

**SUBSTITUTE FOR
SENATE BILL NO. 364**

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), sections 5 and 18 as amended by
2007 PA 44.

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

1 financing plan approved prior to the advance, or a resolution of
2 the authority or the municipality.

3 (b) "Assessed value" means the taxable value as determined
4 under section 27a of the general property tax act, 1893 PA 206, MCL
5 211.27a.

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

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

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

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

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

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

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

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

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

(l) "Governing body" or "governing body of a municipality" means the elected body of a municipality having legislative powers.

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

(n) "Land use plan" means a plan prepared under ~~section 1 of the city and village zoning act, FORMER 1921 PA 207, MCL 125.581, or the township zoning act, FORMER 1943 PA 184, MCL 125.271 to 125.310~~ **OR A SITE PLAN UNDER THE MICHIGAN ZONING ENABLING ACT, 2006 PA 110, MCL 125.3101 TO 125.3702.**

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

(i) A city.

(ii) A village.

(iii) A township.

Sec. 5. A development area shall only be established in a municipality and, except for a development area located in a

1 qualified development area, shall comply with all of the following
2 criteria:

3 (a) ~~Be~~**IS** adjacent to **OR IS WITHIN 500 FEET OF** a road
4 classified as an arterial or collector according to the federal
5 highway administration manual "Highway Functional Classification -
6 Concepts, Criteria and Procedures".

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

9 (c) More than 1/2 of the existing ground floor square footage
10 in the development area is classified as commercial real property
11 under section 34c of the general property tax act, 1893 PA 206, MCL
12 211.34c.

13 (d) Residential use, commercial use, or industrial use has
14 been allowed and conducted under the zoning ordinance or conducted
15 in the entire development area, for the immediately preceding 30
16 years.

17 (e) Is presently served by municipal water ~~and~~**OR** sewer.

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

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

21 (i) To expedite the local permitting and inspection process in
22 the development area.

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

26 Sec. 6. (1) If the governing body of a municipality determines
27 that it is necessary for the best interests of the public to

1 redevelop its commercial corridors and to promote economic growth,
2 the governing body may, by resolution, declare its intention to
3 create and provide for the operation of an authority.

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

1 development area. The governing body of the municipality shall not
2 incorporate land into the development area not included in the
3 description contained in the notice of public hearing, but it may
4 eliminate described lands from the development area in the final
5 determination of the boundaries.

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

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

23 (5) A municipality that has created an authority may enter
24 into an agreement with an adjoining municipality that has created
25 an authority to jointly operate and administer those authorities
26 under an interlocal agreement under the urban cooperation act of
27 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512. The interlocal

1 agreement shall include, but is not limited to, a plan to
2 coordinate and expedite local inspections and permit approvals, a
3 plan to address contradictory zoning requirements, and a date
4 certain to implement all provisions of these plans. If a
5 municipality enters into an interlocal agreement under this
6 subsection, the municipality shall provide a copy of that
7 interlocal agreement to the state tax commission within 60 days of
8 entering into the interlocal agreement.

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

1 authority. If the director is absent or disabled, the board may
2 designate a qualified person as acting director to perform the
3 duties of the office. Before beginning his or her duties, the
4 acting director shall take and subscribe to the oath, and furnish
5 bond, as required of the director. The director shall furnish the
6 board with information or reports governing the operation of the
7 authority as the board requires.

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

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

20 (4) The board may retain legal counsel to advise the board in
21 the proper performance of its duties. The legal counsel shall
22 represent the authority in actions brought by or against the
23 authority.

24 (5) The board may employ other personnel considered necessary
25 by the board.

26 Sec. 18. (1) If the authority determines that it is necessary
27 for the achievement of the purposes of this act, the authority

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

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

22 (3) Before the public hearing on the tax increment financing
23 plan, the governing body shall provide a reasonable opportunity to
24 the taxing jurisdictions levying taxes subject to capture to meet
25 with the governing body. The authority shall fully inform the
26 taxing jurisdictions of the fiscal and economic implications of the
27 proposed development area. The taxing jurisdictions may present

1 their recommendations at the public hearing on the tax increment
2 financing plan. The authority may enter into agreements with the
3 taxing jurisdictions and the governing body of the municipality in
4 which the development area is located to share a portion of the
5 captured assessed value of the development area.

