

**SUBSTITUTE FOR  
SENATE BILL NO. 1159**

A bill to provide for the establishment of a water improvement tax increment finance authority; to prescribe the powers and duties of the authority; to correct and prevent deterioration in water resources; 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 water resource improvement; 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 "water  
2 resource improvement tax increment finance authority act".

3       Sec. 2. As used in this act:

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

11       (b) "Assessed value" means the taxable value as determined  
12 under section 27a of the general property tax act, 1893 PA 206, MCL  
13 211.27a.

14       (c) "Authority" means a water resource improvement tax  
15 increment finance authority created under this act.

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

17       (e) "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 section  
21 3(d), exceeds the initial assessed value. The state tax commission  
22 shall prescribe the method for calculating captured assessed value.

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

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 powers.

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

20 (m) "Inland lake" means a natural or artificial lake, pond, or  
21 impoundment. Inland lake does not include the Great Lakes, Lake St.  
22 Clair, or a lake or pond that has a surface area of less than 5  
23 acres.

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

26 (o) "Municipality" means a city or township.

27 Sec. 3. As used in this act:

1       (a) "Operations" means office maintenance, including salaries  
2 and expenses of employees, office supplies, consultation fees,  
3 design costs, and other expenses incurred in the daily management  
4 of the authority and planning of its activities.

5       (b) "Parcel" means an identifiable unit of land that is  
6 treated as separate for valuation or zoning purposes.

7       (c) "Public facility" means a street, and any improvements to  
8 a street, including street furniture and beautification, park,  
9 parking facility, recreational facility, right of way, structure,  
10 waterway, bridge, lake, pond, canal, utility line or pipe, or  
11 building, including access routes designed and dedicated to use by  
12 the public generally, or used by a public agency, that is related  
13 to access to inland lakes or a water resource improvement, or means  
14 a water resource improvement. Public facility includes an  
15 improvement to a facility used by the public or a public facility  
16 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,  
17 if the improvement complies with the barrier free design  
18 requirements of the state construction code promulgated under the  
19 Stille-DeRossett-Hale single state construction code act, 1972 PA  
20 230, MCL 125.1501 to 125.1531.

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

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

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

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

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

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

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

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

26 (v) Ad valorem property taxes exempted from capture under  
27 section 15(5) or specific local taxes attributable to the ad

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1 valorem property taxes.

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

7 (g) "Water resource improvement" means enhancement of water  
8 quality and water dependent natural resources, including, but not  
9 limited to, the following:

10 (i) The elimination of the causes and the proliferation of  
11 aquatic nuisance species, as defined in section 3101 of the natural  
12 resources and environmental protection act, 1994 PA 451, MCL  
13 324.3101. <<For purposes of this act, water resources improvement does  
not include chemical treatment of waters for aquatic nuisance control.>>

14 (ii) Sewer systems that replace failing on-site disposal  
15 systems.

16 (iii) Storm water systems.

17 (h) "Water resource improvement district" or "district" means  
18 an inland body of water and land up to 1 mile from the shoreline of  
19 the inland lake.

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

24 (2) An authority is a public body corporate that may sue and  
25 be sued in any court of this state. An authority possesses all the  
26 powers necessary to carry out its purpose. The enumeration of a  
27 power in this act shall not be construed as a limitation upon the

1 general powers of an authority.

2       Sec. 5. (1) If the governing body of a municipality determines  
3 that it is necessary for the best interests of the public to  
4 promote water resource improvement or access to inland lakes, or  
5 both, in a water resource improvement district, the governing body  
6 may, by resolution, declare its intention to create and provide for  
7 the operation of an authority within the boundaries of a water  
8 resource improvement district.

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

1 official from a taxing jurisdiction with millage that would be  
2 subject to capture has the right to be heard in regard to the  
3 establishment of the authority and the boundaries of the proposed  
4 development area. The governing body of the municipality shall not  
5 incorporate land into the development area not included in the  
6 description contained in the notice of public hearing, but it may  
7 eliminate described lands from the development area in the final  
8 determination of the boundaries.

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

22 (4) The governing body of the municipality may alter or amend  
23 the boundaries of the development area to include or exclude lands  
24 from the development area in the same manner as adopting the  
25 ordinance creating the authority.

