



# SENATE BILL No. 993

May 1, 1996, Introduced by Senators STILLE, DUNASKISS, EMMONS and SHUGARS and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend sections 2, 11a, and 14 of Act No. 281 of the Public Acts of 1986, entitled as amended "The local development financing act," section 2 as amended by Act No. 331 of the Public Acts of 1994, section 11a as amended by Act No. 282 of the Public Acts of 1994, and section 14 as amended by Act No. 333 of the Public Acts of 1993, being sections 125.2152, 125.2161a, and 125.2164 of the Michigan Compiled Laws.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Sections 2, 11a, and 14 of Act No. 281 of the  
2 Public Acts of 1986, section 2 as amended by Act No. 331 of the  
3 Public Acts of 1994, section 11a as amended by Act No. 282 of the  
4 Public Acts of 1994, and section 14 as amended by Act No. 333 of  
5 the Public Acts of 1993, being sections 125.2152, 125.2161a, and

1 125.2164 of the Michigan Compiled Laws, are amended to read as  
2 follows:

3 Sec. 2. As used in this act:

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

11 (B) "ASSESSED VALUE" MEANS 1 OF THE FOLLOWING:

12 (i) FOR VALUATIONS MADE BEFORE JANUARY 1, 1995, THE STATE  
13 EQUALIZED VALUATION AS DETERMINED UNDER THE GENERAL PROPERTY TAX  
14 ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTIONS 211.1  
15 TO 211.157 OF THE MICHIGAN COMPILED LAWS.

16 (ii) FOR VALUATIONS MADE AFTER DECEMBER 31, 1994, THE TAX-  
17 ABLE VALUE AS DETERMINED UNDER SECTION 27A OF ACT NO. 206 OF THE  
18 PUBLIC ACTS OF 1893, BEING SECTION 211.27A OF THE MICHIGAN  
19 COMPILED LAWS.

20 (C) ~~(b)~~ "Authority" means a local development finance  
21 authority created pursuant to this act.

22 (D) ~~(c)~~ "Authority district" means an area or areas within  
23 which an authority exercises its powers.

24 (E) ~~(d)~~ "Board" means the governing body of an authority.

25 (F) ~~(e)~~ "Captured assessed value" means the amount in any  
26 1 year by which the current assessed value, as equalized, of the  
27 eligible property identified in the tax increment financing plan,

1 including the current assessed value of property for which  
2 specific local taxes are paid in lieu of property taxes as deter-  
3 mined pursuant to subdivision ~~(u)~~ (W), exceeds the initial  
4 assessed value. The state tax commission shall prescribe the  
5 method for calculating captured assessed value.

6 (G) ~~(f)~~ "Certified industrial park" means an area of land  
7 designated by the department of commerce as meeting all of the  
8 following requirements:

9 (i) It contains not less than 40 acres of land.

10 (ii) It is zoned exclusively for use for eligible property.

11 (iii) It has a site plan or plat approved by the city, vil-  
12 lage, or township in which the land is located.

13 (iv) The developer of the land agrees to comply with other  
14 requirements, not inconsistent with subparagraphs (i) to (iii),  
15 imposed upon property classified as a certified industrial park  
16 by the department of commerce under the certified industrial park  
17 program. Compliance with these other requirements is not a pre-  
18 requisite to meeting the requirement of this subparagraph.

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

24 (I) ~~(h)~~ "Development plan" means that information and  
25 those requirements for a development set forth in section 15.

26 (J) ~~(i)~~ "Development program" means the implementation of  
27 a development plan.

1 (K) ~~(j)~~ "Eligible advance" means an advance made before  
2 August 19, 1993.

3 (L) ~~(k)~~ "Eligible obligation" means an obligation issued  
4 or incurred by an authority or by a municipality on behalf of an  
5 authority before August 19, 1993 AND ITS SUBSEQUENT REFUNDING BY  
6 A QUALIFIED REFUNDING OBLIGATION.

7 (M) ~~(l)~~ "Eligible property" means land improvements,  
8 buildings, structures, and other real property, and machinery,  
9 equipment, furniture, and fixtures, or any part or accessory  
10 thereof whether completed or in the process of construction com-  
11 prising an integrated whole, located within an authority dis-  
12 trict, of which the primary purpose and use is 1 of the  
13 following:

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

16 (ii) Agricultural processing.

