

# HOUSE BILL No. 5854

September 8, 2016, Introduced by Reps. Somerville, Chatfield, Price, Theis and Maturen and referred to the Committee on Local Government.

A bill to amend 2005 PA 280, entitled  
"Corridor improvement authority act,"  
by amending sections 3, 11, 19, and 28 (MCL 125.2873, 125.2881,  
125.2889, and 125.2898), section 3 as amended by 2013 PA 68 and  
section 11 as amended by 2007 PA 44.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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 a street, plaza, pedestrian mall,  
9       and any improvements to a street, plaza, or pedestrian mall

1 including street furniture and beautification, sidewalk, trail,  
2 lighting, traffic flow modification, park, parking facility,  
3 recreational facility, right-of-way, structure, waterway, bridge,  
4 lake, pond, canal, utility line or pipe, transit-oriented  
5 development, transit-oriented facility, or building, including  
6 access routes, that are either designed and dedicated to use by the  
7 public generally or used by a public agency, or that are located in  
8 a qualified development area and are for the benefit of or for the  
9 protection of the health, welfare, or safety of the public  
10 generally, whether or not used by 1 or more business entities,  
11 provided that any road, street, or bridge shall be continuously  
12 open to public access and that other property shall be located in  
13 public easements or rights-of-way and designed to accommodate  
14 foreseeable development of public facilities in adjoining areas.  
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 1  
17 of 1966 PA 1, MCL 125.1351, if the improvement complies with the  
18 barrier-free design requirements of the state construction code  
19 promulgated under the Stille-DeRossett-Hale single state  
20 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

21 (d) "Qualified development area" means a development area that  
22 meets 1 of the following:

23 (i) All of the following:

24 (A) Is located within a city with a population of 700,000 or  
25 more.

26 (B) Contains at least 30 contiguous acres.

27 (C) Was owned by this state on December 31, 2003 and was

1 conveyed to a private owner before June 30, 2004.

2 (D) Is zoned to allow for mixed use that includes commercial  
3 use and that may include residential use.

4 (E) Otherwise complies with the requirements of section 5(a),  
5 (d), (e), and (g).

6 (F) Construction within the qualified development area begins  
7 on or before the date 2 years after the effective date of the  
8 amendatory act that added this subdivision.

9 (G) Is located in a distressed area.

10 (ii) Contains transit-oriented development or a transit-  
11 oriented facility.

12 (e) "Specific local tax" means a tax levied under 1974 PA 198,  
13 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
14 255, MCL 207.651 to 207.668, the technology park development act,  
15 1984 PA 385, MCL 207.701 to 207.718, **SECTION 5 OF THE STATE**  
16 **ESSENTIAL SERVICES ASSESSMENT ACT, 2014 PA 92, MCL 211.1055,**  
17 **SECTION 5 OF THE ALTERNATIVE STATE ESSENTIAL SERVICES ASSESSMENT**  
18 **ACT, 2014 PA 93, MCL 211.1075,** or 1953 PA 189, MCL 211.181 to  
19 211.182. The initial assessed value or current assessed value of  
20 property subject to a specific local tax shall be the quotient of  
21 the specific local tax paid divided by the ad valorem millage rate.  
22 The state tax commission shall prescribe the method for calculating  
23 the initial assessed value and current assessed value of property  
24 for which a specific local tax was paid in lieu of a property tax.

25 (f) "State fiscal year" means the annual period commencing  
26 October 1 of each year.

27 (g) "Tax increment revenues" means the amount of ad valorem

1 property taxes and specific local taxes attributable to the  
2 application of the levy of all taxing jurisdictions upon the  
3 captured assessed value of real and personal property in the  
4 development area. Except as otherwise provided in section 29, tax  
5 increment revenues do not include any of the following:

6 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
7 211.901 to 211.906.

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

9 (iii) Ad valorem property taxes attributable either to a  
10 portion of the captured assessed value shared with taxing  
11 jurisdictions within the jurisdictional area of the authority or to  
12 a portion of value of property that may be excluded from captured  
13 assessed value or specific local taxes attributable to the ad  
14 valorem property taxes.

15 (iv) Ad valorem property taxes excluded by the tax increment  
16 financing plan of the authority from the determination of the  
17 amount of tax increment revenues to be transmitted to the authority  
18 or specific local taxes attributable to the ad valorem property  
19 taxes.

20 (v) Ad valorem property taxes exempted from capture under  
21 section 18(5) or specific local taxes attributable to the ad  
22 valorem property taxes.

23 (vi) Ad valorem property taxes specifically levied for the  
24 payment of principal and interest of obligations approved by the  
25 electors or obligations pledging the unlimited taxing power of the  
26 local governmental unit or specific taxes attributable to those ad  
27 valorem property taxes.

