

**SUBSTITUTE FOR
HOUSE BILL NO. 6114**

A bill to provide for the establishment of a transit revitalization zone tax increment finance authority; to prescribe the powers and duties of the authority; 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 improvement in areas where transit projects are to be implemented; to create a board; to prescribe the powers and duties of the board; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; and to provide for enforcement of the act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "transit revitalization investment zone act".

3 Sec. 2. As used in this act:

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

11 (b) "Assessed value" means the taxable value as determined
12 under section 27a of the general property tax act, 1893 PA 206, MCL
13 211.27a.

14 (c) "Authority" means a transit revitalization investment
15 authority created under this act.

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

17 (e) "Captured assessed value" means the amount in any 1 year
18 by which the current assessed value of the development area,
19 including the assessed value of property for which specific local
20 taxes are paid in lieu of property taxes, exceeds the initial
21 assessed value. The state tax commission shall prescribe the method
22 for calculating captured assessed value.

23 (f) "Chief executive officer" means the mayor or city manager
24 of a city, the president or village manager of a village, or the
25 supervisor of a township.

26 (g) "Fiscal year" means the fiscal year of the authority.

27 (h) "Governing body" or "governing body of a municipality"

1 means the elected body of a municipality having legislative powers.

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

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

15 (k) "Municipality" means a city, village, or township.

16 Sec. 3. As used in this act:

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, and any improvements to
24 a street, including street furniture and beautification, park,
25 parking facility, recreational facility, right of way, structure,
26 waterway, bridge, lake, pond, canal, utility line or pipe, or
27 building, including access routes designed and dedicated to use by

1 the public generally, or used by a public agency, that is related
2 to development concentrated around and oriented to transit stations
3 in a manner that promotes transit ridership or passenger rail use.
4 Public facility includes an improvement to a facility used by the
5 public or a public facility as those terms are defined in section 1
6 of 1966 PA 1, MCL 125.1351, if the improvement complies with the
7 barrier free design requirements of the state construction code
8 promulgated under the Stille-DeRossett-Hale single state
9 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

10 (d) "Public transportation agency" means a governmental entity
11 that operates or is authorized to operate intercity or local
12 commuter passenger rail service in this state or a public transit
13 authority created under 1 of the following acts:

14 (i) The metropolitan transportation authorities act of 1967,
15 1967 PA 204, MCL 124.401 to 124.426.

16 (ii) The public transportation authorities act, 1986 PA 196,
17 MCL 124.451 to 124.479.

18 (iii) 1963 PA 55, MCL 124.351 to 124.359.

19 (iv) The home rule city act, 1909 PA 279, MCL 117.1 to 117.38.

20 (v) The revenue bond act of 1933, 1933 PA 94, MCL 141.101 to
21 141.140.

22 (vi) The charter township act, 1947 PA 359, MCL 42.1 to 42.34.

23 (vii) The urban cooperation act of 1967, 1967 (Ex Sess) PA 7,
24 MCL 124.501 to 124.512.

25 (e) "Specific local tax" means a tax levied under 1974 PA 198,
26 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
27 255, MCL 207.651 to 207.668, the technology park development act,

1 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
2 211.182. The initial assessed value or current assessed value of
3 property subject to a specific local tax shall be the quotient of
4 the specific local tax paid divided by the ad valorem millage rate.
5 The state tax commission shall prescribe the method for calculating
6 the initial assessed value and current assessed value of property
7 for which a specific local tax was paid in lieu of a property tax.

8 (f) "State fiscal year" means the annual period commencing
9 October 1 of each year.

10 (g) "Tax increment revenues" means the amount of ad valorem
11 property taxes and specific local taxes attributable to the
12 application of the levy of all taxing jurisdictions upon the
13 captured assessed value of real and personal property in the
14 development area. Tax increment revenues do not include any of the
15 following:

16 (i) Taxes under the state education tax act, 1993 PA 331, MCL
17 211.901 to 211.906.

18 (ii) Taxes levied by local or intermediate school districts.

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

25 (iv) Ad valorem property taxes excluded by the tax increment
26 financing plan of the authority from the determination of the
27 amount of tax increment revenues to be transmitted to the authority

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

3 (v) Ad valorem property taxes exempted from capture under
4 section 16(6) or specific local taxes attributable to the ad
5 valorem property taxes.

