

**SUBSTITUTE FOR  
SENATE BILL NO. 1241**

A bill to provide for the establishment of a neighborhood improvement authority; to prescribe the powers and duties of the authority; to correct and prevent deterioration in neighborhoods 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 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

1 "neighborhood improvement authority act".

2 Sec. 2. As used in this act:

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

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

13 (c) "Authority" means a neighborhood improvement authority  
14 created under this act.

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

16 (e) "Captured assessed value" means the amount in any 1 year  
17 by which the current assessed value of the development area,  
18 including the assessed value of property for which specific local  
19 taxes are paid in lieu of property taxes as determined in section  
20 3(d), exceeds the initial assessed value. The state tax  
21 commission shall prescribe the method for calculating captured  
22 assessed value.

23 (f) "Chief executive officer" means the mayor or city manager  
24 of a city.

25 (g) "Development area" means that area described in section 5  
26 to which a development plan is applicable.

27 (h) "Development plan" means that information and those

1 requirements for a development area set forth in section 22.

2 (i) "Development program" means the implementation of the  
3 development plan.

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

5 (k) "Governing body" or "governing body of a municipality"  
6 means the elected body of a municipality having legislative  
7 powers.

8 (l) "Housing" means privately owned housing or publicly owned  
9 housing, individual or multifamily.

10 (m) "Initial assessed value" means the assessed value of all  
11 the taxable property within the boundaries of the development  
12 area at the time the ordinance establishing the tax increment  
13 financing plan is approved, as shown by the most recent  
14 assessment roll of the municipality at the time the resolution is  
15 adopted. Property exempt from taxation at the time of the  
16 determination of the initial assessed value shall be included as  
17 zero. For the purpose of determining initial assessed value,  
18 property for which a specific local tax is paid in lieu of a  
19 property tax shall not be considered to be property that is  
20 exempt from taxation. The initial assessed value of property for  
21 which a specific local tax was paid in lieu of a property tax  
22 shall be determined as provided in section 3(d).

23 (n) "Land use plan" means a plan prepared under section 1 of  
24 the city and village zoning act, 1921 PA 207, MCL 125.581.

25 (o) "Municipality" means a city.

26 (p) "Residential district" means an area of a municipality  
27 zoned and used principally for residential housing.

1       Sec. 3. As used in this act:

2       (a) "Operations" means office maintenance, including salaries  
3 and expenses of employees, office supplies, consultation fees,  
4 design costs, and other expenses incurred in the daily management  
5 of the authority and planning of its activities.

6       (b) "Parcel" means an identifiable unit of land that is  
7 treated as separate for valuation or zoning purposes.

8       (c) "Public facility" means housing, a street, plaza,  
9 pedestrian mall, and any improvements to a street, plaza, or  
10 pedestrian mall including street furniture and beautification,  
11 park, parking facility, recreational facility, right of way,  
12 structure, waterway, bridge, lake, pond, canal, utility line or  
13 pipe, or building, including access routes designed and dedicated  
14 to use by the public generally, or used by a public agency.

15 Public facility includes an improvement to a facility used by the  
16 public or a public facility as those terms are defined in section  
17 1 of 1966 PA 1, MCL 125.1351, if the improvement complies with  
18 the barrier free design requirements of the state construction  
19 code promulgated under the Stille-DeRossett-Hale single state  
20 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

21       (d) "Specific local tax" means a tax levied under 1974 PA  
22 198, MCL 207.551 to 207.572, the commercial redevelopment act,  
23 1978 PA 255, MCL 207.651 to 207.668, the technology park  
24 development act, 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA  
25 189, MCL 211.181 to 211.182. The initial assessed value or  
26 current assessed value of property subject to a specific local  
27 tax shall be the quotient of the specific local tax paid divided

1 by the ad valorem millage rate. The state tax commission shall  
2 prescribe the method for calculating the initial assessed value  
3 and current assessed value of property for which a specific local  
4 tax was paid in lieu of a property tax.

5 (e) "State fiscal year" means the annual period commencing  
6 October 1 of each year.

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  
11 development area. Tax increment revenues do not include any of  
12 the following:

13 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
14 211.901 to 211.906.

