

HOUSE BILL No. 5981

June 9, 2004, Introduced by Reps. Hunter, Ward, McConico, Rivet, Tobocman, Walker and Kolb and referred to the Committee on Commerce.

A bill to provide for the establishment of a neighborhood improvement authority; to prescribe the powers and duties of the authority; to correct and prevent deterioration in neighborhoods and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create a board; to prescribe the powers and duties of the board; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; and to provide for enforcement of the act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the

1 "neighborhood improvement authority act".

2 Sec. 2. As used in this act:

3 (a) "Advance" means a transfer of funds made by a
4 municipality to an authority or to another person on behalf of
5 the authority in anticipation of repayment by the authority.
6 Evidence of the intent to repay an advance may include, but is
7 not limited to, an executed agreement to repay, provisions
8 contained in a tax increment financing plan approved prior to the
9 advance, or a resolution of the authority or the municipality.

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

13 (c) "Authority" means a neighborhood improvement authority
14 created under this act.

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

16 (e) "Captured assessed value" means the amount in any 1 year
17 by which the current assessed value of the development area,
18 including the assessed value of property for which specific local
19 taxes are paid in lieu of property taxes as determined in section
20 3(d), exceeds the initial assessed value. The state tax
21 commission shall prescribe the method for calculating captured
22 assessed value.

23 (f) "Chief executive officer" means the mayor or city manager
24 of a city.

25 (g) "Development area" means that area described in section 5
26 to which a development plan is applicable.

27 (h) "Development plan" means that information and those

1 requirements for a development area set forth in section 22.

2 (i) "Development program" means the implementation of the
3 development plan.

4 (j) "Fiscal year" means the fiscal year of the authority.

5 (k) "Governing body" or "governing body of a municipality"
6 means the elected body of a municipality having legislative
7 powers.

8 (l) "Housing" means privately owned housing or publicly owned
9 housing, individual or multifamily.

10 (m) "Initial assessed value" means the assessed value of all
11 the taxable property within the boundaries of the development
12 area at the time the ordinance establishing the tax increment
13 financing plan is approved, as shown by the most recent
14 assessment roll of the municipality at the time the resolution is
15 adopted. Property exempt from taxation at the time of the
16 determination of the initial assessed value shall be included as
17 zero. For the purpose of determining initial assessed value,
18 property for which a specific local tax is paid in lieu of a
19 property tax shall not be considered to be property that is
20 exempt from taxation. The initial assessed value of property for
21 which a specific local tax was paid in lieu of a property tax
22 shall be determined as provided in section 3(d).

23 (n) "Land use plan" means a plan prepared under section 1 of
24 the city and village zoning act, 1921 PA 207, MCL 125.581.

25 (o) "Municipality" means a city.

26 (p) "Residential district" means an area of a municipality
27 zoned and used principally for residential housing.

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 housing, a street, plaza,
9 pedestrian mall, and any improvements to a street, plaza, or
10 pedestrian mall including street furniture and beautification,
11 park, parking facility, recreational facility, right of way,
12 structure, waterway, bridge, lake, pond, canal, utility line or
13 pipe, or building, including access routes designed and dedicated
14 to use by the public generally, or used by a public agency.

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
17 1 of 1966 PA 1, MCL 125.1351, if the improvement complies with
18 the barrier free design requirements of the state construction
19 code promulgated under the Stille-DeRossett-Hale single state
20 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

21 (d) "Specific local tax" means a tax levied under 1974 PA
22 198, MCL 207.551 to 207.572, the commercial redevelopment act,
23 1978 PA 255, MCL 207.651 to 207.668, the technology park
24 development act, 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA
25 189, MCL 211.181 to 211.182. The initial assessed value or
26 current assessed value of property subject to a specific local
27 tax shall be the quotient of the specific local tax paid divided

1 by the ad valorem millage rate. The state tax commission shall
2 prescribe the method for calculating the initial assessed value
3 and current assessed value of property for which a specific local
4 tax was paid in lieu of a property tax.

