

SENATE BILL NO. 1043

October 16, 2024, Introduced by Senator SINGH and referred to the Committee on Appropriations.

A bill to amend 2018 PA 57, entitled
"Recodified tax increment financing act,"
by amending section 301 (MCL 125.4301).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 301. As used in this part:
- 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.
- 4 Evidence of the intent to repay an advance is required and ~~may~~
- 5 ~~include,~~ **includes**, but is not limited to, an executed agreement to
- 6 repay, provisions contained in a tax increment financing plan

1 approved before the advance or before August 14, 1993, or a
2 resolution of the authority or the municipality.

3 (b) "Assessed value" means 1 of the following:

4 (i) For valuations made before January 1, 1995, the state
5 equalized valuation as determined under the general property tax
6 act, 1893 PA 206, MCL 211.1 to 211.155.

7 (ii) For valuations made after December 31, 1994, taxable value
8 as determined under section 27a of the general property tax act,
9 1893 PA 206, MCL 211.27a.

10 (c) "Authority" means a tax increment finance authority
11 created under this part.

12 (d) "Authority district" means that area within which an
13 authority exercises its powers and within which 1 or more
14 development areas may exist.

15 (e) "Board" means the ~~governing body of~~ **board that supervises**
16 **and controls** an authority **under section 304.**

17 (f) "Captured assessed value" means the amount in any 1 year
18 by which the current assessed value of the development area,
19 including the assessed value of property for which specific local
20 taxes are paid in lieu of property taxes as determined in
21 subdivision (w), exceeds the initial assessed value. The state tax
22 commission shall prescribe the method for calculating captured
23 assessed value.

24 (g) "Chief executive officer" means the mayor or city manager
25 of a city, the president of a village, or the supervisor of a
26 township.

27 (h) "Development area" means that area to which a development
28 plan is applicable.

29 (i) "Development area citizens council" or "council" means

that advisory body established ~~pursuant to~~**under** section ~~20-320~~**20-320**.

(j) "Development plan" means that information and those requirements for a development set forth in section ~~16-316~~.

(k) "Development program" means the implementation of the development plan.

(l) "Eligible advance" means an advance made before August 19, 1993.

(m) "Eligible obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority before August 19, 1993 and its subsequent refunding by a qualified refunding obligation. Eligible obligation includes an authority's written agreement entered into before August 19, 1993 to pay an obligation issued after August 18, 1993 and before December 31, 1996 by another entity on behalf of the authority. Eligible obligation also includes an ongoing management contract or contract for professional services or development services that was entered into by the authority or a municipality on behalf of the authority in 1991, and related similar written agreements executed before 1984, if the 1991 agreement both provides for automatic annual renewal and incorporates by reference the prior related agreements. ~~; however,~~**However**, receipt by an authority of tax increment revenues authorized under subdivision (aa) ~~(ii) in order to~~ pay costs arising under those contracts ~~shall be~~**is** limited to **the following:**

(i) For taxes levied before July 1, 2005, the amount permitted to be received by an authority for an eligible obligation as provided in this part.

(ii) For taxes levied after June 30, 2005 and before July 1, 2006, \$3,000,000.00.

1 (iii) For taxes levied after June 30, 2006 and before July 1,
2 2007, \$3,000,000.00.

3 (iv) For taxes levied after June 30, 2007 and before July 1,
4 2008, \$3,000,000.00.

5 (v) For taxes levied after June 30, 2008 and before July 1,
6 2009, \$3,000,000.00.

7 (vi) For taxes levied after June 30, 2009 and before July 1,
8 2010, \$3,000,000.00.

9 (vii) For taxes levied after June 30, 2010 and before July 1,
10 2011, \$2,650,000.00.

11 (viii) For taxes levied after June 30, 2011 and before July 1,
12 2012, \$2,400,000.00.

13 (ix) For taxes levied after June 30, 2012 and before July 1,
14 2013, \$2,125,000.00.

15 (x) For taxes levied after June 30, 2013 and before July 1,
16 2014, \$1,500,000.00.

17 (xi) For taxes levied after June 30, 2014 and before July 1,
18 2015, \$1,150,000.00.

19 (xii) For taxes levied after June 30, 2015, \$0.00.

20 (n) "Fiscal year" means the fiscal year of the authority.

21 (o) "Governing body" means the elected body of a municipality
22 having legislative powers.

23 (p) "Initial assessed value" means the assessed value, as
24 equalized, of all the taxable property within the boundaries of the
25 development area ~~at the time when~~ the resolution establishing the
26 tax increment financing plan is approved as shown by the most
27 recent assessment roll of the municipality for which equalization
28 has been completed ~~at the time when~~ the resolution is adopted.