6 (vi) Ad valorem property taxes specifically levied for the
7 payment of principal and interest of obligations approved by the
8 electors or obligations pledging the unlimited taxing power of the
9 local governmental unit or specific taxes attributable to those ad
10 valorem property taxes.

11 (h) "Transit-oriented development" means development that is
12 concentrated around and oriented to transit stations in a manner
13 that promotes transit ridership or passenger rail use. Transit-
14 oriented development includes, but is not limited to, single
15 projects and collections of projects, including mixed use projects
16 on a neighborhood scale.

17 (i) "Zone" means a transit revitalization investment zone
18 created in accordance with this act.

19 Sec. 4. (1) Except as otherwise provided in this subsection, a
20 municipality may establish multiple authorities. A parcel of
21 property shall not be included in more than 1 authority created
22 under this act.

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

1 Sec. 5. (1) If the governing body of a municipality or a
2 public transportation agency determines that it is necessary for
3 the best interests of the public to promote development or promote
4 greater public transportation options in a transit revitalization
5 zone, the governing body may, by resolution, declare its intention
6 to create and provide for the operation of an authority within the
7 boundaries of a zone.

8 (2) In the resolution of intent, the governing body shall set
9 a date for a public hearing on the adoption of a proposed ordinance
10 creating the authority and designating the boundaries of the zone.
11 Notice of the public hearing shall be published twice in a
12 newspaper of general circulation in the municipality, not less than
13 20 or more than 40 days before the date of the hearing. Not less
14 than 20 days before the hearing, the governing body proposing to
15 create the authority shall also mail notice of the hearing to the
16 property taxpayers of record in the proposed zone and to the
17 governing body of each taxing jurisdiction levying taxes that would
18 be subject to capture if the authority is established and a tax
19 increment financing plan is approved. Failure of a property
20 taxpayer to receive the notice does not invalidate these
21 proceedings. Notice of the hearing shall be posted in at least 20
22 conspicuous and public places in the proposed zone not less than 20
23 days before the hearing. The notice shall state the date, time, and
24 place of the hearing and shall describe the boundaries of the
25 proposed zone. The zone shall consist of parcels that are not
26 greater than 1/2 mile in distance from a transit station. A
27 citizen, taxpayer, or property owner of the municipality or an

1 official from a taxing jurisdiction with millage that would be
2 subject to capture has the right to be heard in regard to the
3 establishment of the authority and the boundaries of the proposed
4 zone. The governing body of the municipality shall not incorporate
5 land into the zone not included in the description contained in the
6 notice of public hearing, but it may eliminate described lands from
7 the development area in the final determination of the boundaries.

8 (3) Not less than 60 days after the public hearing, if the
9 governing body of the municipality intends to proceed with the
10 establishment of the authority it shall adopt, by majority vote of
11 its members, an ordinance establishing the authority and
12 designating the boundaries of the zone within which the authority
13 shall exercise its powers. The adoption of the ordinance is subject
14 to any applicable statutory or charter provisions in respect to the
15 approval or disapproval by the chief executive or other officer of
16 the municipality and the adoption of an ordinance over his or her
17 veto. This ordinance shall be filed with the secretary of state
18 promptly after its adoption and shall be published at least once in
19 a newspaper of general circulation in the municipality.

20 (4) The governing body of the municipality may alter or amend
21 the boundaries of the zone to include or exclude lands from the
22 zone in the same manner as adopting the ordinance creating the
23 authority.

24 (5) A municipality that has created an authority may enter
25 into an agreement with an adjoining municipality that has created
26 an authority to jointly operate and administer those authorities
27 under an interlocal agreement under the urban cooperation act of

1 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

2 Sec. 6. The authority shall consult with affected
3 municipalities, counties, public transportation agencies, private
4 transportation providers, and any other entity that the authority
5 considers necessary to designate a zone. The authority may conduct
6 a planning study and may designate a zone in advance of
7 implementation of a public transit service associated with a zone.
8 The authority shall enter into an agreement with the affected
9 municipalities and public transportation agencies to create a zone.
10 The authority shall give the local public transportation agency
11 that primarily services the municipality the zone is located in the
12 right of the first refusal. The agreement shall indicate the
13 geographic boundaries of the zone, shall define the activities
14 implemented to enhance development in the zone, and shall include
15 specific actions taken by the parties, including financial
16 participation, to help establish the zone. In addition to the
17 elements described in this section, the authority may utilize any
18 of the resources and powers it has under this act.