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

7 (f) "Tax increment revenues" means the amount of ad valorem
8 property taxes and specific local taxes attributable to the
9 application of the levy of all taxing jurisdictions upon the
10 captured assessed value of real and personal property in the
11 development area. Tax increment revenues do not include any of
12 the following:

13 (i) Taxes under the state education tax act, 1993 PA 331, MCL
14 211.901 to 211.906.

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

16 (iii) Ad valorem property taxes attributable either to a
17 portion of the captured assessed value shared with taxing
18 jurisdictions within the jurisdictional area of the authority or
19 to a portion of value of property that may be excluded from
20 captured assessed value or specific local taxes attributable to
21 the ad valorem property taxes.

22 (iv) Ad valorem property taxes excluded by the tax increment
23 financing plan of the authority from the determination of the
24 amount of tax increment revenues to be transmitted to the
25 authority or specific local taxes attributable to the ad valorem
26 property taxes.

27 (v) Ad valorem property taxes exempted from capture under

1 section 19(5) or specific local taxes attributable to the ad
2 valorem property taxes.

3 (vi) Ad valorem property taxes specifically levied for the
4 payment of principal and interest of obligations approved by the
5 electors or obligations pledging the unlimited taxing power of
6 the local governmental unit or specific taxes attributable to
7 those ad valorem property taxes.

8 Sec. 4. (1) Except as otherwise provided in this
9 subsection, a municipality may establish multiple authorities. A
10 parcel of property shall not be included in more than 1 authority
11 created under this act.

12 (2) An authority is a public body corporate that may sue and
13 be sued in any court of this state. An authority possesses all
14 the powers necessary to carry out its purpose. The enumeration
15 of a power in this act shall not be construed as a limitation
16 upon the general powers of an authority.

17 Sec. 5. (1) If the governing body of a municipality
18 determines that it is necessary for the best interests of the
19 public to halt property value deterioration and increase property
20 tax valuation where possible in a residential district, to
21 eliminate the causes of that deterioration, to promote
22 residential growth and to promote economic growth, the governing
23 body may, by resolution, declare its intention to create and
24 provide for the operation of an authority.

25 (2) In the resolution of intent, the governing body shall set
26 a date for a public hearing on the adoption of a proposed
27 ordinance creating the authority and designating the boundaries

1 of the development area. Notice of the public hearing shall be
2 published twice in a newspaper of general circulation in the
3 municipality, not less than 20 or more than 40 days before the
4 date of the hearing. Not less than 20 days before the hearing,
5 the governing body proposing to create the authority shall also
6 mail notice of the hearing to the property taxpayers of record in
7 the proposed development area and to the governing body of each
8 taxing jurisdiction levying taxes that would be subject to
9 capture if the authority is established and a tax increment
10 financing plan is approved. Failure of a property taxpayer to
11 receive the notice does not invalidate these proceedings. Notice
12 of the hearing shall be posted in at least 20 conspicuous and
13 public places in the proposed development area not less than 20
14 days before the hearing. The notice shall state the date, time,
15 and place of the hearing and shall describe the boundaries of the
16 proposed development area. A citizen, taxpayer, or property
17 owner of the municipality or an official from a taxing
18 jurisdiction with millage that would be subject to capture has
19 the right to be heard in regard to the establishment of the
20 authority and the boundaries of the proposed development area.
21 The governing body of the municipality shall not incorporate land
22 into the development area not included in the description
23 contained in the notice of public hearing, but it may eliminate
24 described lands from the development area in the final
25 determination of the boundaries.

26 (3) Not less than 60 days after the public hearing, if the
27 governing body of the municipality intends to proceed with the

1 establishment of the authority it shall adopt, by majority vote
2 of its members, an ordinance establishing the authority and
3 designating the boundaries of the development area within which
4 the authority shall exercise its powers. The adoption of the
5 ordinance is subject to any applicable statutory or charter
6 provisions in respect to the approval or disapproval by the chief
7 executive or other officer of the municipality and the adoption
8 of an ordinance over his or her veto. This ordinance shall be
9 filed with the secretary of state promptly after its adoption and
10 shall be published at least once in a newspaper of general
11 circulation in the municipality.