(vii) Ad valorem property taxes levied under 1 or more of the following or specific local taxes attributable to those ad valorem property taxes:

(A) The zoological authorities act, 2008 PA 49, MCL 123.1161 to 123.1183.

(B) The art institute authorities act, 2010 PA 296, MCL 123.1201 to 123.1229.

**(viii) AD VALOREM PROPERTY TAXES OR SPECIFIC LOCAL TAXES  
LEVIED FOR A MILLAGE APPROVED BY THE ELECTORS AFTER DECEMBER 31,  
2016, EXCEPT FOR 1 OR MORE OF THE FOLLOWING:**

**(A) A MILLAGE APPROVED BY THE ELECTORS UNDER SECTION 34D(11)  
OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34D.**

**(B) A RENEWAL OF A MILLAGE THAT WAS AUTHORIZED ON OR BEFORE  
DECEMBER 31, 2016.**

(h) "Transit-oriented development" means infrastructural improvements that are located within 1/2 mile of a transit station or transit-oriented facility that promotes transit ridership or passenger rail use as determined by the board and approved by the municipality in which it is located.

(i) "Transit-oriented facility" means a facility that houses a transit station in a manner that promotes transit ridership or passenger rail use.

(j) "Distressed area" means a local governmental unit that meets all of the following:

(i) Has a population of 700,000 or more.

(ii) Shows a negative population change from 1970 to the date of the most recent federal decennial census.

1           (iii) Shows an overall increase in the state equalized value  
2 of real and personal property of less than the statewide average  
3 increase since 1972.

4           (iv) Has a poverty rate, as defined by the most recent federal  
5 decennial census, greater than the statewide average.

6           (v) Has had an unemployment rate higher than the statewide  
7 average.

8           Sec. 11. (1) The board may do any of the following:

9           (a) Prepare an analysis of economic changes taking place in  
10 the development area.

11           (b) Study and analyze the impact of metropolitan growth upon  
12 the development area.

13           (c) Plan and propose the construction, renovation, repair,  
14 remodeling, rehabilitation, restoration, preservation, or  
15 reconstruction of a public facility, an existing building, or a  
16 multiple-family dwelling unit which may be necessary or appropriate  
17 to the execution of a plan which, in the opinion of the board, aids  
18 in the economic growth of the development area.

19           (d) Plan, propose, and implement an improvement to a public  
20 facility within the development area to comply with the barrier  
21 free design requirements of the state construction code promulgated  
22 under the Stille-DeRossett-Hale single state construction code act,  
23 1972 PA 230, MCL 125.1501 to 125.1531.

24           (e) Develop long-range plans, in cooperation with the agency  
25 that is chiefly responsible for planning in the municipality,  
26 designed to halt the deterioration of property values in the  
27 development area and to promote the economic growth of the

1 development area, and take steps as may be necessary to persuade  
2 property owners to implement the plans to the fullest extent  
3 possible.

4 (f) Implement any plan of development in the development area  
5 necessary to achieve the purposes of this act in accordance with  
6 the powers of the authority granted by this act.

7 (g) Make and enter into contracts necessary or incidental to  
8 the exercise of its powers and the performance of its duties.

9 (h) On terms and conditions and in a manner and for  
10 consideration the authority considers proper or for no  
11 consideration, acquire by purchase or otherwise, or own, convey, or  
12 otherwise dispose of, or lease as lessor or lessee, land and other  
13 property, real or personal, or rights or interests in the property,  
14 that the authority determines is reasonably necessary to achieve  
15 the purposes of this act, and to grant or acquire licenses,  
16 easements, and options.

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

23 (j) Fix, charge, and collect fees, rents, and charges for the  
24 use of any facility, building, or property under its control or any  
25 part of the facility, building, or property, and pledge the fees,  
26 rents, and charges for the payment of revenue bonds issued by the  
27 authority.

1 (k) Lease, in whole or in part, any facility, building, or  
2 property under its control.

3 (l) Accept grants and donations of property, labor, or other  
4 things of value from a public or private source.

5 (m) Acquire and construct public facilities.

6 (n) Conduct market research and public relations campaigns,  
7 develop, coordinate, and conduct retail and institutional  
8 promotions, and sponsor special events and related activities.

9 (o) Contract for broadband service and wireless technology  
10 service in a development area.

11 (2) Notwithstanding any other provision of this act, in a  
12 qualified development area the board may, in addition to the powers  
13 enumerated in subsection (1), do 1 or more of the following:

14 (a) Perform any necessary or desirable site improvements to  
15 the land, including, but not limited to, installation of temporary  
16 or permanent utilities, temporary or permanent roads and driveways,  
17 silt fences, perimeter construction fences, curbs and gutters,  
18 sidewalks, pavement markings, water systems, gas distribution  
19 lines, concrete, including, but not limited to, building pads,  
20 storm drainage systems, sanitary sewer systems, parking lot paving  
21 and light fixtures, electrical service, communications systems,  
22 including broadband and high-speed internet, site signage, and  
23 excavation, backfill, grading of site, landscaping and irrigation,  
24 within the development area for the use, in whole or in part, of  
25 any public or private person or business entity, or a combination  
26 of these.