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

16 (iii) 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  
19 to a portion of value of property that may be excluded from  
20 captured assessed value or specific local taxes attributable to  
21 the ad valorem property taxes.

22 (iv) 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  
25 authority or specific local taxes attributable to the ad valorem  
26 property taxes.

27 (v) Ad valorem property taxes exempted from capture under

1 section 19(5) or specific local taxes attributable to the ad  
2 valorem property taxes.

3 (vi) 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  
6 the local governmental unit or specific taxes attributable to  
7 those ad valorem property taxes.

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

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

17 Sec. 5. (1) If the governing body of a municipality  
18 determines that it is necessary for the best interests of the  
19 public to halt property value deterioration and increase property  
20 tax valuation where possible in a residential district, to  
21 eliminate the causes of that deterioration, to promote  
22 residential growth and to promote economic growth, the governing  
23 body may, by resolution, declare its intention to create and  
24 provide for the operation of an authority.

25 (2) In the resolution of intent, the governing body shall set  
26 a date for a public hearing on the adoption of a proposed  
27 ordinance creating the authority and designating the boundaries

1 of the development area. Notice of the public hearing shall be  
2 published twice in a newspaper of general circulation in the  
3 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,  
5 the governing body proposing to create the authority shall also  
6 mail notice of the hearing to the property taxpayers of record in  
7 the proposed development area and to the governing body of each  
8 taxing jurisdiction levying taxes that would be subject to  
9 capture if the authority is established and a tax increment  
10 financing plan is approved. Failure of a property taxpayer to  
11 receive the notice does not invalidate these proceedings. Notice  
12 of the hearing shall be posted in at least 20 conspicuous and  
13 public places in the proposed development area not less than 20  
14 days before the hearing. The notice shall state the date, time,  
15 and place of the hearing and shall describe the boundaries of the  
16 proposed development area. A citizen, taxpayer, or property  
17 owner of the municipality or an official from a taxing  
18 jurisdiction with millage that would be subject to capture has  
19 the right to be heard in regard to the establishment of the  
20 authority and the boundaries of the proposed development area.  
21 The governing body of the municipality shall not incorporate land  
22 into the development area not included in the description  
23 contained in the notice of public hearing, but it may eliminate  
24 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  
2 of its members, an ordinance establishing the authority and  
3 designating the boundaries of the development area within which  
4 the authority shall exercise its powers. The adoption of the  
5 ordinance is subject to any applicable statutory or charter  
6 provisions in respect to the approval or disapproval by the chief  
7 executive or other officer of the municipality and the adoption  
8 of an ordinance over his or her veto. This ordinance shall be  
9 filed with the secretary of state promptly after its adoption and  
10 shall be published at least once in a newspaper of general  
11 circulation in 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  
14 lands from the development area in the same manner as adopting  
15 the ordinance creating the authority.

16 (5) A residential district or development area under this act  
17 shall not include an area of a municipality that is part of a  
18 residential district or a development area under the historical  
19 neighborhood tax increment finance authority act.

20 Sec. 6. If a development area is part of an area annexed to  
21 or consolidated with another municipality, the authority managing  
22 that development area shall become an authority of the annexing  
23 or consolidated municipality. Obligations of that authority  
24 incurred under a development or tax increment plan, agreements  
25 related to a development or tax increment plan, and bonds issued  
26 under this act shall remain in effect following the annexation or  
27 consolidation.



1       Sec. 7. (1) An authority shall be under the supervision and  
2 control of a board consisting of the chief executive officer of  
3 the municipality or his or her designee and not less than 5 or  
4 more 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  
8 members shall be persons having an ownership or business interest  
9 in property located in the development area. At least 1 of the  
10 members shall be a resident of the development area or of an area  
11 within 1/2 mile of any part of the development area. Of the  
12 members first appointed, an equal number of the members, as near  
13 as is practicable, shall be appointed for 1 year, 2 years, 3  
14 years, and 4 years. A member shall hold office until the  
15 member's successor is appointed. After the initial appointment,  
16 each member shall serve for a term of 4 years. An appointment to  
17 fill a vacancy shall be made by the chief executive officer of  
18 the municipality for the unexpired term only. Members of the  
19 board shall serve without compensation, but shall be reimbursed  
20 for actual and necessary expenses. The chairperson of the board  
21 shall be elected by the 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  
12 is subject to the freedom of information act, 1976 PA 442, MCL  
13 15.231 to 15.246.

