurers shall
2 transmit tax increment revenues to the authority.

3 (2) The authority shall expend the tax increment revenues
4 received for the development program only under the terms of the
5 tax increment financing plan. Unused funds shall revert
6 proportionately to the respective taxing bodies. Tax increment
7 revenues shall not be used to circumvent existing property tax
8 limitations. The governing body of the municipality may abolish the
9 tax increment financing plan if it finds that the purposes for
10 which it was established are accomplished. However, the tax
11 increment financing plan shall not be abolished, allowed to expire,
12 or otherwise terminate until the principal of, and interest on,
13 bonds issued under section 620 have been paid or funds sufficient
14 to make the payment have been segregated.

15 Sec. 620. (1) The municipality may by resolution of its
16 governing body authorize, issue, and sell limited general
17 obligation bonds subject to the limitations set forth in this
18 subsection to finance the development program of the tax increment
19 financing plan and shall pledge its full faith and credit for the
20 payment of the bonds. The municipality may pledge as additional
21 security for the bonds any money received by the authority or the
22 municipality under section 614. The bonds are subject to the
23 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
24 141.2821. Before the municipality may authorize the borrowing, the
25 authority shall submit an estimate of the anticipated tax increment
26 revenues and other revenue available under section 614 to be
27 available for payment of principal and interest on the bonds, to

1 the governing body of the municipality. This estimate shall be
2 approved by the governing body of the municipality by resolution
3 adopted by majority vote of the members of the governing body in
4 the resolution authorizing the bonds. If the governing body of the
5 municipality adopts the resolution authorizing the bonds, the
6 estimate of the anticipated tax increment revenues and other
7 revenue available under section 614 to be available for payment of
8 principal and interest on the bonds shall be conclusive for
9 purposes of this section. The bonds issued under this subsection
10 shall be considered a single series for the purposes of the revised
11 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

12 (2) By resolution of its governing body, the authority may
13 authorize, issue, and sell tax increment bonds subject to the
14 limitations set forth in this subsection to finance the development
15 program of the tax increment financing plan. The tax increment
16 bonds issued by the authority under this subsection shall pledge
17 solely the tax increment revenues of a development area in which
18 the project is located or a development area from which tax
19 increment revenues may be used for this project, or both. In
20 addition or in the alternative, the bonds issued by the authority
21 under this subsection may be secured by any other revenues
22 identified in section 614 as sources of financing for activities of
23 the authority that the authority shall specifically pledge in the
24 resolution. However, the full faith and credit of the municipality
25 shall not be pledged to secure bonds issued under this subsection.
26 The bond issue may include a sum sufficient to pay interest on the
27 tax increment bonds until full development of tax increment

1 revenues from the project and also a sum to provide a reasonable
2 reserve for payment of principal and interest on the bonds. The
3 resolution authorizing the bonds shall create a lien on the tax
4 increment revenues and other revenues pledged by the resolution
5 that shall be a statutory lien and shall be a first lien subject
6 only to liens previously created. The resolution may provide the
7 terms upon which additional bonds may be issued of equal standing
8 and parity of lien as to the tax increment revenues and other
9 revenues pledged under the resolution. Bonds issued under this
10 subsection that pledge revenue received under section 615 for
11 repayment of the bonds are subject to the revised municipal finance
12 act, 2001 PA 34, MCL 141.2101 to 141.2821.

13 Sec. 621. (1) If a board decides to finance a project in a
14 development area by the use of revenue bonds as authorized in
15 section 616 or tax increment financing as authorized in sections
16 618, 619, and 620, it shall prepare a development plan.

17 (2) The development plan shall contain all of the following:

18 (a) The designation of boundaries of the development area in
19 relation to highways, streets, streams, or otherwise.

20 (b) The location and extent of existing streets and other
21 public facilities within the development area, designating the
22 location, character, and extent of the categories of public and
23 private land uses then existing and proposed for the development
24 area, including residential, recreational, commercial, industrial,
25 educational, and other uses, and including a legal description of
26 the development area.

27 (c) A description of existing improvements in the development

1 area to be demolished, repaired, or altered, a description of any
2 repairs and alterations, and an estimate of the time required for
3 completion.

4 (d) The location, extent, character, and estimated cost of the
5 improvements including rehabilitation contemplated for the
6 development area and an estimate of the time required for
7 completion.

8 (e) A statement of the construction or stages of construction
9 planned, and the estimated time of completion of each stage.

10 (f) A description of any parts of the development area to be
11 left as open space and the use contemplated for the space.

12 (g) A description of any portions of the development area that
13 the authority desires to sell, donate, exchange, or lease to or
14 from the municipality and the proposed terms.

15 (h) A description of desired zoning changes and changes in
16 streets, street levels, intersections, traffic flow modifications,
17 or utilities.

18 (i) An estimate of the cost of the development, a statement of
19 the proposed method of financing the development, and the ability
20 of the authority to arrange the financing.

21 (j) Designation of the person or persons, natural or
22 corporate, to whom all or a portion of the development is to be
23 leased, sold, or conveyed in any manner and for whose benefit the
24 project is being undertaken if that information is available to the
25 authority.

26 (k) The procedures for bidding for the leasing, purchasing, or
27 conveying in any manner of all or a portion of the development upon

1 its completion, if there is no express or implied agreement between
2 the authority and persons, natural or corporate, that all or a
3 portion of the development will be leased, sold, or conveyed in any
4 manner to those persons.

5 (l) Estimates of the number of persons residing in the
6 development area and the number of families and individuals to be
7 displaced. If occupied residences are designated for acquisition
8 and clearance by the authority, a development plan shall include a
9 survey of the families and individuals to be displaced, including
10 their income and racial composition, a statistical description of
11 the housing supply in the community, including the number of
12 private and public units in existence or under construction, the
13 condition of those units in existence, the number of owner-occupied
14 and renter-occupied units, the annual rate of turnover of the
15 various types of housing and the range of rents and sale prices, an
16 estimate of the total demand for housing in the community, and the
17 estimated capacity of private and public housing available to
18 displaced families and individuals.

19 (m) A plan for establishing priority for the relocation of
20 persons displaced by the development in any new housing in the
21 development area.

22 (n) Provision for the costs of relocating persons displaced by
23 the development and financial assistance and reimbursement of
24 expenses, including litigation expenses and expenses incident to
25 the transfer of title, in accordance with the standards and
26 provisions of the uniform relocation assistance and real property
27 acquisition policies act of 1970, Public Law 91-646, 84 Stat 1894.

1 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
2 213.332.

3 (p) The requirement that amendments to an approved development
4 plan or tax increment plan must be submitted by the authority to
5 the governing body for approval or rejection.

6 (q) A schedule to periodically evaluate the effectiveness of
7 the development plan.

8 (r) Other material that the authority, local public agency, or
9 governing body considers pertinent.

10 Sec. 622. (1) The governing body, before adoption of a
11 resolution approving a development plan or tax increment financing
12 plan, shall hold a public hearing on the development plan. Notice
13 of the time and place of the hearing shall be given by publication
14 twice in a newspaper of general circulation designated by the
15 municipality, the first of which shall be not less than 20 days
16 before the date set for the hearing. Notice of the hearing shall be
17 posted in at least 20 conspicuous and public places in the
18 development area not less than 20 days before the hearing. Notice
19 shall also be mailed to all property taxpayers of record in the
20 development area and to the governing body of each taxing
21 jurisdiction levying taxes that would be subject to capture if the
22 tax increment financing plan is approved not less than 20 days
23 before the hearing. The notice of hearing within the time frame
24 described in this subsection shall be mailed by certified mail to
25 the governing body of each taxing jurisdiction levying taxes that
26 would be subject to capture if the tax increment financing plan is
27 approved.

1 (2) Notice of the time and place of hearing on a development
2 plan shall contain all of the following:

3 (a) A description of the proposed development area in relation
4 to highways, streets, streams, or otherwise.

5 (b) A statement that maps, plats, and a description of the
6 development plan, including the method of relocating families and
7 individuals who may be displaced from the area, are available for
8 public inspection at a place designated in the notice.

9 (c) A statement that all aspects of the development plan will
10 be open for discussion at the public hearing.

11 (d) Other information that the governing body considers
12 appropriate.

13 (3) At the time set for the hearing, the governing body shall
14 provide an opportunity for interested persons to speak and shall
15 receive and consider communications in writing. The hearing shall
16 provide the fullest opportunity for expression of opinion, for
17 argument on the merits, and for consideration of documentary
18 evidence pertinent to the development plan. The governing body
19 shall make and preserve a record of the public hearing, including
20 all data presented at the hearing.

21 Sec. 623. The governing body after a public hearing on the
22 development plan or the tax increment financing plan, or both, with
23 notice given under section 622, shall determine whether the
24 development plan or tax increment financing plan constitutes a
25 public purpose. If it determines that the development plan or tax
26 increment financing plan constitutes a public purpose, it shall by
27 resolution approve or reject the plan, or approve it with

1 modification, based on the following considerations:

2 (a) The plan meets the requirements under section 620(2).

3 (b) The proposed method of financing the development is
4 feasible and the authority has the ability to arrange the
5 financing.

6 (c) The development is reasonable and necessary to carry out
7 the purposes of this part.

8 (d) The land included within the development area to be
9 acquired is reasonably necessary to carry out the purposes of the
10 plan and of this part in an efficient and economically satisfactory
11 manner.

12 (e) The development plan is in reasonable accord with the land
13 use plan of the municipality.

14 (f) Public services, such as fire and police protection and
15 utilities, are or will be adequate to service the project area.

16 (g) Changes in zoning, streets, street levels, intersections,
17 and utilities are reasonably necessary for the project and for the
18 municipality.

19 Sec. 624. A person to be relocated under this part shall be
20 given not less than 90 days' written notice to vacate unless
21 modified by court order issued for good cause and after a hearing.

22 Sec. 625. (1) The director of the authority shall submit a
23 budget to the board for the operation of the authority for each
24 fiscal year before the beginning of the fiscal year. The budget
25 shall be prepared in the manner and contain the information
26 required of municipal departments. After review by the board, the
27 budget shall be submitted to the governing body. The governing body

1 must approve the budget before the board may adopt the budget.
2 Unless authorized by the governing body or this part, funds of the
3 municipality shall not be included in the budget of the authority.