17 (iii) A high technology activity that has as its primary  
18 purpose research, product development, engineering, laboratory  
19 testing, or development of industrial technology. This subpara-  
20 graph applies only to eligible property for which a tax increment  
21 financing plan or development plan is adopted and bonds are  
22 issued under this act before January 1, 1993.

23 (iv) The production of energy by the processing of goods or  
24 materials by physical or chemical change by a small power produc-  
25 tion facility as defined by the federal energy regulatory commis-  
26 sion pursuant to the public utility regulatory policies act of  
27 1978, Public Law 95-617, 92 Stat. 3117, which facility is fueled

1 primarily by biomass or wood waste. This act does not affect a  
2 person's rights or liabilities under law with respect to ground-  
3 water contamination described in this subparagraph. This sub-  
4 paragraph applies only if all of the following requirements are  
5 met:

6 (A) Tax increment revenues captured from the eligible prop-  
7 erty will be used to finance, or will be pledged for debt service  
8 on tax increment bonds used to finance, a public facility in or  
9 near the authority district designed to reduce, eliminate, or  
10 prevent the spread of identified soil and groundwater contamina-  
11 tion, pursuant to law.

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

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

24 (N) ~~(m)~~ "Fiscal year" means the fiscal year of the  
25 authority.

1 (O) ~~(n)~~ "Governing body" means the elected body having  
2 legislative powers of a municipality creating an authority under  
3 this act.

4 (P) ~~(o)~~ "Initial assessed value" means the assessed value,  
5 as equalized, of the eligible property identified in the tax  
6 increment financing plan at the time the resolution establishing  
7 the tax increment financing plan is approved as shown by the most  
8 recent assessment roll for which equalization has been completed  
9 at the time the resolution is adopted. Property exempt from tax-  
10 ation at the time of the determination of the initial assessed  
11 value shall be included as zero. Property for which a specific  
12 local tax is paid in lieu of property tax shall not be considered  
13 exempt from taxation. The initial assessed value of property for  
14 which a specific local tax was paid in lieu of property tax shall  
15 be determined as provided in subdivision ~~(u)~~ (W).

16 (Q) ~~(p)~~ "Municipality" means a city, village, or urban  
17 township.

18 (R) ~~(q)~~ "Obligation" means a written promise to pay,  
19 whether evidenced by a contract, agreement, lease, sublease,  
20 bond, or note, or a requirement to pay imposed by law. An obli-  
21 gation does not include a payment required solely because of  
22 default upon an obligation, employee salaries, or consideration  
23 paid for the use of municipal offices. AN OBLIGATION DOES NOT  
24 INCLUDE THOSE BONDS THAT HAVE BEEN ECONOMICALLY DEFEASED BY  
25 REFUNDING BONDS ISSUED UNDER THIS ACT. Obligation includes, but  
26 is not limited to, the following:

1 (i) A requirement to pay proceeds derived from ad valorem  
2 property taxes or taxes levied in lieu of ad valorem property  
3 taxes.

4 (ii) A management contract or a contract for professional  
5 services.

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

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

12 (v) A letter of credit, paying agent, transfer agent, bond  
13 registrar, or trustee fee associated with a contract, agreement,  
14 bond, or note.

15 (S) ~~(r)~~ "On behalf of an authority", in relation to an  
16 eligible advance made or an eligible obligation issued or  
17 incurred by a municipality, means in anticipation that an author-  
18 ity would transfer tax increment revenues or reimburse the munic-  
19 ipality from tax increment revenues in an amount sufficient to  
20 fully make payment required by the eligible obligation issued or  
21 incurred by the municipality, if the anticipation of the transfer  
22 or receipt of tax increment revenues from the authority is pursu-  
23 ant to or evidenced by 1 or more of the following:

24 (i) A reimbursement agreement between the municipality and  
25 an authority it established.

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

1 (iii) A resolution of the authority agreeing to make  
2 payments to the incorporating unit.