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

10 (5) Except for a development area located in a qualified
11 development area, not more than 60 days after the public hearing **ON**
12 **THE TAX INCREMENT FINANCING PLAN**, the governing body in a taxing
13 jurisdiction levying ad valorem property taxes that would otherwise
14 be subject to capture may exempt its taxes from capture by adopting
15 a resolution to that effect and filing a copy with the clerk of the
16 municipality proposing to create the authority. The resolution
17 shall take effect when filed with the clerk and remains effective
18 until a copy of a resolution rescinding that resolution is filed
19 with that clerk.

20 Sec. 20. (1) The municipality may by resolution of its
21 governing body ~~and subject to voter approval~~ authorize, issue, and
22 sell **LIMITED** general obligation bonds subject to the limitations
23 set forth in this subsection to finance the development program of
24 the tax increment financing plan and shall pledge its full faith
25 and credit for the payment of the bonds. The municipality may
26 pledge as additional security for the bonds any money received by
27 the authority or the municipality under section 14. The bonds are

1 subject to the revised municipal finance act, 2001 PA 34, MCL
2 141.2101 to 141.2821. Before the municipality may authorize the
3 borrowing, the authority shall submit an estimate of the
4 anticipated tax increment revenues and other revenue available
5 under section 14 to be available for payment of principal and
6 interest on the bonds, to the governing body of the municipality.
7 This estimate shall be approved by the governing body of the
8 municipality by resolution adopted by majority vote of the members
9 of the governing body in the resolution authorizing the bonds. If
10 the governing body of the municipality adopts the resolution
11 authorizing the bonds, the estimate of the anticipated tax
12 increment revenues and other revenue available under section 14 to
13 be available for payment of principal and interest on the bonds
14 shall be conclusive for purposes of this section. The bonds issued
15 under this subsection shall be considered a single series for the
16 purposes of the revised municipal finance act, 2001 PA 34, MCL
17 141.2101 to 141.2821.

18 (2) By resolution of its governing body, the authority may
19 authorize, issue, and sell tax increment bonds subject to the
20 limitations set forth in this subsection to finance the development
21 program of the tax increment financing plan. The tax increment
22 bonds issued by the authority under this subsection shall pledge
23 solely the tax increment revenues of a development area in which
24 the project is located or a development area from which tax
25 increment revenues may be used for this project, or both. In
26 addition or in the alternative, the bonds issued by the authority
27 under this subsection may be secured by any other revenues

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

19 Sec. 22. (1) The governing body, before adoption of an
20 ~~ordinance~~ **A RESOLUTION** approving a development plan or tax
21 increment financing plan, shall hold a public hearing on the
22 development plan. Notice of the time and place of the hearing shall
23 be given by publication twice in a newspaper of general circulation
24 designated by the municipality, the first of which shall be not
25 less than 20 days before the date set for the hearing. Notice of
26 the hearing shall be posted in at least 20 conspicuous and public
27 places in the development area not less than 20 days before the

1 hearing. Notice shall also be mailed to all property taxpayers of
2 record in the development area and to the governing body of each
3 taxing jurisdiction levying taxes that would be subject to capture
4 if the tax increment financing plan is approved not less than 20
5 days before the hearing. **THE NOTICE OF HEARING WITHIN THE TIME**
6 **FRAME DESCRIBED IN THIS SUBSECTION SHALL BE MAILED BY CERTIFIED**
7 **MAIL TO THE GOVERNING BODY OF EACH TAXING JURISDICTION LEVYING**
8 **TAXES THAT WOULD BE SUBJECT TO CAPTURE IF THE TAX INCREMENT**
9 **FINANCING PLAN IS APPROVED.**

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

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

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

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

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

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

1 shall make and preserve a record of the public hearing, including
2 all data presented at the hearing.

3 Sec. 23. The governing body after a public hearing on the
4 development plan or the tax increment financing plan, or both, with
5 notice given under section 22, shall determine whether the
6 development plan or tax increment financing plan constitutes a
7 public purpose. If it determines that the development plan or tax
8 increment financing plan constitutes a public purpose, it shall by
9 ~~ordinance~~ **RESOLUTION** approve or reject the plan, or approve it with
10 modification, based on the following considerations:

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

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

15 **(B)** ~~(c)~~—The proposed method of financing the development is
16 feasible and the authority has the ability to arrange the
17 financing.

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

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

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

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

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

4 Sec. 27. An authority that has completed the purposes for
5 which it was organized shall be dissolved by ~~ordinance~~ **RESOLUTION**
6 of the governing body. The property and assets of the authority
7 remaining after the satisfaction of the obligations of the
8 authority belong to the municipality.