4 (2) The governing body of the municipality may assess a
5 reasonable pro rata share of the funds for the cost of handling and
6 auditing the funds against the funds of the authority, other than
7 those committed, which shall be paid annually by the board pursuant
8 to an appropriate item in its budget.

9 Sec. 626. (1) A public facility, building, or structure that
10 is determined by the municipality to have significant historical
11 interests shall be preserved in a manner considered necessary by
12 the municipality in accordance with laws relative to the
13 preservation of historical sites.

14 (2) An authority shall refer all proposed changes to the
15 exterior of sites listed on the state register of historic sites
16 and the National Register of Historic Places to the applicable
17 historic district commission created under the local historic
18 districts act, 1970 PA 169, MCL 399.201 to 399.215, or the Michigan
19 state housing development authority for review.

20 Sec. 627. An authority that has completed the purposes for
21 which it was organized shall be dissolved by resolution of the
22 governing body. The property and assets of the authority remaining
23 after the satisfaction of the obligations of the authority belong
24 to the municipality.

25 Sec. 629. (1) Subject to the requirements of subsection (2),
26 within 60 days after a development plan for a qualified development
27 area has been approved under section 618, upon written request from

1 the authority, the Michigan economic growth authority under the
2 Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to
3 207.810, may include the following within the definition of tax
4 increment revenues under section 3(g):

5 (a) Taxes under the state education tax act, 1933 PA 331, MCL
6 211.901 to 211.906.

7 (b) Taxes levied by local or intermediate school districts
8 under the revised school code, 1976 PA 451, MCL 380.1 to 380.1852.

9 (2) The Michigan economic growth authority may only allow
10 inclusion of the taxes described in subsection (1) in the
11 definition of tax increment revenues if the Michigan economic
12 growth authority under the Michigan economic growth authority act,
13 1995 PA 24, MCL 207.801 to 207.810, determines that the inclusion
14 is necessary to reduce unemployment, promote economic growth, and
15 increase capital investment in a qualified development area.

16 PART 7

17 WATER RESOURCE IMPROVEMENT AUTHORITIES

18 Sec. 702. As used in this part:

19 (a) "Advance" means a transfer of funds made by a municipality
20 to an authority or to another person on behalf of the authority in
21 anticipation of repayment by the authority. Evidence of the intent
22 to repay an advance may include, but is not limited to, an executed
23 agreement to repay, provisions contained in a tax increment
24 financing plan approved prior to the advance, or a resolution of
25 the authority or the municipality.

26 (b) "Assessed value" means the taxable value as determined
27 under section 27a of the general property tax act, 1893 PA 206, MCL

1 211.27a.

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

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
9 803(d), exceeds the initial assessed value. The state tax
10 commission shall prescribe the method for calculating captured
11 assessed value.

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

15 (g) "Development area" means that area described in section
16 805 to which a development plan is applicable.

17 (h) "Development plan" means that information and those
18 requirements for a development area set forth in section 822.

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

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

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

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

1 the municipality at the time the resolution is adopted. Property
2 exempt from taxation at the time of the determination of the
3 initial assessed value shall be included as zero. For the purpose
4 of determining initial assessed value, property for which a
5 specific local tax is paid in lieu of a property tax shall not be
6 considered to be property that is exempt from taxation. The initial
7 assessed value of property for which a specific local tax was paid
8 in lieu of a property tax shall be determined as provided in
9 section 803(d).

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

14 (n) "Land use plan" means a plan prepared under former 1921 PA
15 207, or a site plan under the Michigan zoning enabling act, 2006 PA
16 110, MCL 125.3101 to 125.3702.

17 (o) "Municipality" means a city, village, or township.

18 Sec. 703. As used in this part:

19 (a) "Operations" means office maintenance, including salaries
20 and expenses of employees, office supplies, consultation fees,
21 design costs, and other expenses incurred in the daily management
22 of the authority and planning of its activities.

23 (b) "Parcel" means an identifiable unit of land that is
24 treated as separate for valuation or zoning purposes.

25 (c) "Public facility" means a street, and any improvements to
26 a street, including street furniture and beautification, park,
27 parking facility, recreational facility, right-of-way, structure,

1 waterway, bridge, lake, pond, canal, utility line or pipe, or
2 building, including access routes designed and dedicated to use by
3 the public generally, or used by a public agency, that is related
4 to access to inland lakes or a water resource improvement, or means
5 a water resource improvement. Public facility includes an
6 improvement to a facility used by the public or a public facility
7 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
8 if the improvement complies with the barrier free design
9 requirements of the state construction code promulgated under the
10 Stille-DeRossett-Hale single state construction code act, 1972 PA
11 230, MCL 125.1501 to 125.1531.

12 (d) "Specific local tax" means a tax levied under 1974 PA 198,
13 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
14 255, MCL 207.651 to 207.668, the technology park development act,
15 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
16 211.182. The initial assessed value or current assessed value of
17 property subject to a specific local tax shall be the quotient of
18 the specific local tax paid divided by the ad valorem millage rate.
19 The state tax commission shall prescribe the method for calculating
20 the initial assessed value and current assessed value of property
21 for which a specific local tax was paid in lieu of a property tax.

22 (e) "State fiscal year" means the annual period commencing
23 October 1 of each year.

24 (f) "Tax increment revenues" means the amount of ad valorem
25 property taxes and specific local taxes attributable to the
26 application of the levy of all taxing jurisdictions upon the
27 captured assessed value of real and personal property in the

1 development area. Tax increment revenues do not include any of the
2 following:

3 (i) Taxes under the state education tax act, 1993 PA 331, MCL
4 211.901 to 211.906.

5 (ii) Taxes levied by local or intermediate school districts.

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

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

17 (v) Ad valorem property taxes exempted from capture under
18 section 815(5) or specific local taxes attributable to the ad
19 valorem property taxes.

20 (vi) Ad valorem property taxes specifically levied for the
21 payment of principal and interest of obligations approved by the
22 electors or obligations pledging the unlimited taxing power of the
23 local governmental unit or specific taxes attributable to those ad
24 valorem property taxes.

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

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

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

5 (C) Except as otherwise provided in section 715(5), ad valorem
6 property taxes or specific local taxes attributable to those ad
7 valorem property taxes levied for a separate millage for public
8 library purposes approved by the electors after December 31, 2016.

9 (g) "Water resource improvement" means enhancement of water
10 quality and water dependent natural resources, including, but not
11 limited to, the following:

12 (i) The elimination of the causes and the proliferation of
13 aquatic nuisance species, as defined in section 3101 of the natural
14 resources and environmental protection act, 1994 PA 451, MCL
15 324.3101.

16 (ii) Sewer systems that service existing structures that have
17 failing on-site disposal systems.

18 (iii) Storm water systems that service existing
19 infrastructure.

20 (iv) Dredging, removal of spoils, or other improvements or
21 maintenance activities that enhance navigability of a waterway.

22 (h) "Water resource improvement district" or "district" means
23 1 or more of the following:

24 (i) An inland body of water and land that is up to 1 mile from
25 the shoreline of an inland lake that contains 1 or more public
26 access points.

27 (ii) An inland body of water and parcels of land that are

1 contiguous to the shoreline of an inland lake that does not contain
2 a public access point.

3 (iii) The shoreline of a harbor on a Great Lake and 1 or more
4 of the following:

5 (A) Land up to 1 mile from the shoreline of the harbor.

6 (B) A tributary to that Great Lake harbor up to 5 miles
7 upstream from the shoreline of the Great Lake harbor.

8 (C) Land up to 1 mile from each bank of the tributary
9 described in sub-subparagraph (B).

10 Sec. 704. (1) Except as otherwise provided in this subsection,
11 a municipality may establish multiple authorities. A parcel of
12 property shall not be included in more than 1 authority created
13 under this part.

14 (2) An authority is a public body corporate that may sue and
15 be sued in any court of this state. An authority possesses all the
16 powers necessary to carry out its purpose. The enumeration of a
17 power in this part shall not be construed as a limitation upon the
18 general powers of an authority.

19 Sec. 705. (1) If the governing body of a municipality
20 determines that it is necessary for the best interests of the
21 public to promote water resource improvement or access to inland
22 lakes, or both, in a water resource improvement district, the
23 governing body may, by resolution, declare its intention to create
24 and provide for the operation of an authority within the boundaries
25 of a water resource improvement district.

26 (2) In the resolution of intent, the governing body shall set
27 a date for a public hearing on the adoption of a proposed ordinance

1 creating the authority and designating the boundaries of the
2 development area. Notice of the public hearing shall be published
3 twice in a newspaper of general circulation in the municipality,
4 not less than 20 or more than 40 days before the date of the
5 hearing. Not less than 20 days before the hearing, the governing
6 body proposing to create the authority shall also mail notice of
7 the hearing to the property taxpayers of record in the proposed
8 development area and to the governing body of each taxing
9 jurisdiction levying taxes that would be subject to capture if the
10 authority is established and a tax increment financing plan is
11 approved. Failure of a property taxpayer to receive the notice does
12 not invalidate these proceedings. Notice of the hearing shall be
13 posted in at least 20 conspicuous and public places in the proposed
14 development area not less than 20 days before the hearing. The
15 notice shall state the date, time, and place of the hearing and
16 shall describe the boundaries of the proposed development area. A
17 citizen, taxpayer, or property owner of the municipality or an
18 official from a taxing jurisdiction with millage that would be
19 subject to capture has the right to be heard in regard to the
20 establishment of the authority and the boundaries of the proposed
21 development area. The governing body of the municipality shall not
22 incorporate land into the development area not included in the
23 description contained in the notice of public hearing, but it may
24 eliminate described lands from the development area in the final
25 determination of the boundaries.

26 (3) Not less than 60 days after the public hearing, if the
27 governing body of the municipality intends to proceed with the

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

12 (4) The governing body of the municipality may alter or amend
13 the boundaries of the development area to include or exclude lands
14 from the development area in the same manner as adopting the
15 ordinance creating the authority.

16 (5) A municipality that has created an authority may enter
17 into an agreement with an adjoining municipality that has created
18 an authority to jointly operate and administer those authorities
19 under an interlocal agreement under the urban cooperation act of
20 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

21 Sec. 706. If a development area is part of an area annexed to
22 or consolidated with another municipality, the authority managing
23 that development area shall become an authority of the annexing or
24 consolidated municipality. Obligations of that authority incurred
25 under a development or tax increment plan, agreements related to a
26 development or tax increment plan, and bonds issued under this part
27 shall remain in effect following the annexation or consolidation.