12 (4) The governing body of the municipality may alter or amend
13 the boundaries of the development area to include or exclude
14 lands from the development area in the same manner as adopting
15 the ordinance creating the authority.

16 Sec. 6. If a development area is part of an area annexed to
17 or consolidated with another municipality, the authority managing
18 that development area shall become an authority of the annexing
19 or consolidated municipality. Obligations of that authority
20 incurred under a development or tax increment plan, agreements
21 related to a development or tax increment plan, and bonds issued
22 under this act shall remain in effect following the annexation or
23 consolidation.

24 Sec. 7. (1) An authority shall be under the supervision and
25 control of a board consisting of the chief executive officer of
26 the municipality or his or her designee and not less than 5 or
27 more than 9 members as determined by the governing body of the

1 municipality. Members shall be appointed by the chief executive
2 officer of the municipality, subject to approval by the governing
3 body of the municipality. Not less than a majority of the
4 members shall be persons having an ownership or business interest
5 in property located in the development area. At least 1 of the
6 members shall be a resident of the development area or of an area
7 within 1/2 mile of any part of the development area. Of the
8 members first appointed, an equal number of the members, as near
9 as is practicable, shall be appointed for 1 year, 2 years, 3
10 years, and 4 years. A member shall hold office until the
11 member's successor is appointed. After the initial appointment,
12 each member shall serve for a term of 4 years. An appointment to
13 fill a vacancy shall be made by the chief executive officer of
14 the municipality for the unexpired term only. Members of the
15 board shall serve without compensation, but shall be reimbursed
16 for actual and necessary expenses. The chairperson of the board
17 shall be elected by the board.

18 (2) Before assuming the duties of office, a member shall
19 qualify by taking and subscribing to the constitutional oath of
20 office.

21 (3) The proceedings and rules of the board are subject to the
22 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
23 shall adopt rules governing its procedure and the holding of
24 regular meetings, subject to the approval of the governing body.
25 Special meetings may be held if called in the manner provided in
26 the rules of the board.

27 (4) After having been given notice and an opportunity to be

1 heard, a member of the board may be removed for cause by the
2 governing body.

3 (5) All expense items of the authority shall be publicized
4 monthly and the financial records shall always be open to the
5 public.

6 (6) A writing prepared, owned, used, in the possession of, or
7 retained by the board in the performance of an official function
8 is subject to the freedom of information act, 1976 PA 442, MCL
9 15.231 to 15.246.

10 Sec. 8. (1) The board may employ and fix the compensation
11 of a director, subject to the approval of the governing body of
12 the municipality. The director shall serve at the pleasure of
13 the board. A member of the board is not eligible to hold the
14 position of director. Before beginning his or her duties, the
15 director shall take and subscribe to the constitutional oath, and
16 furnish bond, by posting a bond in the sum determined in the
17 ordinance establishing the authority payable to the authority for
18 use and benefit of the authority, approved by the board, and
19 filed with the municipal clerk. The premium on the bond shall be
20 considered an operating expense of the authority, payable from
21 funds available to the authority for expenses of operation. The
22 director shall be the chief executive officer of the authority.
23 Subject to the approval of the board, the director shall
24 supervise and be responsible for the preparation of plans and the
25 performance of the functions of the authority in the manner
26 authorized by this act. The director shall attend the meetings
27 of the board and shall provide to the board and to the governing

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

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

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

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

26 (5) The board may employ other personnel considered necessary
27 by the board.

1 Sec. 9. The employees of an authority shall be eligible to
2 participate in municipal retirement and insurance programs of the
3 municipality as if they were civil service employees except that
4 the employees of an authority are not civil service employees.