29 Property exempt from taxation ~~at the time of the determination of~~

1 **when** the initial assessed value ~~shall-is determined must~~ be
 2 included as zero. For the purpose of determining initial assessed
 3 value, property for which a specific local tax is paid in lieu of a
 4 property tax ~~shall-is~~ not ~~be~~ considered property that is exempt
 5 from taxation. The initial assessed value of property for which a
 6 specific tax was paid in lieu of a property tax ~~shall-must~~ be
 7 determined as provided in subdivision (w).

8 (q) "Municipality" means a city.

9 (r) "Obligation" means a written promise to pay, whether
 10 evidenced by a contract, agreement, lease, sublease, bond, or note,
 11 or a requirement to pay imposed by law. An obligation does not
 12 include a payment required solely because of default ~~upon-on~~ an
 13 obligation, employee salaries, or consideration paid for the use of
 14 municipal offices. An obligation does not include those bonds that
 15 have been economically defeased by refunding bonds issued under
 16 this part. Obligation includes, but is not limited to, the
 17 following:

18 (i) A requirement to pay proceeds derived from ad valorem
 19 property taxes or taxes levied in lieu of ad valorem property
 20 taxes.

21 (ii) A management contract or a contract for professional
 22 services.

23 (iii) A payment required on a contract, agreement, bond, or note
 24 if the requirement to make or assume the payment arose before
 25 August 19, 1993.

26 (iv) A requirement to pay or reimburse a person for the cost of
 27 insurance for, or to maintain, property subject to a lease, land
 28 contract, purchase agreement, or other agreement.

29 (v) A letter of credit, paying agent, transfer agent, bond

1 registrar, or trustee fee associated with a contract, agreement,
2 bond, or note.

3 (s) "On behalf of an authority", in relation to an eligible
4 advance made by a municipality, or an eligible obligation or other
5 protected obligation issued or incurred by a municipality, means in
6 anticipation that an authority would transfer tax increment
7 revenues or reimburse the municipality from tax increment revenues
8 in an amount sufficient to fully make payment required by the
9 eligible advance made by a municipality, or the eligible obligation
10 or other protected obligation issued or incurred by the
11 municipality, if the anticipation of the transfer or receipt of tax
12 increment revenues from the authority is pursuant to or evidenced
13 by 1 or more of the following:

14 (i) A reimbursement agreement between the municipality and an
15 authority it established.

16 (ii) A requirement imposed by law that the authority transfer
17 tax increment revenues to the municipality.

18 (iii) A resolution of the authority agreeing to make payments to
19 the incorporating unit.

20 (iv) Provisions in a tax increment financing plan describing
21 the project for which the obligation was incurred.

22 (t) "Other protected obligation" means **any of the following:**

23 (i) A qualified refunding obligation issued to refund an
24 obligation described in subparagraph (ii) or (iii), an obligation that
25 is not a qualified refunding obligation that is issued to refund an
26 eligible obligation, or a qualified refunding obligation issued to
27 refund an obligation described in this subparagraph.

28 (ii) An obligation issued or incurred by an authority or by a
29 municipality on behalf of an authority after August 19, 1993, but

1 before December 31, 1994, to finance a project described in a tax
2 increment finance plan approved by the municipality in accordance
3 with this part before December 31, 1993, for which a contract for
4 final design is entered into by the municipality or authority
5 before March 1, 1994.

6 (iii) An obligation incurred by an authority or municipality
7 after August 19, 1993, to reimburse a party to a development
8 agreement entered into by a municipality or authority before August
9 19, 1993, for a project described in a tax increment financing plan
10 approved in accordance with this part before August 19, 1993, and
11 undertaken and installed by that party in accordance with the
12 development agreement.

13 (iv) An obligation issued or incurred by an authority or by a
14 municipality on behalf of an authority to implement a project
15 described in a tax increment finance plan approved by the
16 municipality in accordance with this part before August 19, 1993,
17 that is located on land owned by a public university on the date
18 the tax increment financing plan is approved, and for which a
19 contract for final design is entered into before December 31, 1993.

20 (v) An ongoing management or professional services contract
21 with the governing body of a county ~~which~~**that** was entered into
22 before March 1, 1994 and ~~which~~**that** was preceded by a series of
23 limited term management or professional services contracts with the
24 governing body of the county, the last of which was entered into
25 before August 19, 1993.