19 Sec. 7. If a zone is part of an area annexed to or
20 consolidated with another municipality, the authority managing that
21 zone shall become an authority of the annexing or consolidated
22 municipality. Obligations of that authority incurred under a
23 development or tax increment plan, agreements related to a
24 development or tax increment plan, and bonds issued under this act
25 shall remain in effect following the annexation or consolidation.

26 Sec. 8. (1) An authority shall be under the supervision and
27 control of a board consisting of the chief executive officer of the

1 municipality or his or her designee and not less than 5 or more
2 than 9 members as determined by nomination and selected from the
3 nominees by the governing body of the municipality. Members shall
4 be appointed by the chief executive officer of the municipality,
5 subject to approval by the governing body of the municipality. Not
6 less than a majority of the members shall be persons having an
7 ownership or business interest in property located in the zone. At
8 least 1/3 of the total members shall be selected from nominations
9 made by public transportation agencies. At least 1 member shall be
10 nominated by the public transportation agency that primarily
11 services the municipality. At least 1 of the members shall be a
12 resident of the zone or of an area within 1/2 mile of any part of
13 the zone. Of the members first appointed, an equal number of the
14 members, as near as is practicable, shall be appointed for 1 year,
15 2 years, 3 years, and 4 years. A member shall hold office until the
16 member's successor is appointed. After the initial appointment,
17 each member shall serve for a term of 4 years. An appointment to
18 fill a vacancy shall be made by the chief executive officer of the
19 municipality for the unexpired term only. Members of the board
20 shall serve without compensation, but shall be reimbursed for
21 actual and necessary expenses. The chairperson of the board shall
22 be elected by the 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. 9. (1) The board may employ and fix the compensation of a
16 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 act. 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. 10. 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. 11. The board may do any of the following:

10 (a) Plan and propose the construction, renovation, repair,
11 remodeling, rehabilitation, restoration, preservation, or
12 reconstruction of a public facility that may be necessary or
13 appropriate to the execution of a plan that, in the opinion of the
14 board, aids in the establishment of a zone. The board is encouraged
15 to develop a plan that conserves the natural features, reduces
16 impervious surfaces, and uses landscaping and natural features to
17 reflect the predevelopment site.

18 (b) Plan, propose, and implement an improvement to a public
19 facility within the zone to comply with the barrier free design
20 requirements of the state construction code promulgated under the
21 Stille-DeRossett-Hale single state construction code act, 1972 PA
22 230, MCL 125.1501 to 125.1531.

23 (c) Develop long-range plans for zones within the district.

24 (d) Implement any plan of development for transit
25 revitalization in the development area necessary to achieve the
26 purposes of this act in accordance with the powers of the authority
27 granted by this act.

1 (e) Make and enter into contracts necessary or incidental to
2 the exercise of its powers and the performance of its duties.

3 (f) Acquire by purchase or otherwise, on terms and conditions
4 and in a manner the authority considers proper or own, convey, or
5 otherwise dispose of, or lease as lessor or lessee, land and other
6 property, real or personal, or rights or interests in the property,
7 that the authority determines is reasonably necessary to achieve
8 the purposes of this act, and to grant or acquire licenses,
9 easements, and options.

10 (g) Improve land and construct, reconstruct, rehabilitate,
11 restore and preserve, equip, clear, improve, maintain, and repair
12 any public facility, building, and any necessary or desirable
13 appurtenances to those buildings, as determined by the authority to
14 be reasonably necessary to achieve the purposes of this act, within
15 the zone for the use, in whole or in part, of any public or private
16 person or corporation, or a combination thereof.

17 (h) Fix, charge, and collect fees, rents, and charges for the
18 use of any facility, building, or property under its control or any
19 part of the facility, building, or property, and pledge the fees,
20 rents, and charges for the payment of revenue bonds issued by the
21 authority.

22 (i) Lease, in whole or in part, any facility, building, or
23 property under its control.

24 (j) Accept grants and donations of property, labor, or other
25 things of value from a public or private source.