27 (b) Incur expenses and expend funds to pay or reimburse a



1 public or private person for costs associated with any of the  
2 improvements described in subdivision (a).

3 (c) Make and enter into financing arrangements with a public  
4 or private person for the purposes of implementing the board's  
5 powers described in this section, including, but not limited to,  
6 lease purchase agreements, land contracts, installment sales  
7 agreements, sale leaseback agreements, and loan agreements.

8 (3) THE MUNICIPALITY CREATING THE AUTHORITY SHALL ENSURE THAT  
9 A WEBSITE IS CREATED, OPERATED, AND REGULARLY MAINTAINED WITH ALL  
10 AUTHORITY RECORDS AND DOCUMENTS, FOR THE IMMEDIATELY PRECEDING 5  
11 FISCAL YEARS, INCLUDING ALL OF THE FOLLOWING:

12 (A) MINUTES OF ALL BOARD MEETINGS.

13 (B) ANNUAL BUDGET.

14 (C) ANNUAL AUDITS.

15 (D) CURRENTLY ADOPTED DEVELOPMENT PLAN.

16 (E) CURRENTLY ADOPTED TAX INCREMENT FINANCE PLAN.

17 (F) LIST OF ALL AUTHORITY SPONSORED AND MANAGED EVENTS.

18 (G) CURRENT AUTHORITY STAFF CONTACT INFORMATION.

19 (H) ALL PROMOTIONAL AND MARKETING MATERIALS.

20 (I) AMOUNT OF TAX INCREMENT REVENUES CAPTURED FOR EACH TAXING  
21 JURISDICTION THAT LEVIES AD VALOREM PROPERTY TAXES OR SPECIFIC  
22 LOCAL TAXES WITHIN THE BOUNDARIES OF THE AUTHORITY.

23 (J) CURRENT CONTRACTS AND OTHER DOCUMENTS RELATED TO  
24 MANAGEMENT OF THE AUTHORITY.

25 (4) SUBJECT TO SUBSECTION (5), THE REQUIREMENTS IN SUBSECTION  
26 (1) ARE REQUIRED FOR RECORDS AND DOCUMENTS RELATED TO FISCAL YEARS  
27 STARTING THE FISCAL YEAR OF THE DATE OF ENACTMENT OF THE AMENDATORY

1 ACT THAT ADDED THIS SUBSECTION.

2 (5) THE RECORDS AND DOCUMENTS DESCRIBED IN SUBSECTION (3) (F) ,  
3 (G) , (H) , AND (J) SHALL BE REQUIRED FOR 2 FISCAL YEARS IMMEDIATELY  
4 PRECEDING THE DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED  
5 THIS SUBSECTION.

6 (6) THE REQUIREMENTS OF THIS SECTION SHALL NOT TAKE EFFECT  
7 UNTIL 60 DAYS AFTER THE END OF AN AUTHORITY'S CURRENT FISCAL YEAR  
8 AS OF THE DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED THIS  
9 SUBSECTION.

10 (7) EACH YEAR, THE BOARD SHALL HOLD NOT FEWER THAN 1  
11 INFORMATIONAL MEETING. THE PURPOSE OF THE INFORMATIONAL MEETING  
12 WILL BE TO HIGHLIGHT THE INFORMATION DESCRIBED IN SUBSECTION (3) (A)  
13 TO (J) . NOTICE OF AN INFORMATIONAL MEETING SHALL BE POSTED ON THE  
14 MUNICIPALITY'S OR AUTHORITY'S WEBSITE NOT LESS THAN 20 DAYS BEFORE  
15 THE DATE OF THE INFORMATIONAL MEETING. NOT LESS THAN 20 DAYS BEFORE  
16 THE INFORMATIONAL MEETING, THE BOARD SHALL MAIL NOTICE OF THE  
17 INFORMATIONAL MEETING TO THE GOVERNING BODY OF EACH TAXING  
18 JURISDICTION LEVYING TAXES THAT ARE SUBJECT TO CAPTURE BY THE  
19 AUTHORITY.