1 Sec. 707. (1) An authority shall be under the supervision and
2 control of a board consisting of the chief executive officer of the
3 municipality or his or her designee and not less than 5 or more
4 than 9 members as determined by the governing body of the
5 municipality. Members shall be appointed by the chief executive
6 officer of the municipality, subject to approval by the governing
7 body of the municipality. Not less than a majority of the members
8 shall be persons having an ownership or business interest in
9 property located in the development area. At least 1 of the members
10 shall be a resident of the development area or of an area within
11 1/2 mile of any part of the development area. Of the members first
12 appointed, an equal number of the members, as near as is
13 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
14 years. A member shall hold office until the member's successor is
15 appointed. After the initial appointment, each member shall serve
16 for a term of 4 years. An appointment to fill a vacancy shall be
17 made by the chief executive officer of the municipality for the
18 unexpired term only. Members of the board shall serve without
19 compensation, but shall be reimbursed for actual and necessary
20 expenses. The chairperson of the board shall be elected by the
21 board.

22 (2) Before assuming the duties of office, a member shall
23 qualify by taking and subscribing to the constitutional oath of
24 office.

25 (3) The proceedings and rules of the board are subject to the
26 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
27 shall adopt rules governing its procedure and the holding of

1 regular meetings, subject to the approval of the governing body.
2 Special meetings may be held if called in the manner provided in
3 the rules of the board.

4 (4) After having been given notice and an opportunity to be
5 heard, a member of the board may be removed for cause by the
6 governing body.

7 (5) All expense items of the authority shall be publicized
8 monthly and the financial records shall always be open to the
9 public.

10 (6) A writing prepared, owned, used, in the possession of, or
11 retained by the board in the performance of an official function is
12 subject to the freedom of information act, 1976 PA 442, MCL 15.231
13 to 15.246.

14 Sec. 708. (1) The board may employ and fix the compensation of
15 a director, subject to the approval of the governing body of the
16 municipality. The director shall serve at the pleasure of the
17 board. A member of the board is not eligible to hold the position
18 of director. Before beginning his or her duties, the director shall
19 take and subscribe to the constitutional oath, and furnish bond, by
20 posting a bond in the sum determined in the ordinance establishing
21 the authority payable to the authority for use and benefit of the
22 authority, approved by the board, and filed with the municipal
23 clerk. The premium on the bond shall be considered an operating
24 expense of the authority, payable from funds available to the
25 authority for expenses of operation. The director shall be the
26 chief executive officer of the authority. Subject to the approval
27 of the board, the director shall supervise and be responsible for

1 the preparation of plans and the performance of the functions of
2 the authority in the manner authorized by this part. The director
3 shall attend the meetings of the board and shall provide to the
4 board and to the governing body of the municipality a regular
5 report covering the activities and financial condition of the
6 authority. If the director is absent or disabled, the board may
7 designate a qualified person as acting director to perform the
8 duties of the office. Before beginning his or her duties, the
9 acting director shall take and subscribe to the oath, and furnish
10 bond, as required of the director. The director shall furnish the
11 board with information or reports governing the operation of the
12 authority as the board requires.

13 (2) The board may employ and fix the compensation of a
14 treasurer, who shall keep the financial records of the authority
15 and who, together with the director, shall approve all vouchers for
16 the expenditure of funds of the authority. The treasurer shall
17 perform all duties delegated to him or her by the board and shall
18 furnish bond in an amount prescribed by the board.

19 (3) The board may employ and fix the compensation of a
20 secretary, who shall maintain custody of the official seal and of
21 records, books, documents, or other papers not required to be
22 maintained by the treasurer. The secretary shall attend meetings of
23 the board and keep a record of its proceedings and shall perform
24 other duties delegated by the board.

25 (4) The board may retain legal counsel to advise the board in
26 the proper performance of its duties. The legal counsel shall
27 represent the authority in actions brought by or against the

1 authority.

2 (5) The board may employ other personnel considered necessary
3 by the board.

4 Sec. 709. The employees of an authority shall be eligible to
5 participate in municipal retirement and insurance programs of the
6 municipality as if they were civil service employees except that
7 the employees of an authority are not civil service employees.

8 Sec. 710. (1) The board may do any of the following:

9 (a) Prepare an analysis of water resource improvement and
10 access to inland lakes issues taking place in the development area.

11 (b) Study and analyze the need for water resource improvements
12 and access to inland lakes upon the development area.

13 (c) Plan and propose the construction, renovation, repair,
14 remodeling, rehabilitation, restoration, preservation, or
15 reconstruction of a public facility that may be necessary or
16 appropriate to the execution of a plan that, in the opinion of the
17 board, aids in water resource improvement or access to inland lakes
18 in the development area. The board is encouraged to develop a plan
19 that conserves the natural features, reduces impervious surfaces,
20 and uses landscaping and natural features to reflect the
21 predevelopment site.

22 (d) Plan, propose, and implement an improvement to a public
23 facility within the development area to comply with the barrier
24 free design requirements of the state construction code promulgated
25 under the Stille-DeRossett-Hale single state construction code act,
26 1972 PA 230, MCL 125.1501 to 125.1531.

27 (e) Develop long-range plans for water resource improvement

1 and access to inland lakes within the district.

2 (f) Implement any plan of development for water resource
3 improvement and access to inland lakes in the development area
4 necessary to achieve the purposes of this part in accordance with
5 the powers of the authority granted by this part.

6 (g) Make and enter into contracts necessary or incidental to
7 the exercise of its powers and the performance of its duties.

8 (h) Acquire by purchase or otherwise, on terms and conditions
9 and in a manner the authority considers proper or own, convey, or
10 otherwise dispose of, or lease as lessor or lessee, land and other
11 property, real or personal, or rights or interests in the property,
12 that the authority determines is reasonably necessary to achieve
13 the purposes of this part, and to grant or acquire licenses,
14 easements, and options.

15 (i) Improve land and construct, reconstruct, rehabilitate,
16 restore and preserve, equip, clear, improve, maintain, and repair
17 any public facility, building, and any necessary or desirable
18 appurtenances to those buildings and operate a water resource
19 improvement, as determined by the authority to be reasonably
20 necessary to achieve the purposes of this part, within the
21 development area for the use, in whole or in part, of any public or
22 private person or corporation, or a combination thereof.

23 (j) Fix, charge, and collect fees, rents, and charges for the
24 use of any facility, building, or property under its control or any
25 part of the facility, building, or property, and pledge the fees,
26 rents, and charges for the payment of revenue bonds issued by the
27 authority.

1 (k) Lease, in whole or in part, any facility, building, or
2 property under its control.

3 (l) Accept grants and donations of property, labor, or other
4 things of value from a public or private source.

5 (m) Acquire and construct public facilities.

6 (n) Plan and implement water resource improvements in harbors
7 of the Great Lakes and their tributaries, including, but not
8 limited to, dredging, removal of spoils, and other improvements or
9 maintenance activities that enhance navigability of a waterway.

10 (2) The board shall prepare a water resource management plan
11 in consultation with the department of environmental quality, the
12 department of natural resources, or any other entity with expertise
13 in water quality management and invasive species management.

14 (3) The board may apply for the necessary state and federal
15 permits required for a public facility or a water resource
16 improvement under this part.

17 Sec. 711. The authority is an instrumentality of a political
18 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

19 Sec. 712. (1) The activities of the authority shall be
20 financed from 1 or more of the following sources:

21 (a) Donations to the authority for the performance of its
22 functions.

23 (b) Money borrowed and to be repaid as authorized by sections
24 713 and 714.

25 (c) Revenues from any property, building, or facility owned,
26 leased, licensed, or operated by the authority or under its
27 control, subject to the limitations imposed upon the authority by

1 trusts or other agreements.

2 (d) Proceeds of a tax increment financing plan established
3 under sections 715 to 717.

4 (e) Proceeds from a special assessment district created as
5 provided by law.

6 (f) Money obtained from other sources approved by the
7 governing body of the municipality or otherwise authorized by law
8 for use by the authority or the municipality to finance a
9 development program.

10 (2) Money received by the authority and not covered under
11 subsection (1) shall immediately be deposited to the credit of the
12 authority, subject to disbursement under this part. Except as
13 provided in this part, the municipality shall not obligate itself,
14 and shall not be obligated, to pay any sums from public funds,
15 other than money received by the municipality under this section,
16 for or on account of the activities of the authority.

17 Sec. 713. The authority may borrow money and issue its
18 negotiable revenue bonds under the revenue bond act of 1933, 1933
19 PA 94, MCL 141.101 to 141.140.

20 Sec. 714. (1) The authority may with approval of the local
21 governing body borrow money and issue its revenue bonds or notes to
22 finance all or part of the costs of water resource improvements in
23 connection with either of the following:

24 (a) The implementation of a development plan in the
25 development area.

26 (b) The refund, or refund in advance, of bonds or notes issued
27 under this section.

1 (2) Any of the following may be financed by the issuance of
2 revenue bonds or notes:

3 (a) The cost of purchasing, acquiring, constructing,
4 improving, enlarging, extending, or repairing property in
5 connection with the implementation of a development plan in the
6 development area.

7 (b) Any engineering, architectural, legal, accounting, or
8 financial expenses.

9 (c) The costs necessary or incidental to the borrowing of
10 money.

11 (d) Interest on the bonds or notes during the period of
12 construction.

13 (e) A reserve for payment of principal and interest on the
14 bonds or notes.

15 (f) A reserve for operation and maintenance until sufficient
16 revenues have developed.

17 (3) The authority may secure the bonds and notes by mortgage,
18 assignment, or pledge of the property and any money, revenues, or
19 income received in connection with the property.

20 (4) A pledge made by the authority is valid and binding from
21 the time the pledge is made. The money or property pledged by the
22 authority immediately is subject to the lien of the pledge without
23 a physical delivery, filing, or further act. The lien of a pledge
24 is valid and binding against parties having claims of any kind in
25 tort, contract, or otherwise, against the authority, whether or not
26 the parties have notice of the lien. Neither the resolution, the
27 trust agreement, nor any other instrument by which a pledge is

1 created must be filed or recorded to be enforceable.

2 (5) Bonds or notes issued under this section are exempt from
3 all taxation in this state, and the interest on the bonds or notes
4 is exempt from all taxation in this state, notwithstanding that the
5 interest may be subject to federal income tax.