26 (k) Acquire and construct public facilities.

27 (l) Authorize expenditure of tax increment revenues obtained

1 under this act for the operating costs of a public transportation
2 agency servicing the zone.

3 Sec. 12. The authority is an instrumentality of a political
4 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

5 Sec. 13. (1) The activities of the authority shall be financed
6 from 1 or more of the following sources:

7 (a) Donations to the authority for the performance of its
8 functions.

9 (b) Money borrowed and to be repaid as authorized by sections
10 14 and 15.

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

15 (d) Proceeds of a tax increment financing plan established
16 under sections 16 to 18.

17 (e) Proceeds from a special assessment district created as
18 provided by law.

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

23 (2) Money received by the authority and not covered under
24 subsection (1) shall immediately be deposited to the credit of the
25 authority, subject to disbursement under this act. Except as
26 provided in this act, the municipality shall not obligate itself,
27 and shall not be obligated, to pay any sums from public funds,

1 other than money received by the municipality under this section,
2 for or on account of the activities of the authority.

3 Sec. 14. The authority may borrow money and issue its
4 negotiable revenue bonds under the revenue bond act of 1933, 1933
5 PA 94, MCL 141.101 to 141.140.

6 Sec. 15. (1) The authority may with approval of the local
7 governing body borrow money and issue its revenue bonds or notes to
8 finance all or part of the costs of transit revitalization
9 development improvements in connection with either of the
10 following:

11 (a) The implementation of an improvement plan in the zone.

12 (b) The refund, or refund in advance, of bonds or notes issued
13 under this section.

14 (2) Any of the following may be financed by the issuance of
15 revenue bonds or notes:

16 (a) The cost of purchasing, acquiring, constructing,
17 improving, enlarging, extending, or repairing property in
18 connection with the implementation of an improvement plan in the
19 zone.

20 (b) Any engineering, architectural, legal, accounting, or
21 financial expenses.

22 (c) The costs necessary or incidental to the borrowing of
23 money.

24 (d) Interest on the bonds or notes during the period of
25 construction.

26 (e) A reserve for payment of principal and interest on the
27 bonds or notes.

1 (f) A reserve for operation and maintenance until sufficient
2 revenues have developed.

3 (3) The authority may secure the bonds and notes by mortgage,
4 assignment, or pledge of the property and any money, revenues, or
5 income received in connection with the property.

6 (4) A pledge made by the authority is valid and binding from
7 the time the pledge is made. The money or property pledged by the
8 authority immediately is subject to the lien of the pledge without
9 a physical delivery, filing, or further act. The lien of a pledge
10 is valid and binding against parties having claims of any kind in
11 tort, contract, or otherwise, against the authority, whether or not
12 the parties have notice of the lien. Neither the resolution, the
13 trust agreement, nor any other instrument by which a pledge is
14 created must be filed or recorded to be enforceable.

15 (5) Bonds or notes issued under this section are exempt from
16 all taxation in this state, and the interest on the bonds or notes
17 is exempt from all taxation in this state, notwithstanding that the
18 interest may be subject to federal income tax.

19 (6) The municipality is not liable on bonds or notes of the
20 authority issued under this section, and the bonds or notes are not
21 a debt of the municipality. The bonds or notes shall contain on
22 their face a statement to that effect.

23 (7) The bonds and notes of the authority may be invested in by
24 all public officers, state agencies and political subdivisions,
25 insurance companies, banks, savings and loan associations,
26 investment companies, and fiduciaries and trustees, and may be
27 deposited with and received by all public officers and the agencies

1 and political subdivisions of this state for any purpose for which
2 the deposit of bonds is authorized.

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

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

25 (3) Before the public hearing on the tax increment financing
26 plan, the governing body shall provide a reasonable opportunity to
27 the taxing jurisdictions levying taxes subject to capture to meet

1 with the governing body. The authority shall fully inform the
2 taxing jurisdictions of the fiscal and economic implications of the
3 proposed development area. The taxing jurisdictions may present
4 their recommendations at the public hearing on the tax increment
5 financing plan. The authority may enter into agreements with the
6 taxing jurisdictions, public transit agencies, and the governing
7 body of the municipality in which the zone is located to share a
8 portion of the captured assessed value of the development area.

