

SENATE BILL No. 1506

November 28, 2006, Introduced by Senator JACOBS and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

A bill to amend 2005 PA 280, entitled "Corridor improvement authority act," by amending sections 2, 5, 6, 9, 18, 20, 22, 23, and 27 (MCL 125.2872, 125.2875, 125.2876, 125.2879, 125.2888, 125.2890, 125.2892, 125.2893, and 125.2897).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

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

1 the authority or the municipality.

2 (b) "Assessed value" means the taxable value as determined
3 under section 27a of the general property tax act, 1893 PA 206, MCL
4 211.27a.

5 (c) "Authority" means a corridor improvement authority created
6 under this act.

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

8 (e) "Business district" means an area of a municipality zoned
9 and used principally for business.

10 (f) "Captured assessed value" means the amount in any 1 year
11 by which the current assessed value of the development area,
12 including the assessed value of property for which specific local
13 taxes are paid in lieu of property taxes as determined in section
14 ~~3(e)~~ **3(D)**, exceeds the initial assessed value. The state tax
15 commission shall prescribe the method for calculating captured
16 assessed value.

17 (g) "Chief executive officer" means the mayor ~~or city manager~~
18 of a city, **THE PRESIDENT OF A VILLAGE, OR THE SUPERVISOR OF A**
19 **TOWNSHIP.**

20 (h) "Development area" means that area described in section 5
21 to which a development plan is applicable.

22 (i) "Development plan" means that information and those
23 requirements for a development area set forth in section 21.

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

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

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

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

2 (m) "Initial assessed value" means the assessed value, as
3 equalized, of all the taxable property within the boundaries of the
4 development area at the time the ~~ordinance~~ **RESOLUTION**
5 establishing the tax increment financing plan is approved, as shown
6 by the most recent assessment roll of the municipality for which
7 equalization has been completed at the time the resolution is
8 adopted. Property exempt from taxation at the time of the
9 determination of the initial assessed value shall be included as
10 zero. For the purpose of determining initial assessed value,
11 property for which a specific local tax is paid in lieu of a
12 property tax shall not be considered to be property that is exempt
13 from taxation. The initial assessed value of property for which a
14 specific local tax was paid in lieu of a property tax shall be
15 determined as provided in section ~~3(e)~~ **3(D)**.

16 (n) "Land use plan" means a plan prepared under section 1 of
17 the city and village zoning act, 1921 PA 207, MCL 125.581, or the
18 township zoning act, 1943 PA 184, MCL 125.271 to 125.310.

19 (o) "Municipality" means 1 of the following:

20 (i) A city.

21 (ii) A village.

22 (iii) A township.

23 Sec. 5. A development area shall only be established in a
24 municipality and shall comply with all of the following criteria:

25 (a) ~~Be~~ **IS** adjacent to **OR IS WITHIN 500 FEET OF** a road
26 classified as an arterial or collector according to the federal
27 highway administration manual "Highway Functional Classification -

1 Concepts, Criteria and Procedures".

2 (b) ~~Contain~~ **CONTAINS** at least 10 contiguous parcels or at
3 least 5 contiguous acres.

4 (c) More than 1/2 of the existing ground floor square footage
5 in the development area is classified as commercial real property
6 under section 34c of the general property tax act, 1893 PA 206, MCL
7 211.34c.

8 (d) Residential use, commercial use, or industrial use has
9 been allowed and conducted under the zoning ordinance or conducted
10 in the entire development area, for the immediately preceding 30
11 years.

12 (e) Is presently served by municipal water and sewer.

13 (f) ~~Zoned~~ **IS ZONED** to allow for mixed use that includes
14 high-density residential use.

15 (g) The municipality agrees to all of the following:

16 (i) To expedite the local permitting and inspection process in
17 the development area.

18 (ii) To modify its master plan to provide for walkable
19 nonmotorized interconnections, including sidewalks and streetscapes
20 throughout the development area.

21 Sec. 6. (1) If the governing body of a municipality determines
22 that it is necessary for the best interests of the public to
23 redevelop its commercial corridors and to promote economic growth,
24 the governing body may, by resolution, declare its intention to
25 create and provide for the operation of an authority.

26 (2) In the resolution of intent, the governing body shall
27 state that the proposed development area meets the criteria in

1 section 5, set a date for a public hearing on the adoption of a
2 proposed ~~ordinance~~ **RESOLUTION** creating the authority, and
3 designate the boundaries of the development area. Notice of the
4 public hearing shall be published twice in a newspaper of general
5 circulation in the municipality, not less than 20 or more than 40
6 days before the date of the hearing. Not less than 20 days before
7 the hearing, the governing body proposing to create the authority
8 shall also mail notice of the hearing to the property taxpayers of
9 record in the proposed development area, to the governing body of
10 each taxing jurisdiction levying taxes that would be subject to
11 capture if the authority is established and a tax increment
12 financing plan is approved, and to the state tax commission.
13 Failure of a property taxpayer to receive the notice does not
14 invalidate these proceedings. Notice of the hearing shall be posted
15 in at least 20 conspicuous and public places in the proposed
16 development area not less than 20 days before the hearing. The
17 notice shall state the date, time, and place of the hearing and
18 shall describe the boundaries of the proposed development area. A
19 citizen, taxpayer, or property owner of the municipality or an
20 official from a taxing jurisdiction with millage that would be
21 subject to capture has the right to be heard in regard to the
22 establishment of the authority and the boundaries of the proposed
23 development area. The governing body of the municipality shall not
24 incorporate land into the development area not included in the
25 description contained in the notice of public hearing, but it may
26 eliminate described lands from the development area in the final
27 determination of the boundaries.