14 Sec. 8. (1) The board may employ and fix the compensation  
15 of a director, subject to the approval of the governing body of  
16 the municipality. The director shall serve at the pleasure of  
17 the board. A member of the board is not eligible to hold the  
18 position of director. Before beginning his or her duties, the  
19 director shall take and subscribe to the constitutional oath, and  
20 furnish bond, by posting a bond in the sum determined in the  
21 ordinance establishing the authority payable to the authority for  
22 use and benefit of the authority, approved by the board, and  
23 filed with the municipal clerk. The premium on the bond shall be  
24 considered an operating expense of the authority, payable from  
25 funds available to the authority for expenses of operation. The  
26 director shall be the chief executive officer of the authority.  
27 Subject to the approval of the board, the director shall

1 supervise and be responsible for the preparation of plans and the  
2 performance of the functions of the authority in the manner  
3 authorized by this act. The director shall attend the meetings  
4 of the board and shall provide to the board and to the governing  
5 body of the municipality a regular report covering the activities  
6 and financial condition of the authority. If the director is  
7 absent or disabled, the board may designate a qualified person as  
8 acting director to perform the duties of the office. Before  
9 beginning his or her duties, the acting director shall take and  
10 subscribe to the oath, and furnish bond, as required of the  
11 director. The director shall furnish the board with information  
12 or reports governing the operation of the authority as the board  
13 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  
17 for the expenditure of funds of the authority. The treasurer  
18 shall perform all duties delegated to him or her by the board and  
19 shall 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  
24 of the board and keep a record of its proceedings and shall  
25 perform 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. 9. 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. 10. 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  
18 appropriate to the execution of a plan which, in the opinion of  
19 the board, aids in the residential growth and economic growth of  
20 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  
24 promulgated under the Stille-DeRossett-Hale single state  
25 construction code act, 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  
3 economic growth of the development area, and take steps as may be  
4 necessary to persuade property owners to implement the plans to  
5 the fullest 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 act in accordance with the powers of  
9 the authority granted by this act.

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  
15 other property, real or personal, or rights or interests in the  
16 property, that the authority determines is reasonably necessary  
17 to achieve the purposes of this act, and to grant or acquire  
18 licenses, easements, and options.

19 (i) Improve land and construct, reconstruct, rehabilitate,  
20 restore and preserve, equip, clear, improve, maintain, repair,  
21 and operate any public facility, building, including  
22 multiple-family dwellings, and any necessary or desirable  
23 appurtenances to those buildings, within the development area for  
24 the use, in whole or in part, of any public or private person or  
25 corporation, or a 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

1 any part of the facility, building, or property, and pledge the  
2 fees, rents, and charges for the payment of revenue bonds issued  
3 by the 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. 11. The authority is an instrumentality of a political  
10 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

11 Sec. 12. A municipality may acquire private property under  
12 1911 PA 149, MCL 213.21 to 213.25, or the uniform condemnation  
13 procedures act, 1980 PA 87, MCL 213.51 to 213.75, for the  
14 purposes of transfer to the authority, and may transfer the  
15 property to the authority for use in an approved development, on  
16 terms and conditions it considers appropriate, and the taking,  
17 transfer, and use shall be considered necessary for public  
18 purposes and for the benefit of the public.

19 Sec. 13. (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 15 and 16.

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 17 to 19.

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  
12 the authority, subject to disbursement under this act. Except as  
13 provided in this act, 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. 14. The municipality may at the request of the  
18 authority borrow money and issue its notes under the revised  
19 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in  
20 anticipation of collection of the ad valorem tax authorized in  
21 this section.

22 Sec. 15. The authority may borrow money and issue its  
23 negotiable revenue bonds under the revenue bond act of 1933, 1933  
24 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the  
25 authority are not a debt of the municipality unless the  
26 municipality by majority vote of the members of its governing  
27 body pledges its full faith and credit to support the authority's

1 revenue bonds. Revenue bonds issued by the authority are never a  
2 debt of the state.