9 (4) Before a tax increment financing plan is implemented, the
10 authority shall enter into a contract with the public
11 transportation agency that operates the transit station in the
12 zone. The contract shall include, but not be limited to, terms
13 regarding the distribution of revenue, the allocation of
14 responsibility for maintenance and upkeep of the transit station
15 and associated facilities, and the use of the facilities.

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

20 (6) A governing body in a taxing jurisdiction levying ad
21 valorem property taxes otherwise subject to capture and that levies
22 a separate millage for public library purposes may, at the request
23 of the public library board, exempt that separate millage from
24 capture by adopting a resolution to that effect and filing a copy
25 with the clerk of the municipality proposing to create the
26 authority. The resolution shall take effect when filed with the
27 clerk and remains effective until a copy of a resolution rescinding

House Bill No. 6114 (H-4) as amended November 13, 2008

1 that resolution is filed with that clerk.

[(7) BEFORE A TAX INCREMENT FINANCING PLAN IS IMPLEMENTED, THE GOVERNING BODY IN A TAXING JURISDICTION LEVYING AD VALOREM PROPERTY TAXES THAT IS A COUNTY 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. 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.]

2 Sec. 17. (1) The municipal and county treasurers shall

3 transmit tax increment revenues to the authority.

4 (2) The authority shall expend the tax increment revenues
5 received for the improvement program only under the terms of the
6 tax increment financing plan. Unused funds shall revert
7 proportionately to the respective taxing bodies. Tax increment
8 revenues shall not be used to circumvent existing property tax
9 limitations. The governing body of the municipality may abolish the
10 tax increment financing plan if it finds that the purposes for
11 which it was established are accomplished. However, the tax
12 increment financing plan shall not be abolished until the principal
13 of, and interest on, bonds issued under section 18 have been paid
14 or funds sufficient to make the payment have been segregated.

15 (3) Annually the authority shall submit to the governing body
16 of the municipality and the state tax commission a report on the
17 status of the tax increment financing account. The report shall
18 include the following:

19 (a) The amount and source of revenue in the account.

20 (b) The amount in any bond reserve account.

21 (c) The amount and purpose of expenditures from the account.

22 (d) The amount of principal and interest on any outstanding
23 bonded indebtedness.

24 (e) The initial assessed value of the project area.

25 (f) The captured assessed value retained by the authority.

26 (g) The tax increment revenues received.

27 (h) The number of public facilities developed.

1 (i) The number of zone improvements made.

2 (j) A brief description of each zone improvement made within
3 the district.

4 (k) Any additional information the governing body considers
5 necessary.

6 Sec. 18. (1) By resolution of its governing body, the
7 authority may authorize, issue, and sell tax increment bonds
8 subject to the limitations set forth in this subsection to finance
9 the development program of the tax increment financing plan. The
10 tax increment bonds issued by the authority under this subsection
11 shall pledge solely the tax increment revenues of a zone in which
12 the project is located or a zone from which tax increment revenues
13 may be used for this project, or both. In addition or in the
14 alternative, the bonds issued by the authority under this
15 subsection may be secured by any other revenues identified in
16 section 13 as sources of financing for activities of the authority
17 that the authority shall specifically pledge in the resolution.
18 However, except as otherwise provided in this section, the full
19 faith and credit of the municipality shall not be pledged to secure
20 bonds issued under this subsection. The bond issue may include a
21 sum sufficient to pay interest on the tax increment bonds until
22 full development of tax increment revenues from the project and
23 also a sum to provide a reasonable reserve for payment of principal
24 and interest on the bonds. The resolution authorizing the bonds
25 shall create a lien on the tax increment revenues and other
26 revenues pledged by the resolution that shall be a statutory lien
27 and shall be a first lien subject only to liens previously created.

1 The resolution may provide the terms upon which additional bonds
2 may be issued of equal standing and parity of lien as to the tax
3 increment revenues and other revenues pledged under the resolution.
4 Bonds issued under this subsection that pledge revenue received
5 under section 16 for repayment of the bonds are subject to the
6 revised municipal finance act, 2001 PA 34, MCL 141.2101 to
7 141.2821.

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

14 Sec. 19. (1) If a board decides to finance a project in a
15 development area by the use of revenue bonds as authorized in
16 section 14 or tax increment financing as authorized in sections 16,
17 17, and 18, it shall prepare an improvement plan.