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

5 (T) ~~(s)~~ "Other protected obligation" means:

6 (i) ~~An~~ A QUALIFIED REFUNDING obligation issued to refund  
7 ~~a bond or note that is~~ an ~~eligible~~ obligation DESCRIBED IN  
8 SUBPARAGRAPH (ii) OR (iii), AN OBLIGATION THAT IS NOT A QUALIFIED  
9 REFUNDING OBLIGATION THAT IS ISSUED TO REFUND AN ELIGIBLE OBLIGA-  
10 TION, OR A QUALIFIED REFUNDING OBLIGATION ISSUED TO REFUND A BOND  
11 OR NOTE DESCRIBED IN THIS SUBPARAGRAPH.

12 (ii) An obligation issued or incurred by an authority or by  
13 a municipality on behalf of an authority after August 19, 1993,  
14 but before December 31, 1994, to finance a project described in a  
15 tax increment finance plan approved by the municipality in  
16 accordance with this act before August 19, 1993, for which a con-  
17 tract for final design is entered into by the municipality or  
18 authority before March 1, 1994.

19 (iii) An obligation incurred by an authority or municipality  
20 after August 19, 1993, to reimburse a party to a development  
21 agreement entered into by a municipality or authority before  
22 August 19, 1993, for a project described in a tax increment  
23 financing plan approved in accordance with this act before  
24 August 19, 1993, and undertaken and installed by that party in  
25 accordance with the development agreement.

26 (U) ~~(t)~~ "Public facility" means 1 or more of the  
27 following:



1           (i) A street, road, bridge, sewer, sewage treatment  
2 facility, facility designed to reduce, eliminate, or prevent the  
3 spread of identified soil or groundwater contamination, drainage  
4 system, waterway, waterline, water storage facility, rail line,  
5 utility line or pipeline, or other similar or related structure  
6 or improvement, together with necessary easements for the struc-  
7 ture or improvement, owned or used by a public agency or func-  
8 tionally connected to similar or supporting facilities owned or  
9 used by a public agency, or designed and dedicated to use by, for  
10 the benefit of, or for the protection of the health, welfare, or  
11 safety of the public generally, whether or not used by a single  
12 business entity, provided that any road, street, or bridge shall  
13 be continuously open to public access and that other facilities  
14 shall be located in public easements or rights-of-way and sized  
15 to accommodate reasonably foreseeable development of eligible  
16 property in adjoining areas.

17           (ii) The acquisition and disposal of real and personal prop-  
18 erty or an interest in that property, demolition of structures,  
19 site preparation, relocation costs, building rehabilitation, and  
20 all administrative costs related to a public facility, including,  
21 but not limited to, architect's, engineer's, legal, and account-  
22 ing fees as contained in the resolution establishing the  
23 district's development plan.

24           (iii) An improvement to a facility used by the public or a  
25 public facility as those terms are defined in section 1 of Act  
26 No. 1 of the Public Acts of 1966, being section 125.1351 of the  
27 Michigan Compiled Laws, which improvement is made to comply with

1 the barrier free design requirements of the state construction  
2 code promulgated under the state construction code act of 1972,  
3 Act No. 230 of the Public Acts of 1972, being sections 125.1501  
4 to 125.1531 of the Michigan Compiled Laws.

5 (V) "QUALIFIED REFUNDING OBLIGATION" MEANS AN OBLIGATION  
6 ISSUED OR INCURRED BY AN AUTHORITY OR BY A MUNICIPALITY ON BEHALF  
7 OF AN AUTHORITY TO REFUND AN OBLIGATION IF THE REFUNDING OBLIGA-  
8 TION MEETS BOTH OF THE FOLLOWING:

9 (i) THE NET PRESENT VALUE OF THE PRINCIPAL AND INTEREST TO  
10 BE PAID ON THE REFUNDING OBLIGATION, INCLUDING THE COST OF ISSU-  
11 ANCE, WILL BE LESS THAN THE NET PRESENT VALUE OF THE PRINCIPAL  
12 AND INTEREST TO BE PAID ON THE OBLIGATION BEING REFUNDED, AS CAL-  
13 CULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

14 (ii) THE NET PRESENT VALUE OF THE SUM OF THE TAX INCREMENT  
15 REVENUES DESCRIBED IN SUBDIVISION (Y)(ii) AND THE DISTRIBUTIONS  
16 UNDER SECTION 11A TO REPAY THE REFUNDING OBLIGATION WILL BE LESS  
17 THAN THE NET PRESENT VALUE OF THE SUM OF THE TAX INCREMENT REVE-  
18 NUES DESCRIBED IN SUBDIVISION (Y)(ii) AND THE DISTRIBUTIONS UNDER  
19 SECTION 11A TO REPAY THE OBLIGATION BEING REFUNDED, AS CALCULATED  
20 USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