6 (6) The municipality is not liable on bonds or notes of the
7 authority issued under this section, and the bonds or notes are not
8 a debt of the municipality. The bonds or notes shall contain on
9 their face a statement to that effect.

10 (7) The bonds and notes of the authority may be invested in by
11 all public officers, state agencies and political subdivisions,
12 insurance companies, banks, savings and loan associations,
13 investment companies, and fiduciaries and trustees, and may be
14 deposited with and received by all public officers and the agencies
15 and political subdivisions of this state for any purpose for which
16 the deposit of bonds is authorized.

17 Sec. 715. (1) If the authority determines that it is necessary
18 for the achievement of the purposes of this part, the authority
19 shall prepare and submit a tax increment financing plan to the
20 governing body of the municipality. The plan shall include a
21 development plan as provided in section 718, a detailed explanation
22 of the tax increment procedure, the maximum amount of bonded
23 indebtedness to be incurred, and the duration of the program, and
24 shall be in compliance with section 716. The plan shall contain a
25 statement of the estimated impact of tax increment financing on the
26 assessed values of all taxing jurisdictions in which the
27 development area is located. The plan may provide for the use of

1 part or all of the captured assessed value, but the portion
2 intended to be used by the authority shall be clearly stated in the
3 tax increment financing plan. The authority or municipality may
4 exclude from captured assessed value growth in property value
5 resulting solely from inflation. The plan shall set forth the
6 method for excluding growth in property value resulting solely from
7 inflation.

8 (2) Approval of the tax increment financing plan shall comply
9 with the notice, hearing, and disclosure provisions of section 821.
10 If the development plan is part of the tax increment financing
11 plan, only 1 hearing and approval procedure is required for the 2
12 plans together.

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

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

(5) Not more than 60 days after the public hearing, the governing body in a taxing jurisdiction levying ad valorem property taxes that would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. In the event that the governing body levies a separate millage for public library purposes, at the request of the public library board, that separate millage shall be exempt from the capture. The resolution shall take effect when filed with the clerk and remains effective until a copy of a resolution rescinding that resolution is filed with that clerk. If a separate millage for public library purposes was levied before January 1, 2017, and all obligations of the authority are paid, then the levy is exempt from capture under this part, unless the library board or commission allows all or a portion of its taxes levied to be included as tax increment revenues and subject to capture under this part under the terms of a written agreement between the library board or commission and the authority. The written agreement shall be filed with the clerk of the municipality. However, if a separate millage for public library purposes was levied before January 1, 2017, and the authority alters or amends the boundaries of the district or extends the duration of the existing finance plan, then the library board or commission may, not later than 60 days after a public hearing is held under this subsection, exempt all or a portion of its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality that created the authority. For ad valorem property taxes or specific local taxes

1 attributable to those ad valorem property taxes levied for a
2 separate millage for public library purposes approved by the
3 electors after December 31, 2016, a library board or commission may
4 allow all or a portion of its taxes levied to be included as tax
5 increment revenues and subject to capture under this part under the
6 terms of a written agreement between the library board or
7 commission and the authority. The written agreement shall be filed
8 with the clerk of the municipality. However, if the library was
9 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and
10 397.210a, or established under 1869 LA 233, then any action of the
11 library board or commission under this subsection shall have the
12 concurrence of the chief executive officer of the city that created
13 the library to be effective.

14 Sec. 716. (1) The municipal and county treasurers shall
15 transmit tax increment revenues to the authority.

16 (2) The authority shall expend the tax increment revenues
17 received for the development program only under the terms of the
18 tax increment financing plan. Unused funds shall revert
19 proportionately to the respective taxing bodies. Tax increment
20 revenues shall not be used to circumvent existing property tax
21 limitations. The governing body of the municipality may abolish the
22 tax increment financing plan if it finds that the purposes for
23 which it was established are accomplished. However, the tax
24 increment financing plan shall not be abolished, allowed to expire,
25 or otherwise terminate until the principal of, and interest on,
26 bonds issued under section 717 have been paid or funds sufficient
27 to make the payment have been segregated.

1 Sec. 717. (1) By resolution of its governing body, the
2 authority may authorize, issue, and sell tax increment bonds
3 subject to the limitations set forth in this subsection to finance
4 the development program of the tax increment financing plan. The
5 tax increment bonds issued by the authority under this subsection
6 shall pledge solely the tax increment revenues of a development
7 area in which the project is located or a development area from
8 which tax increment revenues may be used for this project, or both.
9 In addition or in the alternative, the bonds issued by the
10 authority under this subsection may be secured by any other
11 revenues identified in section 712 as sources of financing for
12 activities of the authority that the authority shall specifically
13 pledge in the resolution. However, except as otherwise provided in
14 this section, the full faith and credit of the municipality shall
15 not be pledged to secure bonds issued under this subsection. The
16 bond issue may include a sum sufficient to pay interest on the tax
17 increment bonds until full development of tax increment revenues
18 from the project and also a sum to provide a reasonable reserve for
19 payment of principal and interest on the bonds. The resolution
20 authorizing the bonds shall create a lien on the tax increment
21 revenues and other revenues pledged by the resolution that shall be
22 a statutory lien and shall be a first lien subject only to liens
23 previously created. The resolution may provide the terms upon which
24 additional bonds may be issued of equal standing and parity of lien
25 as to the tax increment revenues and other revenues pledged under
26 the resolution. Bonds issued under this subsection that pledge
27 revenue received under section 715 for repayment of the bonds are

1 subject to the revised municipal finance act, 2001 PA 34, MCL
2 141.2101 to 141.2821.

3 (2) The municipality, by majority vote of the members of its
4 governing body, may make a limited tax pledge to support the
5 authority's tax increment bonds or notes or, if authorized by the
6 voters of the municipality, may pledge its unlimited tax full faith
7 and credit for the payment of the principal of and interest on the
8 authority's tax increment bonds or notes.

9 Sec. 718. (1) If a board decides to finance a project in a
10 development area by the use of revenue bonds as authorized in
11 section 713 or tax increment financing as authorized in sections
12 715, 716, and 717, it shall prepare a development plan.

13 (2) The development plan shall contain all of the following:

14 (a) The designation of boundaries of the development area in
15 relation to highways, streets, streams, lakes, other bodies of
16 water, or otherwise.

17 (b) The location and extent of existing streets and other
18 public facilities within the development area, designating the
19 location, character, and extent of the categories of public and
20 private land uses then existing and proposed for the development
21 area, including residential, recreational, commercial, industrial,
22 educational, and other uses, and including a legal description of
23 the development area.

24 (c) A description of existing improvements in the development
25 area to be demolished, repaired, or altered, a description of any
26 repairs and alterations, and an estimate of the time required for
27 completion.

1 (d) The location, extent, character, and estimated cost of the
2 improvements including rehabilitation contemplated for the
3 development area and an estimate of the time required for
4 completion.

5 (e) A statement of the construction or stages of construction
6 planned, and the estimated time of completion of each stage.

7 (f) A description of any parts of the development area to be
8 left as open space and the use contemplated for the space.

9 (g) A description of any portions of the development area that
10 the authority desires to sell, donate, exchange, or lease to or
11 from the municipality and the proposed terms.

12 (h) A description of desired zoning changes and changes in
13 streets, street levels, intersections, or utilities.

14 (i) An estimate of the cost of the development, a statement of
15 the proposed method of financing the development, and the ability
16 of the authority to arrange the financing.

17 (j) Designation of the person or persons, natural or
18 corporate, to whom all or a portion of the development is to be
19 leased, sold, or conveyed in any manner and for whose benefit the
20 project is being undertaken if that information is available to the
21 authority.

22 (k) The procedures for bidding for the leasing, purchasing, or
23 conveying in any manner of all or a portion of the development upon
24 its completion, if there is no express or implied agreement between
25 the authority and persons, natural or corporate, that all or a
26 portion of the development will be leased, sold, or conveyed in any
27 manner to those persons.

1 (l) The requirement that amendments to an approved development
2 plan or tax increment plan must be submitted by the authority to
3 the governing body for approval or rejection.

4 (m) The water resource improvements that will be made in the
5 development area.

6 (n) Other material that the authority, local public agency, or
7 governing body considers pertinent.

8 (o) Based on consultation with the affected state and federal
9 authorities, an identification of the permits the board believes
10 necessary to complete the proposed public facility and an
11 explanation of how the proposed public facility will meet the
12 requirements necessary for issuance of each permit.

13 Sec. 719. (1) The governing body, before adoption of an
14 ordinance approving a development plan or tax increment financing
15 plan, shall hold a public hearing on the development plan. Notice
16 of the time and place of the hearing shall be given by publication
17 twice in a newspaper of general circulation designated by the
18 municipality, the first of which shall be not less than 20 days
19 before the date set for the hearing. Notice of the hearing shall be
20 posted in at least 20 conspicuous and public places in the
21 development area not less than 20 days before the hearing. Notice
22 shall also be mailed to all property taxpayers of record in the
23 development area and to the governing body of each taxing
24 jurisdiction levying taxes that would be subject to capture if the
25 tax increment financing plan is approved not less than 20 days
26 before the hearing.

27 (2) Notice of the time and place of hearing on a development

1 plan shall contain all of the following:

2 (a) A description of the proposed development area in relation
3 to highways, streets, streams, or otherwise.

4 (b) A statement that maps, plats, and a description of the
5 development plan, including the method of relocating families and
6 individuals who may be displaced from the area, are available for
7 public inspection at a place designated in the notice.

8 (c) A statement that all aspects of the development plan will
9 be open for discussion at the public hearing.

10 (d) Other information that the governing body considers
11 appropriate.

12 (3) At the time set for the hearing, the governing body shall
13 provide an opportunity for interested persons to speak and shall
14 receive and consider communications in writing. The hearing shall
15 provide the fullest opportunity for expression of opinion, for
16 argument on the merits, and for consideration of documentary
17 evidence pertinent to the development plan. The governing body
18 shall make and preserve a record of the public hearing, including
19 all data presented at the hearing.

20 Sec. 720. The governing body after a public hearing on the
21 development plan or the tax increment financing plan, or both, with
22 notice given under section 819, shall determine whether the
23 development plan or tax increment financing plan constitutes a
24 public purpose. If it determines that the development plan or tax
25 increment financing plan constitutes a public purpose, it shall by
26 ordinance approve or reject the plan, or approve it with
27 modification, based on the following considerations:

1 (a) The findings and recommendations of a development area
2 citizens council, if a development area citizens council was
3 formed.