20 Sec. 19. (1) The municipal and county treasurers shall  
21 transmit tax increment revenues to the authority.

22 (2) The authority shall expend the tax increment revenues  
23 received for the development program only under the terms of the  
24 tax increment financing plan. Unused funds shall revert  
25 proportionately to the respective taxing bodies. Tax increment  
26 revenues shall not be used to circumvent existing property tax  
27 limitations. The governing body of the municipality may abolish the

1 tax increment financing plan if it finds that the purposes for  
 2 which it was established are accomplished. However, the tax  
 3 increment financing plan shall not be abolished, **BE ALLOWED TO**  
 4 **EXPIRE, OR OTHERWISE TERMINATE** until the principal of, and interest  
 5 on, bonds issued under section 20 have been paid or funds  
 6 sufficient to make the payment have been segregated.

7 (3) Annually the authority shall submit to the governing body  
 8 of the municipality, **THE GOVERNING BODY OF A TAXING UNIT LEVYING**  
 9 **TAXES SUBJECT TO CAPTURE BY AN AUTHORITY**, and the state tax  
 10 commission a report on the status of the tax increment financing  
 11 account. **THE REPORT SHALL BE PUBLISHED IN A NEWSPAPER OF GENERAL**  
 12 **CIRCULATION IN THE MUNICIPALITY OR ON A WEBSITE OF THE AUTHORITY OR**  
 13 **THE MUNICIPALITY.** The report shall 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~~ **DEVELOPMENT**  
 20 area.
- 21 (f) The captured assessed value retained by the authority.
- 22 (g) The tax increment revenues received.
- 23 (h) The increase in the state equalized valuation as a result  
 24 of the implementation of the tax increment financing plan.
- 25 (i) The type and cost of capital improvements made in the  
 26 development area.

27 **(J) THE TOTAL NEW PUBLIC INVESTMENT BY THE AUTHORITY IN EACH**

1 OF THE DEVELOPMENT AREAS.

2 (K) THE TOTALS RECEIVED BY THE AUTHORITY OR CONTRIBUTIONS MADE  
3 BY SPONSORSHIPS, CASH, AND IN-KIND SERVICES FOR EVENTS, PROGRAMS,  
4 AND PROJECTS WITHIN EACH DEVELOPMENT AREA.

5 (I) THE AMOUNTS OF ANY FUNDS OTHER THAN TAX INCREMENTS  
6 REVENUES USED BY THE AUTHORITY FOR ANY PROJECTS OR ACTIVITIES IN  
7 THE DEVELOPMENT AREAS.

8 (M) THE CURRENT ASSESSED VALUE OF THE DEVELOPMENT AREA.

9 (N) THE CAPTURED ASSESSED VALUE RETAINED BY THE AUTHORITY FOR  
10 EACH TAXING JURISDICTION.

11 (O) THE AMOUNT OF TAX INCREMENT REVENUES USED FOR THE  
12 OPERATION OF THE AUTHORITY.

13 (P) ~~(j)~~ Any additional information the governing body  
14 considers necessary.

15 (4) TAX INCREMENT REVENUES SHALL BE EXPENDED WITHIN 5 YEARS OF  
16 THEIR RECEIPT. HOWEVER, TAX INCREMENT REVENUES MAY BE ACCUMULATED  
17 FOR A PERIOD LONGER THAN 5 YEARS, PROVIDED THE TAX INCREMENT  
18 FINANCING PLAN SPECIFICALLY PROVIDES FOR ALL OF THE FOLLOWING:

19 (A) THE REASONS FOR ACCUMULATING THOSE FUNDS.

20 (B) A TIME FRAME WHEN THE FUND WILL BE EXPENDED.

21 (C) THE USES FOR WHICH THE FUND WILL BE EXPENDED.

22 Sec. 28. (1) The state tax commission may institute  
23 proceedings to compel enforcement of this act AND MAY SEND WRITTEN  
24 NOTIFICATION TO AN AUTHORITY FAILING TO COMPLY WITH THIS ACT AND  
25 THE GOVERNING BODY OF THE MUNICIPALITY THAT ESTABLISHED THE  
26 AUTHORITY OF A VIOLATION OF ANY PROVISION OF THIS ACT.

27 (2) The state tax commission may promulgate rules necessary

1 for the administration of this act under the administrative  
2 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

3       (3) IF THE STATE TAX COMMISSION NOTIFIES AN AUTHORITY IN  
4 WRITING THAT THE AUTHORITY FAILED TO COMPLY WITH ANY PROVISION OF  
5 THIS ACT, THAT AUTHORITY SHALL NOT CAPTURE ANY TAX INCREMENT  
6 REVENUES THAT ARE IN EXCESS OF AMOUNTS NECESSARY TO PAY BONDED  
7 INDEBTEDNESS OR OTHER OBLIGATIONS FOR THE PERIOD OF NONCOMPLIANCE  
8 AS DETERMINED BY THE STATE TAX COMMISSION. ANY EXCESS FUNDS  
9 CAPTURED SHALL BE RETURNED TO THE TAXING JURISDICTION FROM WHICH  
10 THEY WERE CAPTURED AS PROVIDED IN SECTION 19(2) .