5 Sec. 10. The board may do any of the following:

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

8 (b) Study and analyze the impact of metropolitan growth upon
9 the development area.

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

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

22 (e) Develop long-range plans, in cooperation with the agency
23 that is chiefly responsible for planning in the municipality,
24 designed to halt the deterioration of property values in the
25 development area and to promote the residential growth and
26 economic growth of the development area, and take steps as may be
27 necessary to persuade property owners to implement the plans to

1 the fullest extent possible.

2 (f) Implement any plan of development, including housing for
3 low-income individuals, in the development area necessary to
4 achieve the purposes of this act in accordance with the powers of
5 the authority granted by this act.

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

8 (h) Acquire by purchase or otherwise, on terms and conditions
9 and in a manner the authority considers proper or own, convey, or
10 otherwise dispose of, or lease as lessor or lessee, land and
11 other property, real or personal, or rights or interests in the
12 property, that the authority determines is reasonably necessary
13 to achieve the purposes of this act, and to grant or acquire
14 licenses, easements, and options.

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

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

27 (k) Lease, in whole or in part, any facility, building, or

1 property under its control.

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

4 (m) Acquire and construct public facilities.

5 Sec. 11. The authority is an instrumentality of a political
6 subdivision for purposes of 1972 PA 227, MCL 213.321 to 213.332.

7 Sec. 12. A municipality may acquire private property under
8 1911 PA 149, MCL 213.21 to 213.25, or the uniform condemnation
9 procedures act, 1980 PA 87, MCL 213.51 to 213.75, for the
10 purposes of transfer to the authority, and may transfer the
11 property to the authority for use in an approved development, on
12 terms and conditions it considers appropriate, and the taking,
13 transfer, and use shall be considered necessary for public
14 purposes and for the benefit of the public.

15 Sec. 13. (1) The activities of the authority shall be
16 financed from 1 or more of the following sources:

17 (a) Donations to the authority for the performance of its
18 functions.

19 (b) Money borrowed and to be repaid as authorized by sections
20 15 and 16.

21 (c) Revenues from any property, building, or facility owned,
22 leased, licensed, or operated by the authority or under its
23 control, subject to the limitations imposed upon the authority by
24 trusts or other agreements.

25 (d) Proceeds of a tax increment financing plan established
26 under sections 17 to 19.

27 (e) Proceeds from a special assessment district created as

1 provided by law.

2 (f) Money obtained from other sources approved by the
3 governing body of the municipality or otherwise authorized by law
4 for use by the authority or the municipality to finance a
5 development program.

6 (2) Money received by the authority and not covered under
7 subsection (1) shall immediately be deposited to the credit of
8 the authority, subject to disbursement under this act. Except as
9 provided in this act, the municipality shall not obligate itself,
10 and shall not be obligated, to pay any sums from public funds,
11 other than money received by the municipality under this section,
12 for or on account of the activities of the authority.

13 Sec. 14. The municipality may at the request of the
14 authority borrow money and issue its notes under the revised
15 municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821, in
16 anticipation of collection of the ad valorem tax authorized in
17 this section.

18 Sec. 15. The authority may borrow money and issue its
19 negotiable revenue bonds under the revenue bond act of 1933, 1933
20 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the
21 authority are not a debt of the municipality unless the
22 municipality by majority vote of the members of its governing
23 body pledges its full faith and credit to support the authority's
24 revenue bonds. Revenue bonds issued by the authority are never a
25 debt of the state.

26 Sec. 16. (1) The authority may with approval of the local
27 governing body borrow money and issue its revenue bonds or notes

1 to finance all or part of the costs of acquiring or constructing
2 property in connection with either of the following:

3 (a) The implementation of a development plan in the
4 development area.

5 (b) The refund, or refund in advance, of bonds or notes
6 issued under this section.

7 (2) Any of the following may be financed by the issuance of
8 revenue bonds or notes:

9 (a) The cost of purchasing, acquiring, constructing,
10 improving, enlarging, extending, or repairing property in
11 connection with the implementation of a development plan in the
12 development area.