26 (5) A municipality that has created an authority may enter  
27 into an agreement with an adjoining municipality that has created



1 an authority to jointly operate and administer those authorities  
2 under an interlocal agreement under the urban cooperation act of  
3 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

4 Sec. 6. If a development area is part of an area annexed to or  
5 consolidated with another municipality, the authority managing that  
6 development area shall become an authority of the annexing or  
7 consolidated municipality. Obligations of that authority incurred  
8 under a development or tax increment plan, agreements related to a  
9 development or tax increment plan, and bonds issued under this act  
10 shall remain in effect following the annexation or consolidation.

11 Sec. 7. (1) An authority shall be under the supervision and  
12 control of a board consisting of the chief executive officer of the  
13 municipality or his or her designee and not less than 5 or more  
14 than 9 members as determined by the governing body of the  
15 municipality. Members shall be appointed by the chief executive  
16 officer of the municipality, subject to approval by the governing  
17 body of the municipality. Not less than a majority of the members  
18 shall be persons having an ownership or business interest in  
19 property located in the development area. At least 1 of the members  
20 shall be a resident of the development area or of an area within  
21 1/2 mile of any part of the development area. Of the members first  
22 appointed, an equal number of the members, as near as is  
23 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4  
24 years. A member shall hold office until the member's successor is  
25 appointed. After the initial appointment, each member shall serve  
26 for a term of 4 years. An appointment to fill a vacancy shall be  
27 made by the chief executive officer of the municipality for the

1 unexpired term only. Members of the board shall serve without  
2 compensation, but shall be reimbursed for actual and necessary  
3 expenses. The chairperson of the board shall be elected by the  
4 board.

5 (2) Before assuming the duties of office, a member shall  
6 qualify by taking and subscribing to the constitutional oath of  
7 office.

8 (3) The proceedings and rules of the board are subject to the  
9 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board  
10 shall adopt rules governing its procedure and the holding of  
11 regular meetings, subject to the approval of the governing body.  
12 Special meetings may be held if called in the manner provided in  
13 the rules of the board.

14 (4) After having been given notice and an opportunity to be  
15 heard, a member of the board may be removed for cause by the  
16 governing body.

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

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

24 Sec. 8. (1) The board may employ and fix the compensation of a  
25 director, subject to the approval of the governing body of the  
26 municipality. The director shall serve at the pleasure of the  
27 board. A member of the board is not eligible to hold the position

1 of director. Before beginning his or her duties, the director shall  
2 take and subscribe to the constitutional oath, and furnish bond, by  
3 posting a bond in the sum determined in the ordinance establishing  
4 the authority payable to the authority for use and benefit of the  
5 authority, approved by the board, and filed with the municipal  
6 clerk. The premium on the bond shall be considered an operating  
7 expense of the authority, payable from funds available to the  
8 authority for expenses of operation. The director shall be the  
9 chief executive officer of the authority. Subject to the approval  
10 of the board, the director shall supervise and be responsible for  
11 the preparation of plans and the performance of the functions of  
12 the authority in the manner authorized by this act. The director  
13 shall attend the meetings of the board and shall provide to the  
14 board and to the governing body of the municipality a regular  
15 report covering the activities and financial condition of the  
16 authority. If the director is absent or disabled, the board may  
17 designate a qualified person as acting director to perform the  
18 duties of the office. Before beginning his or her duties, the  
19 acting director shall take and subscribe to the oath, and furnish  
20 bond, as required of the director. The director shall furnish the  
21 board with information or reports governing the operation of the  
22 authority as the board requires.

23 (2) The board may employ and fix the compensation of a  
24 treasurer, who shall keep the financial records of the authority  
25 and who, together with the director, shall approve all vouchers for  
26 the expenditure of funds of the authority. The treasurer shall  
27 perform all duties delegated to him or her by the board and shall

1 furnish bond in an amount prescribed by the board.

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

8 (4) The board may retain legal counsel to advise the board in  
9 the proper performance of its duties. The legal counsel shall  
10 represent the authority in actions brought by or against the  
11 authority.

12 (5) The board may employ other personnel considered necessary  
13 by the board.

14 Sec. 9. The employees of an authority shall be eligible to  
15 participate in municipal retirement and insurance programs of the  
16 municipality as if they were civil service employees except that  
17 the employees of an authority are not civil service employees.

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

19 (a) Prepare an analysis of water resource improvement and  
20 access to inland lakes issues taking place in the development area.

21 (b) Study and analyze the need for water resource improvements  
22 and access to inland lakes upon the development area.

23 (c) Plan and propose the construction, renovation, repair,  
24 remodeling, rehabilitation, restoration, preservation, or  
25 reconstruction of a public facility that may be necessary or  
26 appropriate to the execution of a plan that, in the opinion of the  
27 board, aids in water resource improvement or access to inland lakes

1 in the development area. The board is encouraged to develop a plan  
2 that conserves the natural features, reduces impervious surfaces,  
3 and uses landscaping and natural features to reflect the  
4 predevelopment site.