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

14 (4) The governing body of the municipality may alter or amend
15 the boundaries of the development area to include or exclude lands
16 from the development area in the same manner as adopting the
17 ~~ordinance~~ **RESOLUTION** creating the authority.

18 (5) A municipality that has created an authority may enter
19 into an agreement with an adjoining municipality that has created
20 an authority to jointly operate and administer those authorities
21 under an interlocal agreement under the urban cooperation act of
22 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal
23 agreement shall include, but is not limited to, a plan to
24 coordinate and expedite local inspections and permit approvals, a
25 plan to address contradictory zoning requirements, and a date
26 certain to implement all provisions of these plans. If a
27 municipality enters into an interlocal agreement under this

1 subsection, the municipality shall provide a copy of that
2 interlocal agreement to the state tax commission within 60 days of
3 entering into the interlocal agreement.

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

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

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

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

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

19 (5) The board may employ other personnel considered necessary
20 by the board.

21 Sec. 18. (1) If the authority determines that it is necessary
22 for the achievement of the purposes of this act, the authority
23 shall prepare and submit a tax increment financing plan to the
24 governing body of the municipality. The plan shall include a
25 development plan as provided in section 21, a detailed explanation
26 of the tax increment procedure, the maximum amount of bonded
27 indebtedness to be incurred, and the duration of the program, and

1 shall be in compliance with section 19. The plan shall contain a
2 statement of the estimated impact of tax increment financing on the
3 assessed values of all taxing jurisdictions in which the
4 development area is located. The plan may provide for the use of
5 part or all of the captured assessed value, but the portion
6 intended to be used by the authority shall be clearly stated in the
7 tax increment financing plan. The authority or municipality may
8 exclude from captured assessed value growth in property value
9 resulting solely from inflation. The plan shall set forth the
10 method for excluding growth in property value resulting solely from
11 inflation.

12 (2) Approval of the tax increment financing plan shall comply
13 with the notice, hearing, and disclosure provisions of section 22.
14 If the development plan is part of the tax increment financing
15 plan, only 1 hearing and approval procedure is required for the 2
16 plans together.

17 (3) Before the public hearing on the tax increment financing
18 plan, the governing body shall provide a reasonable opportunity to
19 the taxing jurisdictions levying taxes subject to capture to meet
20 with the governing body. The authority shall fully inform the
21 taxing jurisdictions of the fiscal and economic implications of the
22 proposed development area. The taxing jurisdictions may present
23 their recommendations at the public hearing on the tax increment
24 financing plan. The authority may enter into agreements with the
25 taxing jurisdictions and the governing body of the municipality in
26 which the development area is located to share a portion of the
27 captured assessed value of the development area.

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

5 (5) Not more than 60 days after the public hearing **ON THE TAX**
6 **INCREMENT FINANCING PLAN**, the governing body in a taxing
7 jurisdiction levying ad valorem property taxes that would otherwise
8 be subject to capture may exempt its taxes from capture by adopting
9 a resolution to that effect and filing a copy with the clerk of the
10 municipality proposing to create the authority. The resolution
11 shall take effect when filed with the clerk and remains effective
12 until a copy of a resolution rescinding that resolution is filed
13 with that clerk.

14 Sec. 20. (1) The municipality may by resolution of its
15 governing body ~~and subject to voter approval~~ authorize, issue,
16 and sell **LIMITED** general obligation bonds subject to the
17 limitations set forth in this subsection to finance the development
18 program of the tax increment financing plan and shall pledge its
19 full faith and credit for the payment of the bonds. The
20 municipality may pledge as additional security for the bonds any
21 money received by the authority or the municipality under section
22 14. The bonds are subject to the revised municipal finance act,
23 2001 PA 34, MCL 141.2101 to 141.2821. Before the municipality may
24 authorize the borrowing, the authority shall submit an estimate of
25 the anticipated tax increment revenues and other revenue available
26 under section 14 to be available for payment of principal and
27 interest on the bonds, to the governing body of the municipality.