26 (vi) An obligation issued or incurred by a municipality under a
27 contract executed on December 19, 1994 as subsequently amended
28 between the municipality and the authority to implement a project
29 described in a tax increment finance plan approved by the

1 municipality under this part before August 19, 1993 for which a
 2 contract for final design was entered into by the municipality
 3 before March 1, 1994 ~~provided that if~~ final payment by the
 4 municipality is made on or before December 31, 2001.

5 (vii) An obligation issued or incurred by an authority or by a
 6 municipality on behalf of an authority that meets all of the
 7 following qualifications:

8 (A) The obligation is issued or incurred to finance a project
 9 described in a tax increment financing plan approved before August
 10 19, 1993 by a municipality in accordance with this part.

11 (B) The obligation qualifies as an other protected obligation
 12 under subparagraph (ii) and was issued or incurred by the authority
 13 before December 31, 1994 for the purpose of financing the project.

14 (C) A portion of the obligation issued or incurred by the
 15 authority before December 31, 1994 for the purpose of financing the
 16 project was retired ~~prior to before~~ December 31, 1996.

17 (D) The obligation does not exceed the dollar amount of the
 18 portion of the obligation retired ~~prior to before~~ December 31,
 19 1996.

20 (viii) An obligation incurred by an authority that meets both of
 21 the following qualifications:

22 (A) The obligation is a contract of lease originally executed
 23 on December 20, 1994 between the municipality and the authority to
 24 partially implement the authority's development plan and tax
 25 increment financing plan.

26 (B) The obligation qualifies as an obligation under
 27 subparagraph (ii). The obligation described in this subparagraph may
 28 be amended to extend cash rental payments for a period not to
 29 exceed ~~30-50~~ years through the year ~~2039-2059~~. The duration of the

1 development plan and tax increment financing plan described in this
2 subparagraph is extended to 1 year after the final date that the
3 extended cash rental payments are due.

4 (ix) An obligation issued or incurred by an authority or by a
5 municipality on behalf of an authority that meets all of the
6 following qualifications:

7 (A) The obligation is issued or incurred to finance a public
8 facility or project in a municipality with a population of more
9 than 111,000 but less than 114,000, according to the most recent
10 federal decennial census, for 1 or more of the following purposes
11 in a downtown area:

12 (I) Assisting with the repurposing and redevelopment of public
13 or private office buildings and office spaces.

14 (II) Assisting with the construction or redevelopment of
15 residential housing.

16 (III) Building or creating public infrastructure, public
17 spaces, and placemaking elements that support economic development,
18 business growth, or commerce activities.

19 (B) The obligation is issued or incurred after the effective
20 date of the amendatory act that added this sub-subparagraph for the
21 purpose of financing the project.

22 (C) The obligation is issued or incurred to finance a public
23 facility or project described in a tax increment financing plan
24 approved by the municipality.

25 (D) The obligation does not extend beyond the year 2059.

26 (u) "Public facility" means 1 or more of the following:

27 (i) A street, plaza, or pedestrian mall, and any improvements
28 to a street, plaza, boulevard, alley, or pedestrian mall, including
29 street furniture and beautification, a park, parking facility,

recreation facility, playground, school, library, public institution or administration building, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipeline, transit-oriented development, transit-oriented facility, and other similar facilities and necessary easements of these facilities designed and dedicated to use by the public generally or used by a public agency. As used in this subparagraph, ~~public~~ **"public institution or administration building-building"** includes, but is not limited to, a police station, fire station, court building, or other public safety facility.

(ii) The acquisition and disposal of real and personal property or interests in real and personal property, demolition of structures, site preparation, relocation costs, building rehabilitation, and all associated administrative costs, including, but not limited to, architect's, engineer's, legal, and accounting fees as contained in the resolution establishing the district's development plan.

(iii) An improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

(v) "Qualified refunding obligation" means an obligation issued or incurred by an authority or by a municipality on behalf of an authority to refund an obligation if 1 of the following applies:

(i) The refunding obligation meets both of the following:

(A) The net present value of the principal and interest to be

1 paid on the refunding obligation, including the cost of issuance,
2 will be less than the net present value of the principal and
3 interest to be paid on the obligation being refunded, as calculated
4 using a method approved by the department of treasury.

5 (B) The net present value of the sum of the tax increment
6 revenues described in subdivision (aa) (ii) and the distributions
7 under section ~~12a~~**312a** to repay the refunding obligation will not
8 be greater than the net present value of the sum of the tax
9 increment revenues described in subdivision (aa) (ii) and the
10 distributions under section 312a to repay the obligation being
11 refunded, as calculated using a method approved by the department
12 of treasury.