5 (d) Plan, propose, and implement an improvement to a public  
6 facility within the development area to comply with the barrier  
7 free design requirements of the state construction code promulgated  
8 under the Stille-DeRossett-Hale single state construction code act,  
9 1972 PA 230, MCL 125.1501 to 125.1531.

10 (e) Develop long-range plans for water resource improvement  
11 and access to inland lakes within the district.

12 (f) Implement any plan of development for water resource  
13 improvement and access to inland lakes in the development area  
14 necessary to achieve the purposes of this act in accordance with  
15 the powers of the authority granted by this act.

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

18 (h) Acquire by purchase or otherwise, on terms and conditions  
19 and in a manner the authority considers proper or own, convey, or  
20 otherwise dispose of, or lease as lessor or lessee, land and other  
21 property, real or personal, or rights or interests in the property,  
22 that the authority determines is reasonably necessary to achieve  
23 the purposes of this act, and to grant or acquire licenses,  
24 easements, and options.

25 (i) Improve land and construct, reconstruct, rehabilitate,  
26 restore and preserve, equip, clear, improve, maintain, and repair  
27 any public facility, building, and any necessary or desirable

1 appurtenances to those buildings and operate a water resource  
2 improvement, as determined by the authority to be reasonably  
3 necessary to achieve the purposes of this act, within the  
4 development area for the use, in whole or in part, of any public or  
5 private person or corporation, or a combination thereof.

6 (j) Fix, charge, and collect fees, rents, and charges for the  
7 use of any facility, building, or property under its control or any  
8 part of the facility, building, or property, and pledge the fees,  
9 rents, and charges for the payment of revenue bonds issued by the  
10 authority.

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

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

15 (m) Acquire and construct public facilities.

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

18 Sec. 12. (1) The activities of the authority shall be financed  
19 from 1 or more of the following sources:

20 (a) Donations to the authority for the performance of its  
21 functions.

22 (b) Money borrowed and to be repaid as authorized by sections  
23 13 and 14.

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

1 (d) Proceeds of a tax increment financing plan established  
2 under sections 15 to 17.

3 (e) Proceeds from a special assessment district created as  
4 provided by law.

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

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

16 Sec. 13. The authority may borrow money and issue its  
17 negotiable revenue bonds under the revenue bond act of 1933, 1933  
18 PA 94, MCL 141.101 to 141.140.

19 Sec. 14. (1) The authority may with approval of the local  
20 governing body borrow money and issue its revenue bonds or notes to  
21 finance all or part of the costs of water resource improvements in  
22 connection with either of the following:

23 (a) The implementation of a development plan in the  
24 development area.

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

27 (2) Any of the following may be financed by the issuance of

1 revenue bonds or notes:

2 (a) The cost of purchasing, acquiring, constructing,  
3 improving, enlarging, extending, or repairing property in  
4 connection with the implementation of a development plan in the  
5 development area.

6 (b) Any engineering, architectural, legal, accounting, or  
7 financial expenses.

8 (c) The costs necessary or incidental to the borrowing of  
9 money.

10 (d) Interest on the bonds or notes during the period of  
11 construction.

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

14 (f) A reserve for operation and maintenance until sufficient  
15 revenues have developed.

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

19 (4) A pledge made by the authority is valid and binding from  
20 the time the pledge is made. The money or property pledged by the  
21 authority immediately is subject to the lien of the pledge without  
22 a physical delivery, filing, or further act. The lien of a pledge  
23 is valid and binding against parties having claims of any kind in  
24 tort, contract, or otherwise, against the authority, whether or not  
25 the parties have notice of the lien. Neither the resolution, the  
26 trust agreement, nor any other instrument by which a pledge is  
27 created must be filed or recorded to be enforceable.



1           (5) Bonds or notes issued under this section are exempt from  
2 all taxation in this state, and the interest on the bonds or notes  
3 is exempt from all taxation in this state, notwithstanding that the  
4 interest may be subject to federal income tax.

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

9           (7) The bonds and notes of the authority may be invested in by  
10 all public officers, state agencies and political subdivisions,  
11 insurance companies, banks, savings and loan associations,  
12 investment companies, and fiduciaries and trustees, and may be  
13 deposited with and received by all public officers and the agencies  
14 and political subdivisions of this state for any purpose for which  
15 the deposit of bonds is authorized.