3 Sec. 16. (1) The authority may with approval of the local  
4 governing body borrow money and issue its revenue bonds or notes  
5 to finance all or part of the costs of acquiring or constructing  
6 property in connection with either of the following:

7 (a) The implementation of a development plan in the  
8 development area.

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

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

13 (a) The cost of purchasing, acquiring, constructing,  
14 improving, enlarging, extending, or repairing property in  
15 connection with the implementation of a development plan in the  
16 development area.

17 (b) Any engineering, architectural, legal, accounting, or  
18 financial expenses.

19 (c) The costs necessary or incidental to the borrowing of  
20 money.

21 (d) Interest on the bonds or notes during the period of  
22 construction.

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

25 (f) A reserve for operation and maintenance until sufficient  
26 revenues have developed.

27 (3) The authority may secure the bonds and notes by mortgage,



1 assignment, or pledge of the property and any money, revenues, or  
2 income received in connection with the property.

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

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

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

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

1 purpose for which the deposit of bonds is authorized.

2       Sec. 17. (1) If the authority determines that it is  
3 necessary for the achievement of the purposes of this act, the  
4 authority shall prepare and submit a tax increment financing plan  
5 to the governing body of the municipality. The plan shall  
6 include a development plan as provided in section 19, a detailed  
7 explanation of the tax increment procedure, the maximum amount of  
8 bonded indebtedness to be incurred, and the duration of the  
9 program, and shall be in compliance with section 18. The plan  
10 shall contain a statement of the estimated impact of tax  
11 increment financing on the assessed values of all taxing  
12 jurisdictions in which the development area is located. The plan  
13 may provide for the use of part or all of the captured assessed  
14 value, but the portion intended to be used by the authority shall  
15 be clearly stated in the tax increment financing plan. The  
16 authority or municipality may exclude from captured assessed  
17 value growth in property value resulting solely from inflation.  
18 The plan shall set forth the method for excluding growth in  
19 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  
22 21. If the development plan is part of the tax increment  
23 financing plan, only 1 hearing and approval procedure is required  
24 for the 2 plans together.

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

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

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

14 (5) Not more than 60 days after the public hearing, the  
15 governing body in a taxing jurisdiction levying ad valorem  
16 property taxes that would otherwise be subject to capture may  
17 exempt its taxes from capture by adopting a resolution to that  
18 effect and filing a copy with the clerk of the municipality  
19 proposing to create the authority. The resolution shall take  
20 effect when filed with the clerk and remains effective until a  
21 copy of a resolution rescinding that resolution is filed with  
22 that clerk.

23 Sec. 18. (1) The municipal and county treasurers shall  
24 transmit tax increment revenues to the authority.

25 (2) The authority shall expend the tax increment revenues  
26 received for the development program only under the terms of the  
27 tax increment financing plan. Unused funds shall revert

1 proportionately to the respective taxing bodies. Tax increment  
2 revenues shall not be used to circumvent existing property tax  
3 limitations. The governing body of the municipality may abolish  
4 the tax increment financing plan if it finds that the purposes  
5 for which it was established are accomplished. However, the tax  
6 increment financing plan shall not be abolished until the  
7 principal of, and interest on, bonds issued under section 19 have  
8 been paid or funds sufficient to make the payment have been  
9 segregated.

10 (3) Annually the authority shall submit to the governing body  
11 of the municipality and the state tax commission a report on the  
12 status of the tax increment financing account. The report shall  
13 include the following:

- 14 (a) The amount and source of revenue in the account.
- 15 (b) The amount in any bond reserve account.
- 16 (c) The amount and purpose of expenditures from the account.
- 17 (d) The amount of principal and interest on any outstanding  
18 bonded indebtedness.
- 19 (e) The initial assessed value of the project area.
- 20 (f) The captured assessed value retained by the authority.
- 21 (g) The tax increment revenues received.
- 22 (h) The number of public facilities developed.
- 23 (i) The amount of public housing created or improved.
- 24 (j) The number of jobs created as a result of the  
25 implementation of the tax increment financing plan.
- 26 (k) Any additional information the governing body considers  
27 necessary.