13 (b) Any engineering, architectural, legal, accounting, or
14 financial expenses.

15 (c) The costs necessary or incidental to the borrowing of
16 money.

17 (d) Interest on the bonds or notes during the period of
18 construction.

19 (e) A reserve for payment of principal and interest on the
20 bonds or notes.

21 (f) A reserve for operation and maintenance until sufficient
22 revenues have developed.

23 (3) The authority may secure the bonds and notes by mortgage,
24 assignment, or pledge of the property and any money, revenues, or
25 income received in connection with the property.

26 (4) A pledge made by the authority is valid and binding from
27 the time the pledge is made. The money or property pledged by

1 the authority immediately is subject to the lien of the pledge
2 without a physical delivery, filing, or further act. The lien of
3 a pledge is valid and binding against parties having claims of
4 any kind in tort, contract, or otherwise, against the authority,
5 whether or not the parties have notice of the lien. Neither the
6 resolution, the trust agreement, nor any other instrument by
7 which a pledge is created must be filed or recorded to be
8 enforceable.

9 (5) Bonds or notes issued under this section are exempt from
10 all taxation in this state except inheritance and transfer taxes,
11 and the interest on the bonds or notes is exempt from all
12 taxation in this state, notwithstanding that the interest may be
13 subject to federal income tax.

14 (6) The municipality is not liable on bonds or notes of the
15 authority issued under this section, and the bonds or notes are
16 not a debt of the municipality. The bonds or notes shall contain
17 on their face a statement to that effect.

18 (7) The bonds and notes of the authority may be invested in
19 by all public officers, state agencies and political
20 subdivisions, insurance companies, banks, savings and loan
21 associations, investment companies, and fiduciaries and trustees,
22 and may be deposited with and received by all public officers and
23 the agencies and political subdivisions of this state for any
24 purpose for which the deposit of bonds is authorized.

25 Sec. 17. (1) If the authority determines that it is
26 necessary for the achievement of the purposes of this act, the
27 authority shall prepare and submit a tax increment financing plan

1 to the governing body of the municipality. The plan shall
2 include a development plan as provided in section 19, a detailed
3 explanation of the tax increment procedure, the maximum amount of
4 bonded indebtedness to be incurred, and the duration of the
5 program, and shall be in compliance with section 18. The plan
6 shall contain a statement of the estimated impact of tax
7 increment financing on the assessed values of all taxing
8 jurisdictions in which the development area is located. The plan
9 may provide for the use of part or all of the captured assessed
10 value, but the portion intended to be used by the authority shall
11 be clearly stated in the tax increment financing plan. The
12 authority or municipality may exclude from captured assessed
13 value growth in property value resulting solely from inflation.
14 The plan shall set forth the method for excluding growth in
15 property value resulting solely from inflation.

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

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

1 increment financing plan. The authority may enter into
2 agreements with the taxing jurisdictions and the governing body
3 of the municipality in which the development area is located to
4 share a portion of the captured assessed value of the development
5 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) Not more than 60 days after the public hearing, the
11 governing body in a taxing jurisdiction levying ad valorem
12 property taxes that would otherwise be subject to capture may
13 exempt its taxes from capture by adopting a resolution to that
14 effect and filing a copy with the clerk of the municipality
15 proposing to create the authority. The resolution shall take
16 effect when filed with the clerk and remains effective until a
17 copy of a resolution rescinding that resolution is filed with
18 that clerk.

19 Sec. 18. (1) The municipal and county treasurers shall
20 transmit tax increment revenues to the authority.

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

1 for which it was established are accomplished. However, the tax
2 increment financing plan shall not be abolished until the
3 principal of, and interest on, bonds issued under section 19 have
4 been paid or funds sufficient to make the payment have been
5 segregated.

