



# SENATE BILL No. 673

September 20, 1995, Introduced by Senators HONIGMAN, SCHUETTE, STEIL, SCHWARZ, HOFFMAN, STILLE, GEAKE, SHUGARS and DUNASKISS and referred to the Committee on Local, Urban and State Affairs.

A bill to amend section 11a of Act No. 281 of the Public Acts of 1986, entitled as amended  
"The local development financing act,"  
as amended by Act No. 282 of the Public Acts of 1994, being section 125.2161a of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 11a of Act No. 281 of the Public Acts of  
2 1986, as amended by Act No. 282 of the Public Acts of 1994, being  
3 section 125.2161a of the Michigan Compiled Laws, is amended to  
4 read as follows:

5 Sec. 11a. (1) If the amount of tax increment revenues lost  
6 as a result of the reduction of taxes levied by local school dis-  
7 tricts for school operating purposes required by the millage  
8 limitations under section 1211 of the school code of 1976, Act  
9 No. 451 of the Public Acts of 1976, being section 380.1211 of the

1 Michigan Compiled Laws, reduced by the amount of tax increment  
2 revenues received from the capture of taxes levied under or  
3 attributable to the state education tax act, ACT NO. 331 OF THE  
4 PUBLIC ACTS OF 1993, BEING SECTIONS 211.901 TO 211.906 OF THE  
5 MICHIGAN COMPILED LAWS, will cause the tax increment revenues  
6 received in a fiscal year by an authority under section 13 to be  
7 insufficient to repay an eligible advance or to pay an eligible  
8 obligation, the legislature shall appropriate and distribute to  
9 the authority the amount described in subsection (5).

10 (2) Not less than 30 days before the first day of a fiscal  
11 year, an authority eligible to receive a distribution under this  
12 section for that fiscal year shall file a claim for distribution  
13 with the department of treasury. The claim for distribution  
14 shall include the following information:

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

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

21 (c) The tax increment revenues estimated to be received by  
22 the authority for that fiscal year based upon actual property tax  
23 levies of all taxing jurisdictions within the jurisdictional area  
24 of the authority.

25 (d) The tax increment revenues the authority estimates it  
26 would have received for that fiscal year if property taxes were  
27 levied by local school districts within the jurisdictional area

1 of the authority for school operating purposes at the millage  
2 rates described in subdivision (a) and if no property taxes were  
3 levied by this state under ~~the state education tax act~~ ACT  
4 NO. 331 OF THE PUBLIC ACTS OF 1993.

5 (e) A list of eligible obligations and eligible advances and  
6 the payments due on each of those eligible obligations or eligi-  
7 ble advances in that fiscal year, and the total amount of all the  
8 payments due on those eligible obligations and eligible advances  
9 in that fiscal year.

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

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

25 (3) For the fiscal year that commences after September 30,  
26 1993 and before October 1, 1994, an authority may make a claim  
27 for distribution with all information required by subsection (2)

1 at any time after ~~the effective date of this section~~ MARCH 15,  
2 1994.

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

9 (5) Subject to subsections (6) and (7), the aggregate amount  
10 to be appropriated and distributed pursuant to this section to an  
11 authority shall be the sum of the amounts determined pursuant to  
12 subdivisions (a) and (b) minus the amount determined pursuant to  
13 subdivision (c), as follows:

14 (a) The amount by which the tax increment revenues the  
15 authority would have received for the fiscal year, if property  
16 taxes were levied by local school districts ON ALL PROPERTY,  
17 INCLUDING PROPERTY THAT IS EXEMPT FROM TAXATION PURSUANT TO THE  
18 MICHIGAN RENAISSANCE ZONE ACT, for school operating purposes at  
19 the millage rates described in subsection (2)(a) and if no prop-  
20 erty taxes were levied under ~~the state education tax act~~ ACT  
21 NO. 331 OF THE PUBLIC ACTS OF 1993, exceed the tax increment rev-  
22 enues the authority actually received for the fiscal year.

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

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

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

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

23 (8) A distribution under this section replacing tax incre-  
24 ment revenues pledged by an authority or a municipality is  
25 subject to the lien of the pledge, whether or not there has been  
26 physical delivery of the distribution.

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

6       (10) Not later than July 1 of each year, the authority shall  
7 certify to the local tax collecting treasurer the amount of the  
8 distribution required under subsection (5), calculated without  
9 regard to the receipt of tax increment revenues attributable to  
10 local or intermediate school district operating taxes or attrib-  
11 utable to taxes levied under ~~the state education tax act~~ ACT  
12 NO. 331 OF THE PUBLIC ACTS OF 1993.

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