21 (W) ~~(u)~~ "Specific local taxes" means a tax levied under  
22 Act No. 198 of the Public Acts of 1974, being sections 207.551 to  
23 ~~207.571~~ 207.572 of the Michigan Compiled Laws, the commercial  
24 redevelopment act, Act No. 255 of the Public Acts of 1978, being  
25 sections 207.651 to 207.668 of the Michigan Compiled Laws, the  
26 enterprise zone act, Act No. 224 of the Public Acts of 1985,  
27 being sections 125.2101 to ~~125.2122~~ 125.2123 of the Michigan

1 Compiled Laws, Act No. 189 of the Public Acts of 1953, being  
2 sections 211.181 to 211.182 of the Michigan Compiled Laws, and  
3 the technology park development act, Act No. 385 of the Public  
4 Acts of 1984, being sections 207.701 to 207.718 of the Michigan  
5 Compiled Laws. The initial assessed value or current assessed  
6 value of property subject to a specific local tax is the quotient  
7 of the specific local tax paid divided by the ad valorem millage  
8 rate. However, after 1993, the state tax commission shall pre-  
9 scribe the method for calculating the initial assessed value and  
10 current assessed value of property for which a specific local tax  
11 was paid in lieu of a property tax.

12 (X) ~~(v)~~ "State fiscal year" means the annual period com-  
13 mencing October 1 of each year.

14 (Y) ~~(w)~~ "Tax increment revenues" means the amount of ad  
15 valorem property taxes and specific local taxes attributable to  
16 the application of the levy of all taxing jurisdictions upon the  
17 capture assessed value of real and personal property in the  
18 development area, subject to the following requirements:

19 (i) Tax increment revenues include ad valorem property taxes  
20 and specific local taxes attributable to the application of the  
21 levy of all taxing jurisdictions other than the state pursuant to  
22 the state education tax act, Act No. 331 of the Public Acts of  
23 1993, being sections 211.901 to 211.906 of the Michigan Compiled  
24 Laws, and local or intermediate school districts upon the cap-  
25 tured assessed value of real and personal property in the devel-  
26 opment area for any purpose authorized by this act.

1           (ii) Tax increment revenues include ad valorem property  
2 taxes and specific local taxes attributable to the application of  
3 the levy of the state pursuant to ~~the state education tax act,~~  
4 Act No. 331 of the Public Acts of 1993, and local or intermediate  
5 school districts upon the captured assessed value of real and  
6 personal property in the development area in an amount equal to  
7 the amount necessary, without regard to subparagraph (i), to  
8 repay eligible advances, eligible obligations, and other pro-  
9 tected obligations.

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

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

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

22           (C) Ad valorem property taxes exempted from capture under  
23 section 4(3) or specific local taxes attributable to such ad  
24 valorem property taxes.

25           (D) Ad valorem property taxes specifically levied for the  
26 payment of principal and interest of obligations approved by the  
27 electors or obligations pledging the unlimited taxing power of

1 the local governmental unit or specific local taxes attributable  
2 to such ad valorem property taxes.

3 (iv) The amount of tax increment revenues authorized to be  
4 included under subparagraph (ii), and required to be transmitted  
5 to the authority under section 13(1), from ad valorem property  
6 taxes and specific local taxes attributable to the application of  
7 the levy of the state education tax act, a local school district  
8 or an intermediate school district upon the captured assessed  
9 value of real and personal property in a development area shall  
10 be determined separately for the levy by the state, each school  
11 district, and each intermediate school district as the product of  
12 sub-subparagraphs (A) and (B):

13 (A) The percentage which the total ad valorem taxes and spe-  
14 cific local taxes available for distribution by law to the state,  
15 local school district, or intermediate school district, respec-  
16 tively, bears to the aggregate amount of ad valorem millage taxes  
17 and specific taxes available for distribution by law to the  
18 state, each local school district, and each intermediate school  
19 district.

20 (B) The maximum amount of ad valorem property taxes and spe-  
21 cific local taxes considered tax increment revenues under sub-  
22 paragraph (ii).