1       Sec. 19. (1) The municipality may by resolution of its  
2 governing body and subject to voter approval authorize, issue,  
3 and sell general obligation bonds subject to the limitations set  
4 forth in this subsection to finance the development program of  
5 the tax increment financing plan and shall pledge its full faith  
6 and credit for the payment of the bonds. The municipality may  
7 pledge as additional security for the bonds any money received by  
8 the authority or the municipality under section 13. The bonds  
9 are subject to the revised municipal finance act, 2001 PA 34,  
10 MCL 141.2101 to 141.2821. Before the municipality may authorize  
11 the borrowing, the authority shall submit an estimate of the  
12 anticipated tax increment revenues and other revenue available  
13 under section 13 to be available for payment of principal and  
14 interest on the bonds, to the governing body of the  
15 municipality. This estimate shall be approved by the governing  
16 body of the municipality by resolution adopted by majority vote  
17 of the members of the governing body in the resolution  
18 authorizing the bonds. If the governing body of the municipality  
19 adopts the resolution authorizing the bonds, the estimate of the  
20 anticipated tax increment revenues and other revenue available  
21 under section 13 to be available for payment of principal and  
22 interest on the bonds shall be conclusive for purposes of this  
23 section. The bonds issued under this subsection shall be  
24 considered a single series for the purposes of the revised  
25 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

26       (2) By resolution of its governing body, the authority may  
27 authorize, issue, and sell tax increment bonds subject to the

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

1       Sec. 20. (1) If a board decides to finance a project in a  
2 development area by the use of revenue bonds as authorized in  
3 section 15 or tax increment financing as authorized in sections  
4 17, 18, and 19, it shall prepare a development plan.

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

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

8       (b) The location and extent of existing streets and other  
9 public facilities within the development area, designating the  
10 location, character, and extent of the categories of public and  
11 private land uses then existing and proposed for the development  
12 area, including residential, recreational, commercial,  
13 industrial, educational, and other uses, and including a legal  
14 description of the development area.

15       (c) A description of existing improvements in the development  
16 area to be demolished, repaired, or altered, a description of any  
17 repairs and alterations, and an estimate of the time required for  
18 completion.

19       (d) The location, extent, character, and estimated cost of  
20 the improvements including rehabilitation contemplated for the  
21 development area and an estimate of the time required for  
22 completion.

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

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

27       (g) A description of any portions of the development area

1 that the authority desires to sell, donate, exchange, or lease to  
2 or from the municipality and the proposed terms.

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

5 (i) An estimate of the cost of the development, a statement  
6 of the proposed method of financing the development, and the  
7 ability of the authority to arrange the financing.

8 (j) Designation of the person or persons, natural or  
9 corporate, to whom all or a portion of the development is to be  
10 leased, sold, or conveyed in any manner and for whose benefit the  
11 project is being undertaken if that information is available to  
12 the authority.

13 (k) The procedures for bidding for the leasing, purchasing,  
14 or conveying in any manner of all or a portion of the development  
15 upon its completion, if there is no express or implied agreement  
16 between the authority and persons, natural or corporate, that all  
17 or a portion of the development will be leased, sold, or conveyed  
18 in any manner to those persons.

19 (l) Estimates of the number of persons residing in the  
20 development area and the number of families and individuals to be  
21 displaced. If occupied residences are designated for acquisition  
22 and clearance by the authority, a development plan shall include  
23 a survey of the families and individuals to be displaced,  
24 including their income and racial composition, a statistical  
25 description of the housing supply in the community, including the  
26 number of private and public units in existence or under  
27 construction, the condition of those units in existence, the



1 number of owner-occupied and renter-occupied units, the annual  
2 rate of turnover of the various types of housing and the range of  
3 rents and sale prices, an estimate of the total demand for  
4 housing in the community, and the estimated capacity of private  
5 and public housing available to displaced families and  
6 individuals.

7 (m) A plan for establishing priority for the relocation of  
8 persons displaced by the development in any residential housing  
9 in the development area.