4 (b) The plan meets the requirements under section 818(2).

5 (c) The proposed method of financing the development is
6 feasible and the authority has the ability to arrange the
7 financing.

8 (d) The development is reasonable and necessary to carry out
9 the purposes of this part.

10 (e) The land included within the development area to be
11 acquired is reasonably necessary to carry out the purposes of the
12 plan and of this part in an efficient and economically satisfactory
13 manner.

14 (f) The development plan is in reasonable accord with the land
15 use plan of the municipality.

16 (g) Public services, such as fire and police protection and
17 utilities, are or will be adequate to service the project area.

18 (h) Changes in zoning, streets, street levels, intersections,
19 and utilities are reasonably necessary for the project and for the
20 municipality.

21 Sec. 721. (1) The director of the authority shall submit a
22 budget to the board for the operation of the authority for each
23 fiscal year before the beginning of the fiscal year. The budget
24 shall be prepared in the manner and contain the information
25 required of municipal departments. After review by the board, the
26 budget shall be submitted to the governing body. The governing body
27 must approve the budget before the board may adopt the budget.

1 Unless authorized by the governing body or this part, funds of the
2 municipality shall not be included in the budget of the authority.

3 (2) The governing body of the municipality may assess a
4 reasonable pro rata share of the funds for the cost of handling and
5 auditing the funds against the funds of the authority, other than
6 those committed, which shall be paid annually by the board pursuant
7 to an appropriate item in its budget.

8 Sec. 722. An authority that has completed the purposes for
9 which it was organized shall be dissolved by ordinance of the
10 governing body. The property and assets of the authority remaining
11 after the satisfaction of the obligations of the authority belong
12 to the municipality.

13 PART 8

14 NEIGHBORHOOD IMPROVEMENT AUTHORITIES

15 Sec. 802. As used in this part:

16 (a) "Advance" means a transfer of funds made by a municipality
17 to an authority or to another person on behalf of the authority in
18 anticipation of repayment by the authority. Evidence of the intent
19 to repay an advance may include, but is not limited to, an executed
20 agreement to repay, provisions contained in a tax increment
21 financing plan approved prior to the advance, or a resolution of
22 the authority or the municipality.

23 (b) "Assessed value" means the taxable value as determined
24 under section 27a of the general property tax act, 1893 PA 206, MCL
25 211.27a.

26 (c) "Authority" means a neighborhood improvement authority
27 created under this part.

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

2 (e) "Captured assessed value" means the amount in any 1 year
3 by which the current assessed value of the development area,
4 including the assessed value of property for which specific local
5 taxes are paid in lieu of property taxes as determined in section
6 803(d), exceeds the initial assessed value. The state tax
7 commission shall prescribe the method for calculating captured
8 assessed value.

9 (f) "Chief executive officer" means the mayor or city manager
10 of a city or the president or village manager of a village.

11 (g) "Development area" means that area described in section
12 805 to which a development plan is applicable.

13 (h) "Development plan" means that information and those
14 requirements for a development area set forth in section 819.

15 (i) "Development program" means the implementation of the
16 development plan.

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

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

20 (l) "Housing" means publicly owned housing, individual or
21 multifamily.

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

1 initial assessed value shall be included as zero. For the purpose
2 of determining initial assessed value, property for which a
3 specific local tax is paid in lieu of a property tax shall not be
4 considered to be property that is exempt from taxation. The initial
5 assessed value of property for which a specific local tax was paid
6 in lieu of a property tax shall be determined as provided in
7 section 803(d).

8 (n) "Land use plan" means a plan prepared under former 1921 PA
9 207 or a site plan under the Michigan zoning enabling act, 2006 PA
10 110, MCL 125.3101 to 125.3702.

11 (o) "Municipality" means a city or a village.

12 Sec. 803. As used in this part:

13 (a) "Operations" means office maintenance, including salaries
14 and expenses of employees, office supplies, consultation fees,
15 design costs, and other expenses incurred in the daily management
16 of the authority and planning of its activities.

17 (b) "Parcel" means an identifiable unit of land that is
18 treated as separate for valuation or zoning purposes.

19 (c) "Public facility" means housing, a street, plaza,
20 pedestrian mall, and any improvements to a street, plaza, or
21 pedestrian mall including street furniture and beautification,
22 park, parking facility, recreational facility, right-of-way,
23 structure, waterway, bridge, lake, pond, canal, utility line or
24 pipe, or building, including access routes designed and dedicated
25 to use by the public generally, or used by a public agency. Public
26 facility includes an improvement to a facility used by the public
27 or a public facility as those terms are defined in section 1 of

1 1966 PA 1, MCL 125.1351, if the improvement complies with the
2 barrier free design requirements of the state construction code
3 promulgated under the Stille-DeRossett-Hale single state
4 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

5 (d) "Residential district" means an area of a municipality
6 where 75% or more of the area is zoned for residential housing.

7 (e) "Specific local tax" means a tax levied under 1974 PA 198,
8 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
9 255, MCL 207.651 to 207.668, the technology park development act,
10 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
11 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
12 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA
13 210, MCL 207.841 to 207.856. The initial assessed value or current
14 assessed value of property subject to a specific local tax shall be
15 the quotient of the specific local tax paid divided by the ad
16 valorem millage rate. The state tax commission shall prescribe the
17 method for calculating the initial assessed value and current
18 assessed value of property for which a specific local tax was paid
19 in lieu of a property tax.

20 (f) "State fiscal year" means the annual period commencing
21 October 1 of each year.

22 (g) "Tax increment revenues" means the amount of ad valorem
23 property taxes and specific local taxes attributable to the
24 application of the levy of all taxing jurisdictions upon the
25 captured assessed value of real and personal property in the
26 development area. Tax increment revenues do not include any of the
27 following:

1 (i) Taxes under the state education tax act, 1993 PA 331, MCL
2 211.901 to 211.906.

3 (ii) Taxes levied by local or intermediate school districts.

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

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

15 (v) Ad valorem property taxes exempted from capture under
16 section 814(5) or specific local taxes attributable to those ad
17 valorem property taxes.

18 (vi) Ad valorem property taxes specifically levied for the
19 payment of principal and interest of obligations approved by the
20 electors or obligations pledging the unlimited taxing power of the
21 local governmental unit or specific taxes attributable to those ad
22 valorem property taxes.

23 (vii) Ad valorem property taxes levied under 1 or more of the
24 following or specific local taxes attributable to those ad valorem
25 property taxes:

26 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
27 to 123.1183.

1 (B) The art institute authorities act, 2010 PA 296, MCL
2 123.1201 to 123.1229.

3 (C) Except as otherwise provided in section 814(5), ad valorem
4 property taxes or specific local taxes attributable to those ad
5 valorem property taxes levied for a separate millage for public
6 library purposes approved by the electors after December 31, 2016.

7 Sec. 804. (1) Except as otherwise provided in this subsection,
8 a municipality may establish multiple authorities. A parcel of
9 property shall not be included in more than 1 authority created
10 under this part.

11 (2) An authority is a public body corporate that may sue and
12 be sued in any court of this state. An authority possesses all the
13 powers necessary to carry out its purpose. The enumeration of a
14 power in this part shall not be construed as a limitation upon the
15 general powers of an authority.

16 Sec. 805. (1) If the governing body of a municipality
17 determines that it is necessary for the best interests of the
18 public to promote residential growth in a residential district and
19 to promote economic growth, the governing body may, by resolution,
20 declare its intention to create and provide for the operation of an
21 authority.

22 (2) In the resolution of intent, the governing body shall set
23 a date for a public hearing on the adoption of a proposed ordinance
24 creating the authority and designating the boundaries of the
25 development area. Notice of the public hearing shall be published
26 twice in a newspaper of general circulation in the municipality,
27 not less than 20 or more than 40 days before the date of the

1 hearing. Not less than 20 days before the hearing, the governing
2 body proposing to create the authority shall also mail notice of
3 the hearing to the property taxpayers of record in the proposed
4 development area and to the governing body of each taxing
5 jurisdiction levying taxes that would be subject to capture if the
6 authority is established and a tax increment financing plan is
7 approved. Failure of a property taxpayer to receive the notice does
8 not invalidate these proceedings. Notice of the hearing shall be
9 posted in at least 20 conspicuous and public places in the proposed
10 development area not less than 20 days before the hearing. The
11 notice shall state the date, time, and place of the hearing and
12 shall describe the boundaries of the proposed development area. A
13 citizen, taxpayer, or property owner of the municipality or an
14 official from a taxing jurisdiction with millage that would be
15 subject to capture has the right to be heard in regard to the
16 establishment of the authority and the boundaries of the proposed
17 development area. The governing body of the municipality shall not
18 incorporate land into the development area not included in the
19 description contained in the notice of public hearing, but it may
20 eliminate described lands from the development area in the final
21 determination of the boundaries.

22 (3) Not less than 60 days after the public hearing, if the
23 governing body of the municipality intends to proceed with the
24 establishment of the authority, it shall adopt, by majority vote of
25 its members, an ordinance establishing the authority and
26 designating the boundaries of the development area within which the
27 authority shall exercise its powers. The adoption of the ordinance

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

8 (4) The governing body of the municipality may alter or amend
9 the boundaries of the development area to include or exclude lands
10 from the development area in the same manner as adopting the
11 ordinance creating the authority.

12 (5) A residential district or development area under this part
13 shall not include an area of a municipality that is part of a
14 residential district or a development area under the historical
15 neighborhood tax increment finance authority act, 2004 PA 530, MCL
16 125.2841 to 125.2866.

17 (6) An authority created under this part shall have a duration
18 of not more than 30 years from the date of the resolution creating
19 the authority. The governing body of a municipality may extend the
20 duration of the authority by resolution if the purposes for which
21 the authority was created still exist.

22 Sec. 806. If a development area is part of an area annexed to
23 or consolidated with another municipality, the authority managing
24 that development area shall become an authority of the annexing or
25 consolidated municipality. Obligations of that authority incurred
26 under a development or tax increment plan, agreements related to a
27 development or tax increment plan, and bonds issued under this part

1 shall remain in effect following the annexation or consolidation.

