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BILL ANALYSIS

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Senate Bill 364 (as introduced 3-21-07)

Sponsor: Senator Gilda Z. Jacobs

Committee: Economic Development and Regulatory Reform

Date Completed: 11-7-07

CONTENT

The bill would amend the Corridor Improvement Authority Act to do all of the following:

- **Require certain actions by a municipality (city, village, or township) to be taken by resolution rather than by ordinance.**
- **Delete a requirement of local voter approval for a municipality to issue general obligation bonds.**
- **Require that notice of a public hearing on a development plan be sent by certified mail to the governing body of each jurisdiction levying taxes that would be subject to capture.**
- **Delete a requirement that a municipal governing body consider the findings and recommendations of a development area citizens council when considering whether to approve a development plan or tax increment financing plan.**
- **Require that a development area be adjacent to, or within 500 feet of, a federally designated arterial or collector road.**
- **Revise the definitions of "chief executive officer" and "land use plan".**

Actions Taken by Resolution

Under the Act, if the governing body of a municipality determines that it is necessary for the best interests of the public to redevelop the municipality's commercial corridors to promote economic growth, the governing body may, by resolution, declare its intention to create and provide for the operation of a corridor improvement authority. The resolution of intent must set a date for a public hearing on the adoption of a proposed ordinance creating the authority, and designate the boundaries of a development area. At least 60 days after the public hearing, if the governing body intends to proceed, it must adopt an ordinance establishing the authority. The bill would require the creation of an authority by adoption of a resolution, rather than an ordinance.

In addition, before adopting of an ordinance approving a development plan or tax increment financing (TIF) plan, a municipality's governing body must hold a public hearing on the development plan. After a public hearing, if the governing body determines that the development plan or TIF plan constitutes a public purpose, it must approve or reject the plan (or approve it with modification) by ordinance. The bill would require the approval or rejection by resolution, rather than by ordinance.

Under the Act, an authority that has completed the purposes for which it was organized must be dissolved by ordinance of the governing body. Under the bill, dissolution would have to be by resolution.

Issuance of Bonds

The Act allows a municipality, by resolution of its governing body and subject to voter approval, to authorize, issue, and sell general obligation bonds to finance the development program of a tax increment financing plan, subject to limitations set forth in the Act. The bill would delete the requirement of voter approval.

Notice by Certified Mail

Under the Act, notice of the time and place of a public hearing on a development plan must be given by publication twice in a newspaper of general circulation, be posted in at least 20 conspicuous and public places in the development area at least 20 days before the hearing, and be mailed at least 20 days before the hearing to all property taxpayers in the development area and to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if a TIF plan is approved. The bill would require the notice to the taxing jurisdictions to be sent by certified mail.

Consideration of Dev't or TIF

After a public hearing on a development plan or tax increment financing plan, if a municipality's governing body determines that the plan constitutes a public interest, it must approve or reject the plan, or approve it with modification, based on certain considerations. The bill would delete from those considerations the findings and recommendations of a development area citizens council, if a council was formed.

Location of a Development Area

The Act requires that a corridor improvement authority's development area be adjacent to a road classified as an arterial or collector according to the Federal Highway Administration manual "Highway Functional Classification—Concepts, Criteria and Procedures". Under the bill, a development area would have to be adjacent to, or within 500 feet of, such a road.

Chief Executive Officer

Under the Act, "municipality" is defined as a city, a village, or a township. "Chief executive officer" means the mayor or city manager of a city. Under the bill, "chief executive officer" would mean the mayor of a city, the president of a village, or the supervisor of a township.

(The Act specifies that a corridor improvement authority is under the supervision and control of a board consisting of the chief executive officer of the municipality or his or her assignee and not less than five or more than nine members, as determined by the municipality's governing body. Members must be appointed by the chief executive officer of the municipality.)

Land Use Plan

Currently, "land use plan" means a plan prepared under the former City and Village Zoning Act or the former Township Zoning Act. The bill would include in that definition a site plan under the Michigan Zoning Enabling Act (MCL 125.3101-125.3702).

MCL 125.2872 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.