6 (3) Annually the authority shall submit to the governing body
7 of the municipality and the state tax commission a report on the
8 status of the tax increment financing account. The report shall
9 include the following:

- 10 (a) The amount and source of revenue in the account.
- 11 (b) The amount in any bond reserve account.
- 12 (c) The amount and purpose of expenditures from the account.
- 13 (d) The amount of principal and interest on any outstanding
14 bonded indebtedness.
- 15 (e) The initial assessed value of the project area.
- 16 (f) The captured assessed value retained by the authority.
- 17 (g) The tax increment revenues received.
- 18 (h) The number of public facilities developed.
- 19 (i) The amount of public housing created or improved.
- 20 (j) The number of jobs created as a result of the
21 implementation of the tax increment financing plan.
- 22 (k) Any additional information the governing body considers
23 necessary.

24 Sec. 19. (1) The municipality may by resolution of its
25 governing body and subject to voter approval authorize, issue,
26 and sell general obligation bonds subject to the limitations set
27 forth in this subsection to finance the development program of

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

22 (2) By resolution of its governing body, the authority may
23 authorize, issue, and sell tax increment bonds subject to the
24 limitations set forth in this subsection to finance the
25 development program of the tax increment financing plan. The tax
26 increment bonds issued by the authority under this subsection
27 shall pledge solely the tax increment revenues of a development

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

24 Sec. 20. (1) If a board decides to finance a project in a
25 development area by the use of revenue bonds as authorized in
26 section 15 or tax increment financing as authorized in sections
27 17, 18, and 19, it shall prepare a development plan.

1 (2) The development plan shall contain all of the following:

2 (a) The designation of boundaries of the development area in
3 relation to highways, streets, streams, or otherwise.

4 (b) The location and extent of existing streets and other
5 public facilities within the development area, designating the
6 location, character, and extent of the categories of public and
7 private land uses then existing and proposed for the development
8 area, including residential, recreational, commercial,
9 industrial, educational, and other uses, and including a legal
10 description of the development area.

11 (c) A description of existing improvements in the development
12 area to be demolished, repaired, or altered, a description of any
13 repairs and alterations, and an estimate of the time required for
14 completion.

15 (d) The location, extent, character, and estimated cost of
16 the improvements including rehabilitation contemplated for the
17 development area and an estimate of the time required for
18 completion.

19 (e) A statement of the construction or stages of construction
20 planned, and the estimated time of completion of each stage.

21 (f) A description of any parts of the development area to be
22 left as open space and the use contemplated for the space.

23 (g) A description of any portions of the development area
24 that the authority desires to sell, donate, exchange, or lease to
25 or from the municipality and the proposed terms.

26 (h) A description of desired zoning changes and changes in
27 streets, street levels, intersections, or utilities.

1 (i) An estimate of the cost of the development, a statement
2 of the proposed method of financing the development, and the
3 ability of the authority to arrange the financing.

4 (j) Designation of the person or persons, natural or
5 corporate, to whom all or a portion of the development is to be
6 leased, sold, or conveyed in any manner and for whose benefit the
7 project is being undertaken if that information is available to
8 the authority.

9 (k) The procedures for bidding for the leasing, purchasing,
10 or conveying in any manner of all or a portion of the development
11 upon its completion, if there is no express or implied agreement
12 between the authority and persons, natural or corporate, that all
13 or a portion of the development will be leased, sold, or conveyed
14 in any manner to those persons.

15 (l) Estimates of the number of persons residing in the
16 development area and the number of families and individuals to be
17 displaced. If occupied residences are designated for acquisition
18 and clearance by the authority, a development plan shall include
19 a survey of the families and individuals to be displaced,
20 including their income and racial composition, a statistical
21 description of the housing supply in the community, including the
22 number of private and public units in existence or under
23 construction, the condition of those units in existence, the
24 number of owner-occupied and renter-occupied units, the annual
25 rate of turnover of the various types of housing and the range of
26 rents and sale prices, an estimate of the total demand for
27 housing in the community, and the estimated capacity of private

1 and public housing available to displaced families and
2 individuals.