2 Sec. 807. (1) An authority shall be under the supervision and
3 control of a board consisting of the chief executive officer of the
4 municipality or his or her designee and not less than 5 or more
5 than 9 members as determined by the governing body of the
6 municipality. Members shall be appointed by the chief executive
7 officer of the municipality, subject to approval by the governing
8 body of the municipality. Not less than a majority of the members
9 shall be persons having an ownership or business interest in
10 property located in the development area. At least 1 of the members
11 shall be a resident of the development area or of an area within
12 1/2 mile of any part of the development area. Of the members first
13 appointed, an equal number of the members, as near as is
14 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
15 years. A member shall hold office until the member's successor is
16 appointed. After the initial appointment, each member shall serve
17 for a term of 4 years. An appointment to fill a vacancy shall be
18 made by the chief executive officer of the municipality for the
19 unexpired term only. Members of the board shall serve without
20 compensation, but shall be reimbursed for actual and necessary
21 expenses. The chairperson of the board shall be elected by the
22 board.

23 (2) Before assuming the duties of office, a member shall
24 qualify by taking and subscribing to the constitutional oath of
25 office.

26 (3) The proceedings and rules of the board are subject to the
27 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board

1 shall adopt rules governing its procedure and the holding of
2 regular meetings, subject to the approval of the governing body.
3 Special meetings may be held if called in the manner provided in
4 the rules of the board.

5 (4) After having been given notice and an opportunity to be
6 heard, a member of the board may be removed for cause by the
7 governing body.

8 (5) All expense items of the authority shall be publicized
9 monthly and the financial records shall always be open to the
10 public.

11 (6) A writing prepared, owned, used, in the possession of, or
12 retained by the board in the performance of an official function is
13 subject to the freedom of information act, 1976 PA 442, MCL 15.231
14 to 15.246.

15 Sec. 808. (1) The board may employ and fix the compensation of
16 a director, subject to the approval of the governing body of the
17 municipality. The director shall serve at the pleasure of the
18 board. A member of the board is not eligible to hold the position
19 of director. Before beginning his or her duties, the director shall
20 take and subscribe to the constitutional oath, and furnish bond, by
21 posting a bond in the sum determined in the ordinance establishing
22 the authority payable to the authority for use and benefit of the
23 authority, approved by the board, and filed with the municipal
24 clerk. The premium on the bond shall be considered an operating
25 expense of the authority, payable from funds available to the
26 authority for expenses of operation. The director shall be the
27 chief executive officer of the authority. Subject to the approval

1 of the board, the director shall supervise and be responsible for
2 the preparation of plans and the performance of the functions of
3 the authority in the manner authorized by this part. The director
4 shall attend the meetings of the board and shall provide to the
5 board and to the governing body of the municipality a regular
6 report covering the activities and financial condition of the
7 authority. If the director is absent or disabled, the board may
8 designate a qualified person as acting director to perform the
9 duties of the office. Before beginning his or her duties, the
10 acting director shall take and subscribe to the oath, and furnish
11 bond, as required of the director. The director shall furnish the
12 board with information or reports governing the operation of the
13 authority as the board requires.

14 (2) The board may employ and fix the compensation of a
15 treasurer, who shall keep the financial records of the authority
16 and who, together with the director, shall approve all vouchers for
17 the expenditure of funds of the authority. The treasurer shall
18 perform all duties delegated to him or her by the board and shall
19 furnish bond in an amount prescribed by the board.

20 (3) The board may employ and fix the compensation of a
21 secretary, who shall maintain custody of the official seal and of
22 records, books, documents, or other papers not required to be
23 maintained by the treasurer. The secretary shall attend meetings of
24 the board and keep a record of its proceedings and shall perform
25 other duties delegated by the board.

26 (4) The board may retain legal counsel to advise the board in
27 the proper performance of its duties. The legal counsel shall

1 represent the authority in actions brought by or against the
2 authority.

3 (5) The board may employ other personnel considered necessary
4 by the board.

5 Sec. 809. The employees of an authority shall be eligible to
6 participate in municipal retirement and insurance programs of the
7 municipality as if they were civil service employees except that
8 the employees of an authority are not civil service employees.

9 Sec. 810. The board may do any of the following:

10 (a) Prepare an analysis of economic changes taking place in
11 the development area.

12 (b) Study and analyze the impact of metropolitan growth upon
13 the development area.

14 (c) Plan and propose the construction, renovation, repair,
15 remodeling, rehabilitation, restoration, preservation, or
16 reconstruction of a public facility, an existing building, or a
17 multiple-family dwelling unit which may be necessary or appropriate
18 to the execution of a plan which, in the opinion of the board, aids
19 in the residential growth and economic growth of the development
20 area.

21 (d) Plan, propose, and implement an improvement to a public
22 facility within the development area to comply with the barrier
23 free design requirements of the state construction code promulgated
24 under the Stille-DeRossett-Hale single state construction code act,
25 1972 PA 230, MCL 125.1501 to 125.1531.

26 (e) Develop long-range plans, in cooperation with the agency
27 that is chiefly responsible for planning in the municipality,

1 designed to halt the deterioration of property values in the
2 development area and to promote the residential growth and economic
3 growth of the development area, and take steps as may be necessary
4 to persuade property owners to implement the plans to the fullest
5 extent possible.

6 (f) Implement any plan of development, including housing for
7 low-income individuals, in the development area necessary to
8 achieve the purposes of this part in accordance with the powers of
9 the authority granted by this part.

10 (g) Make and enter into contracts necessary or incidental to
11 the exercise of its powers and the performance of its duties.

12 (h) Acquire by purchase or otherwise, on terms and conditions
13 and in a manner the authority considers proper or own, convey, or
14 otherwise dispose of, or lease as lessor or lessee, land and other
15 property, real or personal, or rights or interests in the property,
16 that the authority determines is reasonably necessary to achieve
17 the purposes of this part, and to grant or acquire licenses,
18 easements, and options.

19 (i) Improve land and construct, reconstruct, rehabilitate,
20 restore and preserve, equip, clear, improve, maintain, repair, and
21 operate any public facility, building, including multiple-family
22 dwellings, and any necessary or desirable appurtenances to those
23 buildings, within the development area for the use, in whole or in
24 part, of any public or private person or corporation, or a
25 combination thereof.

26 (j) Fix, charge, and collect fees, rents, and charges for the
27 use of any facility, building, or property under its control or any

1 part of the facility, building, or property, and pledge the fees,
2 rents, and charges for the payment of revenue bonds issued by the
3 authority.

4 (k) Lease, in whole or in part, any facility, building, or
5 property under its control.

6 (l) Accept grants and donations of property, labor, or other
7 things of value from a public or private source.

8 (m) Acquire and construct public facilities.

9 Sec. 811. (1) The activities of the authority shall be
10 financed from 1 or more of the following sources:

11 (a) Donations to the authority for the performance of its
12 functions.

13 (b) Money borrowed and to be repaid as authorized by sections
14 812 and 813.

15 (c) Revenues from any property, building, or facility owned,
16 leased, licensed, or operated by the authority or under its
17 control, subject to the limitations imposed upon the authority by
18 trusts or other agreements.

19 (d) Proceeds of a tax increment financing plan established
20 under sections 814 to 816.

21 (e) Proceeds from a special assessment district created as
22 provided by law.

23 (f) Money obtained from other sources approved by the
24 governing body of the municipality or otherwise authorized by law
25 for use by the authority or the municipality to finance a
26 development program.

27 (2) Money received by the authority and not covered under

1 subsection (1) shall immediately be deposited to the credit of the
2 authority, subject to disbursement under this part. Except as
3 provided in this part, the municipality shall not obligate itself,
4 and shall not be obligated, to pay any sums from public funds,
5 other than money received by the municipality under this section,
6 for or on account of the activities of the authority.

7 Sec. 812. The authority may borrow money and issue its
8 negotiable revenue bonds under the revenue bond act of 1933, 1933
9 PA 94, MCL 141.101 to 141.140.

10 Sec. 813. (1) The authority may with approval of the local
11 governing body borrow money and issue its revenue bonds or notes to
12 finance all or part of the costs of acquiring or constructing
13 property in connection with either of the following:

14 (a) The implementation of a development plan in the
15 development area.

16 (b) The refund, or refund in advance, of bonds or notes issued
17 under this section.

18 (2) Any of the following may be financed by the issuance of
19 revenue bonds or notes:

20 (a) The cost of purchasing, acquiring, constructing,
21 improving, enlarging, extending, or repairing property in
22 connection with the implementation of a development plan in the
23 development area.

24 (b) Any engineering, architectural, legal, accounting, or
25 financial expenses.

26 (c) The costs necessary or incidental to the borrowing of
27 money.

1 (d) Interest on the bonds or notes during the period of
2 construction.

3 (e) A reserve for payment of principal and interest on the
4 bonds or notes.

5 (f) A reserve for operation and maintenance until sufficient
6 revenues have developed.

7 (3) The authority may secure the bonds and notes by mortgage,
8 assignment, or pledge of the property and any money, revenues, or
9 income received in connection with the property.

10 (4) A pledge made by the authority is valid and binding from
11 the time the pledge is made. The money or property pledged by the
12 authority immediately is subject to the lien of the pledge without
13 a physical delivery, filing, or further act. The lien of a pledge
14 is valid and binding against parties having claims of any kind in
15 tort, contract, or otherwise, against the authority, whether or not
16 the parties have notice of the lien. Neither the resolution, the
17 trust agreement, nor any other instrument by which a pledge is
18 created must be filed or recorded to be enforceable.

19 (5) Bonds or notes issued under this section are exempt from
20 all taxation in this state except inheritance and transfer taxes,
21 and the interest on the bonds or notes is exempt from all taxation
22 in this state, notwithstanding that the interest may be subject to
23 federal income tax.

24 (6) The municipality is not liable on bonds or notes of the
25 authority issued under this section, and the bonds or notes are not
26 a debt of the municipality. The bonds or notes shall contain on
27 their face a statement to that effect.

1 (7) The bonds and notes of the authority may be invested in by
2 all public officers, state agencies and political subdivisions,
3 insurance companies, banks, savings and loan associations,
4 investment companies, and fiduciaries and trustees, and may be
5 deposited with and received by all public officers and the agencies
6 and political subdivisions of this state for any purpose for which
7 the deposit of bonds is authorized.