16           Sec. 15. (1) If the authority determines that it is necessary  
17 for the achievement of the purposes of this act, the authority  
18 shall prepare and submit a tax increment financing plan to the  
19 governing body of the municipality. The plan shall include a  
20 development plan as provided in section 18, a detailed explanation  
21 of the tax increment procedure, the maximum amount of bonded  
22 indebtedness to be incurred, and the duration of the program, and  
23 shall be in compliance with section 16. The plan shall contain a  
24 statement of the estimated impact of tax increment financing on the  
25 assessed values of all taxing jurisdictions in which the  
26 development area is located. The plan may provide for the use of  
27 part or all of the captured assessed value, but the portion

1 intended to be used by the authority shall be clearly stated in the  
2 tax increment financing plan. The authority or municipality may  
3 exclude from captured assessed value growth in property value  
4 resulting solely from inflation. The plan shall set forth the  
5 method for excluding growth in property value resulting solely from  
6 inflation.

7 (2) Approval of the tax increment financing plan shall comply  
8 with the notice, hearing, and disclosure provisions of section 21.  
9 If the development plan is part of the tax increment financing  
10 plan, only 1 hearing and approval procedure is required for the 2  
11 plans together.

12 (3) Before the public hearing on the tax increment financing  
13 plan, the governing body shall provide a reasonable opportunity to  
14 the taxing jurisdictions levying taxes subject to capture to meet  
15 with the governing body. The authority shall fully inform the  
16 taxing jurisdictions of the fiscal and economic implications of the  
17 proposed development area. The taxing jurisdictions may present  
18 their recommendations at the public hearing on the tax increment  
19 financing plan. The authority may enter into agreements with the  
20 taxing jurisdictions and the governing body of the municipality in  
21 which the development area is located to share a portion of the  
22 captured assessed value of the development area.

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

27 (5) Not more than 60 days after the public hearing, the

1 governing body in a taxing jurisdiction levying ad valorem property  
2 taxes that would otherwise be subject to capture may exempt its  
3 taxes from capture by adopting a resolution to that effect and  
4 filing a copy with the clerk of the municipality proposing to  
5 create the authority. In the event that the governing body levies a  
6 separate millage for public library purposes, at the request of the  
7 public library board, that separate millage shall be exempt from  
8 the capture. The resolution shall take effect when filed with the  
9 clerk and remains effective until a copy of a resolution rescinding  
10 that resolution is filed with that clerk.

11       Sec. 16. (1) The municipal and county treasurers shall  
12 transmit tax increment revenues to the authority.

13       (2) The authority shall expend the tax increment revenues  
14 received for the development program only under the terms of the  
15 tax increment financing plan. Unused funds shall revert  
16 proportionately to the respective taxing bodies. Tax increment  
17 revenues shall not be used to circumvent existing property tax  
18 limitations. The governing body of the municipality may abolish the  
19 tax increment financing plan if it finds that the purposes for  
20 which it was established are accomplished. However, the tax  
21 increment financing plan shall not be abolished until the principal  
22 of, and interest on, bonds issued under section 17 have been paid  
23 or funds sufficient to make the payment have been segregated.

24       (3) Annually the authority shall submit to the governing body  
25 of the municipality and the state tax commission a report on the  
26 status of the tax increment financing account. The report shall  
27 include the following:

1 (a) The amount and source of revenue in the account.  
2 (b) The amount in any bond reserve account.  
3 (c) The amount and purpose of expenditures from the account.  
4 (d) The amount of principal and interest on any outstanding  
5 bonded indebtedness.

6 (e) The initial assessed value of the project area.  
7 (f) The captured assessed value retained by the authority.  
8 (g) The tax increment revenues received.  
9 (h) The number of public facilities developed.  
10 (i) The number of water resource improvements made.  
11 (j) A brief description of each water resource improvement  
12 made within the district.

13 (k) Any additional information the governing body considers  
14 necessary.

15 Sec. 17. (1) By resolution of its governing body, the  
16 authority may authorize, issue, and sell tax increment bonds  
17 subject to the limitations set forth in this subsection to finance  
18 the development program of the tax increment financing plan. The  
19 tax increment bonds issued by the authority under this subsection  
20 shall pledge solely the tax increment revenues of a development  
21 area in which the project is located or a development area from  
22 which tax increment revenues may be used for this project, or both.  
23 In addition or in the alternative, the bonds issued by the  
24 authority under this subsection may be secured by any other  
25 revenues identified in section 12 as sources of financing for  
26 activities of the authority that the authority shall specifically  
27 pledge in the resolution. However, except as otherwise provided in

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

17 (2) The municipality, by majority vote of the members of its  
18 governing body, may make a limited tax pledge to support the  
19 authority's tax increment bonds or notes or, if authorized by the  
20 voters of the municipality, may pledge its unlimited tax full faith  
21 and credit for the payment of the principal of and interest on the  
22 authority's tax increment bonds or notes.