10 (n) Provision for the costs of relocating persons displaced  
11 by the development and financial assistance and reimbursement of  
12 expenses, including litigation expenses and expenses incident to  
13 the transfer of title, in accordance with the standards and  
14 provisions of the uniform relocation assistance and real property  
15 acquisition policies act of 1970, Public Law 91-646, 84  
16 Stat. 1894.

17 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to  
18 213.332.

19 (p) The requirement that amendments to an approved  
20 development plan or tax increment plan must be submitted by the  
21 authority to the governing body for approval or rejection.

22 (q) Other material that the authority, local public agency,  
23 or governing body considers pertinent.

24 Sec. 21. (1) The governing body, before adoption of an  
25 ordinance approving a development plan or tax increment financing  
26 plan, shall hold a public hearing on the development plan.  
27 Notice of the time and place of the hearing shall be given by

1 publication twice in a newspaper of general circulation  
2 designated by the municipality, the first of which shall be not  
3 less than 20 days before the date set for the hearing. Notice of  
4 the hearing shall be posted in at least 20 conspicuous and public  
5 places in the development area not less than 20 days before the  
6 hearing. Notice shall also be mailed to all property taxpayers  
7 of record in the development area and to the governing body of  
8 each taxing jurisdiction levying taxes that would be subject to  
9 capture if the tax increment financing plan is approved not less  
10 than 20 days before the hearing.

11 (2) Notice of the time and place of hearing on a development  
12 plan shall contain all of the following:

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

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

19 (c) A statement that all aspects of the development plan will  
20 be open for discussion at the public hearing.

21 (d) Other information that the governing body considers  
22 appropriate.

23 (3) At the time set for the hearing, the governing body shall  
24 provide an opportunity for interested persons to speak and shall  
25 receive and consider communications in writing. The hearing  
26 shall provide the fullest opportunity for expression of opinion,  
27 for argument on the merits, and for consideration of documentary

1 evidence pertinent to the development plan. The governing body  
2 shall make and preserve a record of the public hearing, including  
3 all data presented at the hearing.

4       Sec. 22. The governing body after a public hearing on the  
5 development plan or the tax increment financing plan, or both,  
6 with notice given under section 21, shall determine whether the  
7 development plan or tax increment financing plan constitutes a  
8 public purpose. If it determines that the development plan or  
9 tax increment financing plan constitutes a public purpose, it  
10 shall by ordinance approve or reject the plan, or approve it with  
11 modification, based on the following considerations:

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

15       (b) The plan meets the requirements under section 20(2).

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

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

21       (e) The land included within the development area to be  
22 acquired is reasonably necessary to carry out the purposes of the  
23 plan and of this act in an efficient and economically  
24 satisfactory manner.

25       (f) The development plan is in reasonable accord with the  
26 land use plan of the municipality.

27       (g) Public services, such as fire and police protection and

1 utilities, are or will be adequate to service the project area.

2 (h) Changes in zoning, streets, street levels, intersections,  
3 and utilities are reasonably necessary for the project and for  
4 the municipality.

5 Sec. 23. A person to be relocated under this act shall be  
6 given not less than 90 days' written notice to vacate unless  
7 modified by court order issued for good cause and after a  
8 hearing.

9 Sec. 24. (1) The director of the authority shall submit a  
10 budget to the board for the operation of the authority for each  
11 fiscal year before the beginning of the fiscal year. The budget  
12 shall be prepared in the manner and contain the information  
13 required of municipal departments. After review by the board,  
14 the budget shall be submitted to the governing body. The  
15 governing body must approve the budget before the board may adopt  
16 the budget. Unless authorized by the governing body or this act,  
17 funds of the municipality shall not be included in the budget of  
18 the authority.

19 (2) The governing body of the municipality may assess a  
20 reasonable pro rata share of the funds for the cost of handling  
21 and auditing the funds against the funds of the authority, other  
22 than those committed, which shall be paid annually by the board  
23 pursuant to an appropriate item in its budget.

24 Sec. 25. 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  
27 remaining after the satisfaction of the obligations of the

1 authority belong to the municipality.

2       Sec. 26. (1) The state tax commission may institute  
3 proceedings to compel enforcement of this act.

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