1 This estimate shall be approved by the governing body of the
2 municipality by resolution adopted by majority vote of the members
3 of the governing body in the resolution authorizing the bonds. If
4 the governing body of the municipality adopts the resolution
5 authorizing the bonds, the estimate of the anticipated tax
6 increment revenues and other revenue available under section 14 to
7 be available for payment of principal and interest on the bonds
8 shall be conclusive for purposes of this section. The bonds issued
9 under this subsection shall be considered a single series for the
10 purposes of the revised municipal finance act, 2001 PA 34, MCL
11 141.2101 to 141.2821.

12 (2) By resolution of its governing body, the authority may
13 authorize, issue, and sell tax increment bonds subject to the
14 limitations set forth in this subsection to finance the development
15 program of the tax increment financing plan. The tax increment
16 bonds issued by the authority under this subsection shall pledge
17 solely the tax increment revenues of a development area in which
18 the project is located or a development area from which tax
19 increment revenues may be used for this project, or both. In
20 addition or in the alternative, the bonds issued by the authority
21 under this subsection may be secured by any other revenues
22 identified in section 14 as sources of financing for activities of
23 the authority that the authority shall specifically pledge in the
24 resolution. However, the full faith and credit of the municipality
25 shall not be pledged to secure bonds issued under this subsection.
26 The bond issue may include a sum sufficient to pay interest on the
27 tax increment bonds until full development of tax increment

1 revenues from the project and also a sum to provide a reasonable
2 reserve for payment of principal and interest on the bonds. The
3 resolution authorizing the bonds shall create a lien on the tax
4 increment revenues and other revenues pledged by the resolution
5 that shall be a statutory lien and shall be a first lien subject
6 only to liens previously created. The resolution may provide the
7 terms upon which additional bonds may be issued of equal standing
8 and parity of lien as to the tax increment revenues and other
9 revenues pledged under the resolution. Bonds issued under this
10 subsection that pledge revenue received under section 15 for
11 repayment of the bonds are subject to the revised municipal finance
12 act, 2001 PA 34, MCL 141.2101 to 141.2821.

13 Sec. 22. (1) The governing body, before adoption of ~~an~~
14 ~~ordinance~~ **A RESOLUTION** approving a development plan or tax
15 increment financing plan, shall hold a public hearing on the
16 development plan. Notice of the time and place of the hearing shall
17 be given by publication twice in a newspaper of general circulation
18 designated by the municipality, the first of which shall be not
19 less than 20 days before the date set for the hearing. Notice of
20 the hearing shall be posted in at least 20 conspicuous and public
21 places in the development area not less than 20 days before the
22 hearing. Notice shall also be mailed to all property taxpayers of
23 record in the development area and to the governing body of each
24 taxing jurisdiction levying taxes that would be subject to capture
25 if the tax increment financing plan is approved not less than 20
26 days before the hearing. **THE NOTICE OF HEARING WITHIN THE TIME**
27 **FRAME DESCRIBED IN THIS SUBSECTION SHALL BE MAILED BY CERTIFIED**

1 MAIL TO THE GOVERNING BODY OF EACH TAXING JURISDICTION LEVYING
2 TAXES THAT WOULD BE SUBJECT TO CAPTURE IF THE TAX INCREMENT
3 FINANCING PLAN IS APPROVED.

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

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

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

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

14 (d) Other information that the governing body considers
15 appropriate.

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

24 Sec. 23. The governing body after a public hearing on the
25 development plan or the tax increment financing plan, or both, with
26 notice given under section 22, shall determine whether the
27 development plan or tax increment financing plan constitutes a

1 public purpose. If it determines that the development plan or tax
2 increment financing plan constitutes a public purpose, it shall by
3 ~~ordinance~~ **RESOLUTION** approve or reject the plan, or approve it
4 with modification, based on the following considerations:

5 ~~—— (a) The findings and recommendations of a development area~~
6 ~~citizens council, if a development area citizens council was~~
7 ~~formed.~~

8 (A) ~~—(b)—~~ The plan meets the requirements under section 20(2).

9 (B) ~~—(c)—~~ The proposed method of financing the development is
10 feasible and the authority has the ability to arrange the
11 financing.

12 (C) ~~—(d)—~~ The development is reasonable and necessary to carry
13 out the purposes of this act.

14 (D) ~~—(e)—~~ The land included within the development area to be
15 acquired is reasonably necessary to carry out the purposes of the
16 plan and of this act in an efficient and economically satisfactory
17 manner.

18 (E) ~~—(f)—~~ The development plan is in reasonable accord with
19 the land use plan of the municipality.

20 (F) ~~—(g)—~~ Public services, such as fire and police protection
21 and utilities, are or will be adequate to service the project area.

22 (G) ~~—(h)—~~ Changes in zoning, streets, street levels,
23 intersections, and utilities are reasonably necessary for the
24 project and for the municipality.

25 Sec. 27. An authority that has completed the purposes for
26 which it was organized shall be dissolved by ~~ordinance~~ **RESOLUTION**
27 of the governing body. The property and assets of the authority

- 1 remaining after the satisfaction of the obligations of the
- 2 authority belong to the municipality.