3 (m) A plan for establishing priority for the relocation of
4 persons displaced by the development in any residential housing
5 in the development area.

6 (n) Provision for the costs of relocating persons displaced
7 by the development and financial assistance and reimbursement of
8 expenses, including litigation expenses and expenses incident to
9 the transfer of title, in accordance with the standards and
10 provisions of the uniform relocation assistance and real property
11 acquisition policies act of 1970, Public Law 91-646, 84
12 Stat. 1894.

13 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to
14 213.332.

15 (p) The requirement that amendments to an approved
16 development plan or tax increment plan must be submitted by the
17 authority to the governing body for approval or rejection.

18 (q) Other material that the authority, local public agency,
19 or governing body considers pertinent.

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

1 places in the development area not less than 20 days before the
2 hearing. Notice shall also be mailed to all property taxpayers
3 of record in the development area and to the governing body of
4 each taxing jurisdiction levying taxes that would be subject to
5 capture if the tax increment financing plan is approved not less
6 than 20 days before the hearing.

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

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

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

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

17 (d) Other information that the governing body considers
18 appropriate.

19 (3) At the time set for the hearing, the governing body shall
20 provide an opportunity for interested persons to speak and shall
21 receive and consider communications in writing. The hearing
22 shall provide the fullest opportunity for expression of opinion,
23 for argument on the merits, and for consideration of documentary
24 evidence pertinent to the development plan. The governing body
25 shall make and preserve a record of the public hearing, including
26 all data presented at the hearing.

27 Sec. 22. The governing body after a public hearing on the

1 development plan or the tax increment financing plan, or both,
2 with notice given under section 21, shall determine whether the
3 development plan or tax increment financing plan constitutes a
4 public purpose. If it determines that the development plan or
5 tax increment financing plan constitutes a public purpose, it
6 shall by ordinance approve or reject the plan, or approve it with
7 modification, based on the following considerations:

8 (a) The findings and recommendations of a development area
9 citizens council, if a development area citizens council was
10 formed.

11 (b) The plan meets the requirements under section 20(2).

12 (c) The proposed method of financing the development is
13 feasible and the authority has the ability to arrange the
14 financing.

15 (d) The development is reasonable and necessary to carry out
16 the purposes of this act.

17 (e) The land included within the development area to be
18 acquired is reasonably necessary to carry out the purposes of the
19 plan and of this act in an efficient and economically
20 satisfactory manner.

21 (f) The development plan is in reasonable accord with the
22 land use plan of the municipality.

23 (g) Public services, such as fire and police protection and
24 utilities, are or will be adequate to service the project area.

25 (h) Changes in zoning, streets, street levels, intersections,
26 and utilities are reasonably necessary for the project and for
27 the municipality.

1 Sec. 23. A person to be relocated under this act shall be
2 given not less than 90 days' written notice to vacate unless
3 modified by court order issued for good cause and after a
4 hearing.

5 Sec. 24. (1) The director of the authority shall submit a
6 budget to the board for the operation of the authority for each
7 fiscal year before the beginning of the fiscal year. The budget
8 shall be prepared in the manner and contain the information
9 required of municipal departments. After review by the board,
10 the budget shall be submitted to the governing body. The
11 governing body must approve the budget before the board may adopt
12 the budget. Unless authorized by the governing body or this act,
13 funds of the municipality shall not be included in the budget of
14 the authority.

15 (2) The governing body of the municipality may assess a
16 reasonable pro rata share of the funds for the cost of handling
17 and auditing the funds against the funds of the authority, other
18 than those committed, which shall be paid annually by the board
19 pursuant to an appropriate item in its budget.

20 Sec. 25. An authority that has completed the purposes for
21 which it was organized shall be dissolved by ordinance of the
22 governing body. The property and assets of the authority
23 remaining after the satisfaction of the obligations of the
24 authority belong to the municipality.

25 Sec. 26. (1) The state tax commission may institute
26 proceedings to compel enforcement 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.