23 Sec. 18. (1) If a board decides to finance a project in a  
24 development area by the use of revenue bonds as authorized in  
25 section 13 or tax increment financing as authorized in sections 15,  
26 16, and 17, it shall prepare a development plan.

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

1           (a) The designation of boundaries of the development area in  
2 relation to highways, streets, streams, lakes, other bodies of  
3 water, 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, industrial,  
9 educational, and other uses, and including a legal description of  
10 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 the  
16 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 that  
24 the authority desires to sell, donate, exchange, or lease to or  
25 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 of  
2 the proposed method of financing the development, and the ability  
3 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 the  
8 authority.

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

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

18 (m) The water resource improvements that will be made in the  
19 development area.

20 (n) Other material that the authority, local public agency, or  
21 governing body considers pertinent.

22 (o) Based on consultation with the affected state and federal  
23 authorities, an identification of the permits the board believes  
24 necessary to complete the proposed public facility and an  
25 explanation of how the proposed public facility will meet the  
26 requirements necessary for issuance of each permit.

27 Sec. 19. (1) The governing body, before adoption of an

1 ordinance approving a development plan or tax increment financing  
2 plan, shall hold a public hearing on the development plan. Notice  
3 of the time and place of the hearing shall be given by publication  
4 twice in a newspaper of general circulation designated by the  
5 municipality, the first of which shall be not less than 20 days  
6 before the date set for the hearing. Notice of the hearing shall be  
7 posted in at least 20 conspicuous and public places in the  
8 development area not less than 20 days before the hearing. Notice  
9 shall also be mailed to all property taxpayers of record in the  
10 development area and to the governing body of each taxing  
11 jurisdiction levying taxes that would be subject to capture if the  
12 tax increment financing plan is approved not less than 20 days  
13 before the hearing.

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

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

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

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

24 (d) Other information that the governing body considers  
25 appropriate.

26 (3) At the time set for the hearing, the governing body shall  
27 provide an opportunity for interested persons to speak and shall



1 receive and consider communications in writing. The hearing shall  
2 provide the fullest opportunity for expression of opinion, for  
3 argument on the merits, and for consideration of documentary  
4 evidence pertinent to the development plan. The governing body  
5 shall make and preserve a record of the public hearing, including  
6 all data presented at the hearing.

7       Sec. 20. The governing body after a public hearing on the  
8 development plan or the tax increment financing plan, or both, with  
9 notice given under section 19, shall determine whether the  
10 development plan or tax increment financing plan constitutes a  
11 public purpose. If it determines that the development plan or tax  
12 increment financing plan constitutes a public purpose, it shall by  
13 ordinance approve or reject the plan, or approve it with  
14 modification, based on the following considerations:

15       (a) The findings and recommendations of a development area  
16 citizens council, if a development area citizens council was  
17 formed.

18       (b) The plan meets the requirements under section 18(2).

19       (c) The proposed method of financing the development is  
20 feasible and the authority has the ability to arrange the  
21 financing.

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

24       (e) The land included within the development area to be  
25 acquired is reasonably necessary to carry out the purposes of the  
26 plan and of this act in an efficient and economically satisfactory  
27 manner.

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

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

5           (h) Changes in zoning, streets, street levels, intersections,  
6 and utilities are reasonably necessary for the project and for the  
7 municipality.

8           Sec. 21. (1) The director of the authority shall submit a  
9 budget to the board for the operation of the authority for each  
10 fiscal year before the beginning of the fiscal year. The budget  
11 shall be prepared in the manner and contain the information  
12 required of municipal departments. After review by the board, the  
13 budget shall be submitted to the governing body. The governing body  
14 must approve the budget before the board may adopt the budget.  
15 Unless authorized by the governing body or this act, funds of the  
16 municipality shall not be included in the budget of the authority.

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

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

27           Sec. 23. (1) The state tax commission may institute

1 proceedings to compel enforcement of this act.

2 (2) The state tax commission may promulgate rules necessary  
3 for the administration of this act under the administrative  
4 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

5 Sec. 24. After December 31, 2011, a municipality shall not  
6 create an authority or expand the boundaries of a development plan.