18 (2) The improvement plan shall contain all of the following:

19 (a) The designation of boundaries of the zone in relation to
20 highways, streets, streams, lakes, other bodies of water, or
21 otherwise.

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

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

4 (d) The location, extent, character, and estimated cost of the
5 improvements including rehabilitation contemplated for the zone and
6 an estimate of the time required for completion.

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

9 (f) A description of any parts of the zone to be left as open
10 space and the use contemplated for the space.

11 (g) A description of any portions of the zone that the
12 authority desires to sell, donate, exchange, or lease to or from
13 the municipality and the proposed terms.

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

16 (i) An estimate of the cost of the development, a statement of
17 the proposed method of financing the development, and the ability
18 of the authority to arrange the financing.

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

24 (k) The procedures for bidding for the leasing, purchasing, or
25 conveying in any manner of all or a portion of the development upon
26 its completion, if there is no express or implied agreement between
27 the authority and persons, natural or corporate, that all or a

1 portion of the development will be leased, sold, or conveyed in any
2 manner to those persons.

3 (l) The requirement that amendments to an approved improvement
4 plan or tax increment plan must be submitted by the authority to
5 the governing body for approval or rejection.

6 (m) The transit revitalization improvements that will be made
7 in the zone.

8 (n) Other material that the authority, local public agency, or
9 governing body considers pertinent.

10 (o) Based on consultation with the affected state and federal
11 authorities, an identification of the permits the board believes
12 necessary to complete the proposed public facility and an
13 explanation of how the proposed public facility will meet the
14 requirements necessary for issuance of each permit.

15 Sec. 20. (1) The governing body, before adoption of an
16 ordinance approving an improvement plan or tax increment financing
17 plan, shall hold a public hearing on the improvement plan. Notice
18 of the time and place of the hearing shall be given by publication
19 twice in a newspaper of general circulation designated by the
20 municipality, the first of which shall be not less than 20 days
21 before the date set for the hearing. Notice of the hearing shall be
22 posted in at least 20 conspicuous and public places in the
23 development area not less than 20 days before the hearing. Notice
24 shall also be mailed to all property taxpayers of record in the
25 development area and to the governing body of each taxing
26 jurisdiction levying taxes that would be subject to capture if the
27 tax increment financing plan is approved not less than 20 days

1 before the hearing.

2 (2) Notice of the time and place of hearing on an improvement
3 plan shall contain all of the following:

4 (a) A description of the proposed zone in relation to
5 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.

10 (c) A statement that all aspects of the improvement plan will
11 be open for discussion at the public hearing.

12 (d) Other information that the governing body considers
13 appropriate.

14 (3) At the time set for the hearing, the governing body shall
15 provide an opportunity for interested persons to speak and shall
16 receive and consider communications in writing. The hearing shall
17 provide the fullest opportunity for expression of opinion, for
18 argument on the merits, and for consideration of documentary
19 evidence pertinent to the improvement plan. The governing body
20 shall make and preserve a record of the public hearing, including
21 all data presented at the hearing.

22 Sec. 21. The governing body after a public hearing on the
23 improvement plan or the tax increment financing plan, or both, with
24 notice given under section 20, shall determine whether the
25 improvement plan or tax increment financing plan constitutes a
26 public purpose. If it determines that the improvement plan or tax
27 increment financing plan constitutes a public purpose, it shall by

1 ordinance approve or reject the plan, or approve it with
2 modification, based on the following considerations:

3 (a) The findings and recommendations of a zone citizens
4 council, if a zone citizens council was formed.

5 (b) The plan meets the requirements under section 19(2).

6 (c) The proposed method of financing the development is
7 feasible and the authority has the ability to arrange the
8 financing.

9 (d) The development is reasonable and necessary to carry out
10 the purposes of this act.

11 (e) The land included within the zone to be acquired is
12 reasonably necessary to carry out the purposes of the plan and of
13 this act in an efficient and economically satisfactory manner.

14 (f) The improvement 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. 22. (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 act, 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. 23. 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 Sec. 24. (1) The state tax commission may institute
14 proceedings to compel enforcement of this act.

15 (2) The state tax commission may promulgate rules necessary
16 for the administration of this act under the administrative
17 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.