8 Sec. 814. (1) If the authority determines that it is necessary
9 for the achievement of the purposes of this part, the authority
10 shall prepare and submit a tax increment financing plan to the
11 governing body of the municipality. The plan shall include a
12 development plan as provided in section 816, a detailed explanation
13 of the tax increment procedure, the maximum amount of bonded
14 indebtedness to be incurred, and the duration of the program, and
15 shall be in compliance with section 815. The plan shall contain a
16 statement of the estimated impact of tax increment financing on the
17 assessed values of all taxing jurisdictions in which the
18 development area is located. The plan may provide for the use of
19 part or all of the captured assessed value, but the portion
20 intended to be used by the authority shall be clearly stated in the
21 tax increment financing plan. The authority or municipality may
22 exclude from captured assessed value growth in property value
23 resulting solely from inflation. The plan shall set forth the
24 method for excluding growth in property value resulting solely from
25 inflation.

26 (2) Approval of the tax increment financing plan shall comply
27 with the notice, hearing, and disclosure provisions of section 818.

1 If the development plan is part of the tax increment financing
2 plan, only 1 hearing and approval procedure is required for the 2
3 plans together.

4 (3) Before the public hearing on the tax increment financing
5 plan, the governing body shall provide a reasonable opportunity to
6 the taxing jurisdictions levying taxes subject to capture to meet
7 with the governing body. The authority shall fully inform the
8 taxing jurisdictions of the fiscal and economic implications of the
9 proposed development area. The taxing jurisdictions may present
10 their recommendations at the public hearing on the tax increment
11 financing plan. The authority may enter into agreements with the
12 taxing jurisdictions and the governing body of the municipality in
13 which the development area is located to share a portion of the
14 captured assessed value of the development area.

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

19 (5) Not more than 60 days after the public hearing, the
20 governing body in a taxing jurisdiction levying ad valorem property
21 taxes that would otherwise be subject to capture may exempt its
22 taxes from capture by adopting a resolution to that effect and
23 filing a copy with the clerk of the municipality proposing to
24 create the authority. In the event that the governing body levies a
25 separate millage for public library purposes, at the request of the
26 public library board, that separate millage shall be exempt from
27 the capture. The resolution shall take effect when filed with the

1 clerk and remains effective until a copy of a resolution rescinding
2 that resolution is filed with that clerk. If a separate millage for
3 public library purposes was levied before January 1, 2017, and all
4 obligations of the authority are paid, then the levy is exempt from
5 capture under this part, unless the library board or commission
6 allows all or a portion of its taxes levied to be included as tax
7 increment revenues and subject to capture under this part under the
8 terms of a written agreement between the library board or
9 commission and the authority. The written agreement shall be filed
10 with the clerk of the municipality. However, if a separate millage
11 for public library purposes was levied before January 1, 2017, and
12 the authority alters or amends the boundaries of a development area
13 or extends the duration of the existing finance plan, then the
14 library board or commission may, not later than 60 days after a
15 public hearing is held under this subsection, exempt all or a
16 portion of its taxes from capture by adopting a resolution to that
17 effect and filing a copy with the clerk of the municipality that
18 created the authority. For ad valorem property taxes or specific
19 local taxes attributable to those ad valorem property taxes levied
20 for a separate millage for public library purposes approved by the
21 electors after December 31, 2016, a library board or commission may
22 allow all or a portion of its taxes levied to be included as tax
23 increment revenues and subject to capture under this part under the
24 terms of a written agreement between the library board or
25 commission and the authority. The written agreement shall be filed
26 with the clerk of the municipality. However, if the library was
27 created under section 1 or 10a of 1877 PA 164, MCL 397.201 and

1 397.210a, or established under 1869 LA 233, then any action of the
2 library board or commission under this subsection shall have the
3 concurrence of the chief executive officer of the city that created
4 the library to be effective.

5 Sec. 815. (1) The municipal and county treasurers shall
6 transmit tax increment revenues to the authority.

7 (2) The authority shall expend the tax increment revenues
8 received for the development program only under the terms of the
9 tax increment financing plan. Unused funds shall revert
10 proportionately to the respective taxing bodies. Tax increment
11 revenues shall not be used to circumvent existing property tax
12 limitations. The governing body of the municipality may abolish the
13 tax increment financing plan if it finds that the purposes for
14 which it was established are accomplished. However, the tax
15 increment financing plan shall not be abolished, allowed to expire,
16 or otherwise terminate until the principal of, and interest on,
17 bonds issued under section 816 have been paid or funds sufficient
18 to make the payment have been segregated.

19 Sec. 816. (1) By resolution of its governing body, the
20 authority may authorize, issue, and sell tax increment bonds
21 subject to the limitations set forth in this subsection to finance
22 the development program of the tax increment financing plan. The
23 tax increment bonds issued by the authority under this subsection
24 shall pledge solely the tax increment revenues of a development
25 area in which the project is located or a development area from
26 which tax increment revenues may be used for this project, or both.
27 In addition or in the alternative, the bonds issued by the

1 authority under this subsection may be secured by any other
2 revenues identified in section 811 as sources of financing for
3 activities of the authority that the authority shall specifically
4 pledge in the resolution. However, except as otherwise provided in
5 this section, the full faith and credit of the municipality shall
6 not be pledged to secure bonds issued under this subsection. The
7 bond issue may include a sum sufficient to pay interest on the tax
8 increment bonds until full development of tax increment revenues
9 from the project and also a sum to provide a reasonable reserve for
10 payment of principal and interest on the bonds. The resolution
11 authorizing the bonds shall create a lien on the tax increment
12 revenues and other revenues pledged by the resolution that shall be
13 a statutory lien and shall be a first lien subject only to liens
14 previously created. The resolution may provide the terms upon which
15 additional bonds may be issued of equal standing and parity of lien
16 as to the tax increment revenues and other revenues pledged under
17 the resolution. Bonds issued under this subsection are subject to
18 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
19 141.2821.

20 (2) The municipality, by majority vote of the members of its
21 governing body, may make a limited tax pledge to support the
22 authority's tax increment bonds or notes or, if authorized by the
23 voters of the municipality, may pledge its unlimited tax full faith
24 and credit for the payment of the principal of and interest on the
25 authority's tax increment bonds or notes.

26 Sec. 817. (1) If a board decides to finance a project in a
27 development area by the use of revenue bonds as authorized in

1 section 812 or tax increment financing as authorized in sections
2 814, 815, and 816, it shall prepare a development plan.

3 (2) The development plan shall contain all of the following:

4 (a) The designation of boundaries of the development area in
5 relation to highways, streets, streams, or otherwise.

6 (b) The location and extent of existing streets and other
7 public facilities within the development area, designating the
8 location, character, and extent of the categories of public and
9 private land uses then existing and proposed for the development
10 area, including residential, recreational, commercial, industrial,
11 educational, and other uses, and including a legal description of
12 the development area.

13 (c) A description of existing improvements in the development
14 area to be demolished, repaired, or altered, a description of any
15 repairs and alterations, and an estimate of the time required for
16 completion.

17 (d) The location, extent, character, and estimated cost of the
18 improvements including rehabilitation contemplated for the
19 development area and an estimate of the time required for
20 completion.

21 (e) A statement of the construction or stages of construction
22 planned, and the estimated time of completion of each stage.

23 (f) A description of any parts of the development area to be
24 left as open space and the use contemplated for the space.

25 (g) A description of any portions of the development area that
26 the authority desires to sell, donate, exchange, or lease to or
27 from the municipality and the proposed terms.

1 (h) A description of desired zoning changes and changes in
2 streets, street levels, intersections, or utilities.

3 (i) An estimate of the cost of the development, a statement of
4 the proposed method of financing the development, and the ability
5 of the authority to arrange the financing.

6 (j) Designation of the person or persons, natural or
7 corporate, to whom all or a portion of the development is to be
8 leased, sold, or conveyed in any manner and for whose benefit the
9 project is being undertaken if that information is available to the
10 authority.

11 (k) The procedures for bidding for the leasing, purchasing, or
12 conveying in any manner of all or a portion of the development upon
13 its completion, if there is no express or implied agreement between
14 the authority and persons, natural or corporate, that all or a
15 portion of the development will be leased, sold, or conveyed in any
16 manner to those persons.

17 (l) The requirement that amendments to an approved development
18 plan or tax increment plan must be submitted by the authority to
19 the governing body for approval or rejection.

20 (m) Other material that the authority, local public agency, or
21 governing body considers pertinent.

22 Sec. 818. (1) The governing body, before adoption of an
23 ordinance approving a development plan or tax increment financing
24 plan, shall hold a public hearing on the development plan. Notice
25 of the time and place of the hearing shall be given by publication
26 twice in a newspaper of general circulation designated by the
27 municipality, the first of which shall be not less than 20 days

1 before the date set for the hearing. Notice of the hearing shall be
2 posted in at least 20 conspicuous and public places in the
3 development area not less than 20 days before the hearing. Notice
4 shall also be mailed to all property taxpayers of record in the
5 development area and to the governing body of each taxing
6 jurisdiction levying taxes that would be subject to capture if the
7 tax increment financing plan is approved not less than 20 days
8 before the hearing.

9 (2) Notice of the time and place of hearing on a development
10 plan shall contain all of the following:

11 (a) A description of the proposed development area in relation
12 to highways, streets, streams, or otherwise.

13 (b) A statement that maps, plats, and a description of the
14 development plan, including the method of relocating families and
15 individuals who may be displaced from the area, if any, are
16 available for public inspection at a place designated in the
17 notice.

18 (c) A statement that all aspects of the development plan will
19 be open for discussion at the public hearing.

20 (d) Other information that the governing body considers
21 appropriate.

22 (3) At the time set for the hearing, the governing body shall
23 provide an opportunity for interested persons to speak and shall
24 receive and consider communications in writing. The hearing shall
25 provide the fullest opportunity for expression of opinion, for
26 argument on the merits, and for consideration of documentary
27 evidence pertinent to the development plan. The governing body

1 shall make and preserve a record of the public hearing, including
2 all data presented at the hearing.

3 Sec. 819. The governing body after a public hearing on the
4 development plan or the tax increment financing plan, or both, with
5 notice given under section 818, shall determine whether the
6 development plan or tax increment financing plan constitutes a
7 public purpose. If it determines that the development plan or tax
8 increment financing plan constitutes a public purpose, it shall by
9 ordinance approve or reject the plan, or approve it with
10 modification, based on the following considerations:

11 (a) The plan meets the requirements under section 817(2).