13 (ii) The refunding obligation is a tax increment refunding bond
14 issued to refund a refunding bond that is an other protected
15 obligation issued as a capital appreciation bond delivered to the
16 Michigan municipal bond authority on December 21, 1994, or bonds
17 issued to refund that bond, and the authority, by resolution of its
18 board, authorized issuance of the refunding obligation before
19 December 31, 2019 with a final maturity not later than 2039. The
20 municipality by majority vote of the members of its governing body
21 may pledge its full faith and credit for the payment of the
22 principal of and interest on the refunding obligation. A refunding
23 obligation issued under this subparagraph is not subject to the
24 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611
25 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,
26 141.2501, 141.2503, and 141.2611. The duration of the development
27 plan and the tax increment financing plan relating to the refunding
28 obligations described in this subparagraph is extended to 1 year
29 after the final date of maturity of the refunding obligation.

(w) "Specific local tax" means a tax levied under 1974 PA 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the technology park development act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181 to 211.182. The initial assessed value or current assessed value of property subject to a specific local tax ~~shall be~~ **is** the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

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

(y) "Tax increment district" or "district" means that area to which the tax increment finance plan pertains.

(z) "Tax increment financing plan" means that information and those requirements set forth in sections 313 to 315.

(aa) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions ~~upon~~ **on** the captured assessed value of real and personal property in the development area, subject to the following requirements:

(i) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than ~~the~~ **this** state pursuant ~~to~~ **under** the state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate school districts ~~upon~~ **on** the captured assessed value of real and personal property in the development area for any purpose authorized by this part.

1 (ii) Tax increment revenues include ad valorem property taxes
2 and specific local taxes attributable to the application of the
3 levy of ~~the~~**this** state ~~pursuant to~~**under** the state education tax
4 act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate
5 school districts ~~upon~~**on** the captured assessed value of real and
6 personal property in the development area in an amount equal to the
7 amount necessary, without regard to subparagraph (i), to repay
8 eligible advances, eligible obligations, and other protected
9 obligations.

10 (iii) Tax increment revenues do not include any of the
11 following:

12 (A) Ad valorem property taxes attributable either to a portion
13 of the captured assessed value shared with taxing jurisdictions
14 within the jurisdictional area of the authority or to a portion of
15 value of property that may be excluded from captured assessed value
16 or specific local taxes attributable to ~~such~~**those** ad valorem
17 property taxes.

18 (B) Ad valorem property taxes excluded by the tax increment
19 financing plan of the authority from the determination of the
20 amount of tax increment revenues to be transmitted to the authority
21 or specific local taxes attributable to ~~such~~**those** ad valorem
22 property taxes.

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

26 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161
27 to 123.1183.

28 (II) The art institute authorities act, 2010 PA 296, MCL
29 123.1201 to 123.1229.

1 (D) ~~(III)~~ Except as otherwise provided in section 303(6), ad
 2 valorem property taxes or specific local taxes attributable to
 3 those ad valorem property taxes levied for a separate millage for
 4 public library purposes approved by the electors after December 31,
 5 2016.

6 (iv) The amount of tax increment revenues authorized to be
 7 included under subparagraph (ii), and required to be transmitted to
 8 the authority under section 314(1), from ad valorem property taxes
 9 and specific local taxes attributable to the application of the
 10 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
 11 211.906, a local school district or an intermediate school district
 12 ~~upon~~ **on** the captured assessed value of real and personal property
 13 in a development area ~~shall~~ **must** be determined separately for the
 14 levy by ~~the~~ **this** state, each school district, and each intermediate
 15 school district as the product of sub-subparagraphs (A) and (B):

16 (A) The percentage which the total ad valorem taxes and
 17 specific local taxes available for distribution by law to ~~the~~ **this**
 18 state, **a** local school district, or **an** intermediate school district,
 19 respectively, bear to the aggregate amount of ad valorem millage
 20 taxes and specific taxes available for distribution by law to ~~the~~
 21 **this** state, each local school district, and each intermediate
 22 school district.

23 (B) The maximum amount of ad valorem property taxes and
 24 specific local taxes considered tax increment revenues under
 25 subparagraph (ii).

26 (bb) "Transit-oriented development" means infrastructure
 27 improvements that are located within 1/2 mile of a transit station
 28 or transit-oriented facility that promotes transit ridership or
 29 passenger rail use as determined by the board and approved by the

- 1 municipality in which it is located.
- 2 (cc) "Transit-oriented facility" means a facility that houses
- 3 a transit station in a manner that promotes transit ridership or
- 4 passenger rail use.