23 (Z) ~~(x)~~ "Urban township" means a township that meets all  
24 of the following requirements:

25 (i) Has a population of 20,000 or more, or has a population  
26 of 10,000 or more but is located in a county with a population of  
27 400,000 or more.

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

2 (iii) Provides sewer, water, and other public services to  
3 all or a part of the township.

4 Sec. 11a. (1) If the amount of tax increment revenues lost  
5 as a result of the reduction of taxes levied by local school dis-  
6 tricts for school operating purposes required by the millage lim-  
7 itations under section 1211 of the school code of 1976, Act  
8 No. 451 of the Public Acts of 1976, being section 380.1211 of the  
9 Michigan Compiled Laws, reduced by the amount of tax increment  
10 revenues received from the capture of taxes levied under or  
11 attributable to the state education tax act, will cause the tax  
12 increment revenues received in a fiscal year by an authority  
13 under section 13 to be insufficient to repay an eligible advance  
14 or to pay an eligible obligation, the legislature shall appropri-  
15 ate and distribute to the authority the amount described in  
16 subsection (5).

17 (2) Not less than 30 days before the first day of a fiscal  
18 year, an authority eligible to RETAIN TAX INCREMENT REVENUES FROM  
19 TAXES LEVIED BY A LOCAL OR INTERMEDIATE SCHOOL DISTRICT OR THIS  
20 STATE OR TO receive a distribution under this section for that  
21 fiscal year shall file a claim ~~for distribution~~ with the  
22 department of treasury. The claim ~~for distribution~~ shall  
23 include the following information:

24 (a) The property tax millage rates levied in 1993 by local  
25 school districts within the jurisdictional area of the authority  
26 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  
5 the 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 (d) The tax increment revenues the authority estimates it  
9 would have received for that fiscal year if property taxes were  
10 levied by local school districts within the jurisdictional area  
11 of the authority for school operating purposes at the millage  
12 rates described in subdivision (a) and if no property taxes were  
13 levied by this state under the state education tax act.

14 (e) A list AND DOCUMENTATION of eligible obligations and  
15 eligible advances and the payments due on each of those eligible  
16 obligations or eligible advances in that fiscal year, and the  
17 total amount of all the payments due on those eligible obliga-  
18 tions and eligible advances in that fiscal year.

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

1 December 1, 1993, for use by the municipality or authority to  
2 finance a development project.

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

7 (3) For the fiscal year that commences after September 30,  
8 1993 and before October 1, 1994, an authority may make a claim  
9 ~~for distribution~~ with all information required by  
10 subsection (2) at any time after the effective date of this  
11 section.

12 (4) After review and verification of claims submitted pursu-  
13 ant to this section, amounts appropriated by the state in compli-  
14 ance with this act shall be distributed as 2 equal payments on  
15 March 1 and September 1 after receipt of a claim. An authority  
16 shall allocate a distribution it receives for an eligible obliga-  
17 tion issued on behalf of a municipality to the municipality.

18 (5) Subject to subsections (6) and (7), the aggregate amount  
19 to be appropriated and distributed pursuant to this section to an  
20 authority shall be the sum of the amounts determined pursuant to  
21 subdivisions (a) and (b) minus the amount determined pursuant to  
22 subdivision (c), as follows:

23 (a) The amount by which the tax increment revenues the  
24 authority would have received for the fiscal year, if property  
25 taxes were levied by local school districts for school operating  
26 purposes at the millage rates described in subsection (2)(a) and  
27 if no property taxes were levied under the state education tax



1 act, exceed the tax increment revenues the authority actually  
2 received for the fiscal year.

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

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

9 (6) The amount distributed under subsection (5) shall not  
10 exceed the difference between the amount described in  
11 subsection (2)(e) and the sum of the amounts described in  
12 subsection (2)(c) and (f).