12 (b) The proposed method of financing the development is
13 feasible and the authority has the ability to arrange the
14 financing.

15 (c) The development is reasonable and necessary to carry out
16 the purposes of this part.

17 (d) The land included within the development area to be
18 acquired is reasonably necessary to carry out the purposes of the
19 plan and of this part in an efficient and economically satisfactory
20 manner.

21 (e) The development plan is in reasonable accord with the land
22 use plan of the municipality.

23 (f) Public services, such as fire and police protection and
24 utilities, are or will be adequate to service the project area.

25 (g) Changes in zoning, streets, street levels, intersections,
26 and utilities are reasonably necessary for the project and for the
27 municipality.

Sec. 820. (1) The director of the authority shall submit a budget to the board for the operation of the authority for each fiscal year before the beginning of the fiscal year. The budget shall be prepared in the manner and contain the information required of municipal departments. After review by the board, the budget shall be submitted to the governing body. The governing body must approve the budget before the board may adopt the budget. Unless authorized by the governing body or this part, funds of the municipality shall not be included in the budget of the authority.

(2) The governing body of the municipality may assess a reasonable pro rata share of the funds for the cost of handling and auditing the funds against the funds of the authority, other than those committed, which shall be paid annually by the board pursuant to an appropriate item in its budget.

Sec. 821. An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

PART 9

REPORTING REQUIREMENTS

Sec. 901. As used in this part:

(a) "Authority" means all of the following:

(i) An authority as defined in part 2.

(ii) An authority as defined in part 3.

(iii) An authority as defined in part 4.

(iv) An authority as defined in part 6.

1 (v) An authority as defined in part 7.

2 (vi) An authority as defined in part 8.

3 (b) "Municipality" means all of the following:

4 (i) A municipality as defined in part 2.

5 (ii) A municipality as defined in part 3.

6 (iii) A municipality as defined in part 4.

7 (iv) A municipality as defined in part 6.

8 (v) A municipality as defined in part 7.

9 (vi) An municipality as defined in part 8.

10 Sec. 910. (1) Subject to subsection (5), each municipality
11 that has created an authority or that creates an authority shall
12 create a website or utilize the existing website of the
13 municipality that is operated and regularly maintained with access
14 to authority records and documents for the fiscal year beginning on
15 the effective date of this act, including all of the following:

16 (a) Minutes of all board meetings.

17 (b) Annual budget, including encumbered and unencumbered fund
18 balances.

19 (c) Annual audits.

20 (d) Currently adopted development plan, if not included in a
21 tax increment financing plan.

22 (e) Currently adopted tax increment finance plan, if currently
23 capturing tax increment revenues.

24 (f) Current authority staff contact information.

25 (g) A listing of current contracts with a description of those
26 contracts and other documents related to management of the
27 authority and services provided to the authority.

1 (h) Updated synopsis of activities of the authority. An
2 updated synopsis of the activities of the authority includes all of
3 the following, if any:

4 (i) For any tax increment revenues described in the annual
5 audit that are not expended within 5 years of their receipt, a
6 description that provides the following:

7 (A) The reasons for accumulating those funds and the uses for
8 which those funds will be expended.

9 (B) A time frame when the fund will be expended.

10 (C) If any funds have not been expended within 10 years of
11 their receipt, both of the following:

12 (I) The amount of those funds.

13 (II) A written explanation of why those funds have not been
14 expended.

15 (ii) List of authority accomplishments, including progress
16 made on development plan and tax increment finance plan goals and
17 objectives for the immediately preceding fiscal year.

18 (iii) List of authority projects and investments, including
19 active and completed projects for the immediately preceding fiscal
20 year.

21 (iv) List of authority events and promotional campaigns for
22 the immediately preceding fiscal year.

23 (2) The requirements in subsection (1) are required for
24 records and documents related to fiscal years as follows:

25 (a) For the fiscal year in which this act takes effect, the
26 records and documents for that fiscal year.

27 (b) For the fiscal year 1 year following the effective date of

1 this act, the records and documents for that fiscal year and the
2 immediately preceding fiscal year.

3 (c) For the fiscal year 2 years following the effective date
4 of this act, the records and documents for that fiscal year and the
5 2 immediately preceding fiscal years.

6 (d) For the fiscal year 3 years following the effective date
7 of this act, the records and documents for the fiscal year and the
8 3 immediately preceding fiscal years.

9 (e) For the fiscal year 4 years following the effective date
10 of this act and each subsequent fiscal year, the records and
11 documents for the fiscal year and the 4 immediately preceding
12 fiscal years.

13 (3) The requirements of this section shall not take effect
14 until 180 days after the end of an authority's current fiscal year
15 as of the effective date of this act.

16 (4) Each year, the board of an authority shall hold not fewer
17 than 2 informational meetings. Notice of an informational meeting
18 shall be posted on the municipality's or authority's website not
19 less than 14 days before the date of the informational meeting. Not
20 less than 14 days before the informational meeting, the board of an
21 authority shall mail notice of the informational meeting to the
22 governing body of each taxing jurisdiction levying taxes that are
23 subject to capture by an authority under this act. As an
24 alternative to mailing notice of the informational meeting, the
25 board of the authority may notify the clerk of the governing body
26 of each taxing jurisdiction levying taxes that are subject to
27 capture by an authority under this act by electronic mail. The

1 informational meetings may be held in conjunction with other public
2 meetings of the authority or municipality.

3 (5) If the municipality creating an authority does not have an
4 existing website and chooses not to create a website under
5 subsection (1), the municipality shall maintain the records
6 described in subsection (1) at a physical location within the
7 municipality that is open to the public.

8 Sec. 911. (1) Annually, on a form and in the manner prescribed
9 by the department of treasury, an authority that is capturing tax
10 increment revenues shall submit to the governing body of the
11 municipality, the governing body of a taxing unit levying taxes
12 subject to capture by an authority, and the department of treasury
13 a report on the status of the tax increment financing account.
14 However, an authority may submit by electronic means a report
15 described in this subsection to the governing body of the
16 municipality and the governing body of a taxing unit levying taxes
17 subject to capture by the authority. The report shall include all
18 of the following:

19 (a) The name of the authority.

20 (b) The date the authority was formed, the date the tax
21 increment financing plan is set to expire or terminate, and whether
22 the tax increment financing plan expired during the immediately
23 preceding fiscal year.

24 (c) The date the authority began capturing tax increment
25 revenues.

26 (d) The current base year taxable value of the tax increment
27 financing district.

1 (e) The unencumbered fund balance for the immediately
2 preceding fiscal year.

3 (f) The encumbered fund balance for the immediately preceding
4 fiscal year.

5 (g) The amount and source of revenue in the account, including
6 the amount of revenue from each taxing jurisdiction.

7 (h) The amount in any bond reserve account.

8 (i) The amount and purpose of expenditures from the account.

9 (j) The amount of principal and interest on any outstanding
10 bonded indebtedness.

11 (k) The initial assessed value of the development area or
12 authority district by property tax classification.

13 (l) The captured assessed value retained by the authority by
14 property tax classification.

15 (m) The tax increment revenues received for the immediately
16 preceding fiscal year.

17 (n) Whether the authority amended its development plan or its
18 tax increment financing plan within the immediately preceding
19 fiscal year and if the authority amended either plan, a link to the
20 current development plan or tax increment financing plan that was
21 amended.

22 (o) Any additional information the governing body of the
23 municipality or the department of treasury considers necessary.

24 (2) The report described in subsection (1) shall be filed with
25 the department of treasury at the same time as the annual financial
26 report is filed with the department of treasury under section 4 of
27 the uniform budgeting and accounting act, 1968 PA 2, MCL 141.424.

1 (3) The report described in subsection (1) shall be made
2 available to the public on the authority's website, or if the
3 authority does not have a website, then on the municipality's
4 website. However, if the municipality creating an authority does
5 not have an existing website and chooses not to create a website,
6 the municipality shall maintain the records described in subsection
7 (1) at physical location within the municipality that is open to
8 the public.

9 Sec. 912. (1) Within 90 days of the effective date of this
10 act, each authority shall send a copy or an electronic mail link of
11 its currently adopted development plan or its currently adopted tax
12 increment finance plan, if separate from the development plan, to
13 the department of treasury.

14 (2) The documents described in subsection (1) shall be sent to
15 the department of treasury in the form and manner determined by the
16 department of treasury.

17 Sec. 915. (1) The department of treasury may institute
18 proceedings to compel enforcement of this act and shall send
19 written notification to an authority that fails to comply with this
20 act, to each taxing jurisdiction that has tax increment revenues
21 captured by the authority, and to the governing body of the
22 municipality that established the authority of a violation of any
23 provision of this act. The written notification shall specifically
24 detail the authority's noncompliance with this act.

25 (2) The department of treasury may promulgate rules necessary
26 for the administration of this act pursuant to the administrative
27 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

1 (3) If the department of treasury notifies an authority in
2 writing that the authority failed to comply with any provision of
3 this act, and after 60 days following receipt of that notice the
4 authority does not comply, that authority shall not capture any tax
5 increment revenues that are in excess of amounts necessary to pay
6 bonded indebtedness and other obligations for the period of
7 noncompliance. During the period of noncompliance, an authority
8 cannot amend or approve a tax increment financing plan. However, if
9 the period of noncompliance exceeds 2 consecutive years, that
10 authority shall not capture any tax increment revenues that are in
11 excess of amounts necessary to pay bonded indebtedness and other
12 obligations without a resolution of authorization of the
13 municipality that created the authority and each taxing
14 jurisdiction whose ad valorem taxes are subject to capture by the
15 authority. Any excess funds captured shall be returned to the
16 taxing jurisdiction from which they were captured as follows:

17 (a) For part 2, as provided in section 215(2).

18 (b) For part 3, as provided in section 314(2).

19 (c) For part 4, as provided in section 413(2).

20 (d) For part 5, as provided in section 523(7).

21 (e) For part 6, as provided in section 619(2).

22 (f) For part 7, as provided in section 716(2).

23 (g) For part 8, as provided in section 815(2).

24 Enacting section 1. The following acts are repealed:

25 (a) The historic neighborhood tax increment finance authority
26 act, 2004 PA 530, MCL 125.2841 to 125.2866.

27 (b) The private investment infrastructure funding act, 2010 PA

1 250, MCL 125.1871 to 125.1883.