

# Legislative Analysis

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## JOINT CORRIDOR IMPROVEMENT AUTHORITY

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**House Bill 5142 (Substitute H-1)**

**Sponsor: Rep. Mark Ouimet**

**Committee: Local, Intergovernmental, and Regional Affairs**

**First Analysis (12-6-11)**

**BRIEF SUMMARY:** The bill would allow a city, village, or township board, by vote on a resolution, to join with one or more cities, villages, or townships to create a joint corridor improvement authority.

**FISCAL IMPACT:** The impact on local revenues would depend on the number and nature of the joint authorities created by local units. They cannot levy an ad valorem tax. Corridor improvement authorities cannot capture state and local school taxes (except for special authorities dealing with transit-related development).

### **THE APPARENT PROBLEM:**

According to the City of Ann Arbor planning department, members of the Ann Arbor City Council endorsed a Resolution of Intent to evaluate the feasibility of creating a Corridor Improvement Authority in January 2011. The intent of the new authority was to encourage public and private sector investment in Washtenaw Avenue, a major mixed-use transportation corridor that cuts across several jurisdictions in the region.

In particular, City of Ann Arbor planners contemplated a corridor improvement authority for that portion of Washtenaw Avenue between Stadium Boulevard and US-23. The authority would be established in an inter-local agreement between four governmental units: the Charter Township of Pittsfield; the Charter Township of Ypsilanti; the City of Ypsilanti; and the City of Ann Arbor. The new authority would then jointly apply for federal highway improvement funds, in order to jointly operate and administer the traffic corridor from Stadium Boulevard in the City of Ann Arbor to the City of Ypsilanti.

State statutes do not currently allow four different local units of government to form one corridor improvement authority. Legislation has been introduced to revise the law, so that inter-local agreements between these four cooperating communities--and all others like them--are possible.

### **THE CONTENT OF THE BILL:**

House Bill 5142 (H-1) would amend the Corridor Improvement Authority Act to provide for joint corridor improvement authorities.

The Corridor Improvement Act, as enacted in 2005, allowed municipalities (defined to mean a city, village, or township) to create special authorities to redevelop commercial corridors ("development areas") that are at least 30 years old and promote economic

growth. A corridor improvement authority is to be created and operated in a manner similar to a downtown development authority. Once created, a corridor improvement authority can establish a tax increment finance plan, levy a special assessment, and issue revenue bonds and notes. It cannot levy an ad valorem tax. Tax increment financing plans of corridor improvement authorities cannot capture state and local school taxes (except for special authorities dealing with transit-related development). Also, a municipality that has created an authority may enter into an agreement with an adjoining municipality that has created an authority to jointly operate and administer those authorities under an interlocal agreement under the Urban Cooperation Act of 1967.

House Bill 5142 (H-1) would specify that a city, village, or township could, by resolution, join with one or more cities, villages, or townships to create a joint authority under the act.

The bill specifies that if two or more cities, villages, or townships created a joint authority, then the board of that authority would consist of up to three individuals appointed by the chief executive officer of each participating city, village, or township. Like current board members serving on municipal corridor boards, they would serve without compensation, and at least a majority would have to be people having an ownership or business interest in property that is located in the development area. Further and under the bill, each of the individuals would be appointed for terms of two-years, three-years, and four-years.

As is now the case for municipal corridor authorities, the board members of a joint municipal corridor authority, by a majority vote, could identify a development area; capture the annual incremental increase in property tax revenue from the taxable value of the properties there; and use those funds to make improvements within the boundaries of the development area. Under the law, the board may, among other things, prepare analyses of economic changes taking place in the development area, including the impact of metropolitan growth; plan and propose construction, renovation, repair, or restoration of a public facility; improve a public facility to comply with the barrier-free design requirements of the state construction code; develop long-range plans; make and enter into contracts; acquire or lease land; collect fees or rents for the use of facilities; accept grants and donations of property and labor; conduct market research and public relations campaigns; and contract for broadband service and wireless technology service in the development area. House Bill 5142 (H-1) would retain all of these provisions. However, the bill further specifies that the "fees, rents, and charges" for the use of any facility or property under the authority's control, "shall not include the adding of a toll or employment of new user fees for any motor vehicle access to a new or existing highway, road, street, highway ramp, or bridge."

MCL 125.2872 et al.

### ***BACKGROUND INFORMATION:***

For more information about the Washtenaw County Corridor Improvement project, visit the City of Ann Arbor website at:

<http://www.a2gov.org/government/communityservices/planninganddevelopment/planning/Pages/CorridorImprovementAuthorityProject.aspx>

***ARGUMENTS:***

***For:***

This legislation is needed to ensure local units of government can cooperate to improve their road systems. Four local units of government in Washtenaw County, following a strategic planning process during 2010, decided to form a joint corridor improvement authority: the cities of Ypsilanti and Ann Arbor, and the Charter Townships of Ypsilanti and Pittsfield. The corridor they propose to improve is a highway called Washtenaw Avenue--beginning at Stadium Boulevard in Ann Arbor, and continuing to the City of Ypsilanti. The strategy is an effort on the part of the local units of government to develop tools that result in private and public sector improvements along the corridor. However, current state statutes do not allow so many local units of government to join together to improve local roads.

A jointly operated corridor improvement authority would allow a variety of funding mechanisms to improve regional roadways, including the creation of a tax increment financing system to fund future improvements to the corridor. Possible improvements could include, but would not be limited to: developing long range plans, constructing street improvements, acquiring rights-of-way, constructing public facilities, improving land and constructing buildings, and providing non-motorized and transit system improvements.

***POSITIONS:***

The Michigan Economic Development Corporation supports the bill. (12-1-11)

The City of Ann Arbor supports the bill. (11-10-11)

Washtenaw County supports the bill. (11-10-11)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.