13 (7) If, based upon the tax increment financing plan in  
14 effect on August 19, 1993, the payment due on eligible obliga-  
15 tions or eligible advances anticipates the use of excess prior  
16 year tax increment revenues permitted by law to be retained by  
17 the authority, and if the sum of the amounts described in  
18 subsection (2)(c) and (f) plus the amount to be distributed under  
19 subsections (5) and (6) is less than the amount described in  
20 subsection (2)(e), the amount to be distributed under subsections  
21 (5) and (6) shall be increased by the amount of the shortfall.  
22 However, the amount authorized to be distributed pursuant to this  
23 section shall not exceed that portion of the cumulative differ-  
24 ence, for each preceding fiscal year, between the amount that  
25 could have been distributed pursuant to subsection (5) and the  
26 amount actually distributed pursuant to subsections (5) and (6)  
27 and this subsection.

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

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

10 (10) Not later than July 1 of each year, the authority shall  
11 certify to the local tax collecting treasurer the amount of the  
12 distribution required under subsection (5), calculated without  
13 regard to the receipt of tax increment revenues attributable to  
14 local or intermediate school district operating taxes or attrib-  
15 utable to taxes levied under the state education tax act.

16 (11) Calculations of distribution under this section and  
17 claims reports required to be made under subsection (2) shall be  
18 made on the basis of each development area of the authority.

19 Sec. 14. (1) By resolution of its board and subject to the  
20 limitations set forth in this section, the authority may autho-  
21 rize, issue, and sell its tax increment bonds to finance a devel-  
22 opment program OR TO REFUND OR REFUND IN ADVANCE BONDS ISSUED  
23 UNDER THIS SECTION. The bonds shall mature in 30 years or less  
24 and are subject to the municipal finance act, Act No. 202 of the  
25 Public Acts of 1943, being sections 131.1 to 139.3 of the  
26 Michigan Compiled Laws. The authority may pledge for debt  
27 service requirements the tax increment revenues to be received

1 from an eligible property. The bonds issued under this section  
2 shall be considered a single series for the purposes of section 4  
3 of chapter V of the municipal finance act, Act No. 202 of the  
4 Public Acts of 1943, being section 135.4 of the Michigan Compiled  
5 Laws.

6 (2) The municipality by majority vote of the members of its  
7 governing body may make a limited tax pledge to support the  
8 authority's tax increment bonds or, if authorized by the voters  
9 of the municipality, pledge its full faith and credit for the  
10 payment of the principal of and interest on the authority's tax  
11 increment bonds. The municipality may pledge as additional  
12 security for the bonds any money received by the authority or the  
13 municipality pursuant to section 10.

14 (3) Bonds and notes issued by the authority and the interest  
15 on and income from those bonds and notes are exempt from taxation  
16 by the state or a political subdivision of this state.

17 (4) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IF THE  
18 STATE TREASURER DETERMINES THAT AN AUTHORITY OR MUNICIPALITY CAN  
19 ACHIEVE A NET PRESENT VALUE SAVINGS BY REFUNDING A BOND OR NOTE  
20 ISSUED UNDER THIS ACT AND THE AUTHORITY OR MUNICIPALITY DOES NOT  
21 MAKE A GOOD FAITH EFFORT TO REFUND THE BOND OR NOTE AS DETERMINED  
22 BY THE STATE TREASURER, THE STATE TREASURER MAY REDUCE THE AMOUNT  
23 CLAIMED BY THE AUTHORITY OR MUNICIPALITY UNDER SECTION 11A BY AN  
24 AMOUNT EQUAL TO THE NET PRESENT VALUE SAVING THAT WOULD HAVE BEEN  
25 REALIZED HAD THE AUTHORITY OR MUNICIPALITY REFUNDED THE BOND OR  
26 NOTE OR THE STATE TREASURER MAY REQUIRE A REDUCTION IN THE  
27 CAPTURE OF TAX INCREMENT REVENUES FROM TAXES LEVIED BY A LOCAL OR

1 INTERMEDIATE SCHOOL DISTRICT OR THIS STATE BY AN AMOUNT EQUAL TO  
2 THE NET PRESENT VALUE SAVINGS THAT WOULD HAVE BEEN REALIZED HAD  
3 THE AUTHORITY OR MUNICIPALITY REFUNDED THE BOND OR NOTE. THIS  
4 SUBSECTION DOES NOT AUTHORIZE THE STATE TREASURER TO REQUIRE THE  
5 AUTHORITY OR MUNICIPALITY TO PLEDGE SECURITY GREATER THAN THE  
6 SECURITY PLEDGED FOR THE OBLIGATION BEING REFUNDED.