

# SENATE BILL No. 1159

March 16, 2006, Introduced by Senators ALLEN, BIRKHOLZ, VAN WOERKOM, BARCIA, GOSCHKA, JACOBS and GILBERT and referred to the Committee on Natural Resources and Environmental Affairs.

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

22 (n) "Municipality" means a city or township.

23 Sec. 3. As used in this act:

24 (a) "Operations" means office maintenance, including salaries  
25 and expenses of employees, office supplies, consultation fees,  
26 design costs, and other expenses incurred in the daily management  
27 of the authority and planning of its activities.

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

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

17 (d) "Specific local tax" means a tax levied under 1974 PA 198,  
18 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
19 255, MCL 207.651 to 207.668, the technology park development act,  
20 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to  
21 211.182. The initial assessed value or current assessed value of  
22 property subject to a specific local tax shall be the quotient of  
23 the specific local tax paid divided by the ad valorem millage rate.  
24 The state tax commission shall prescribe the method for calculating  
25 the initial assessed value and current assessed value of property  
26 for which a specific local tax was paid in lieu of a property tax.

27 (e) "State fiscal year" means the annual period commencing

1 October 1 of each year.

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

8 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
9 211.901 to 211.906.

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

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

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

22 (v) Ad valorem property taxes exempted from capture under  
23 section 17(5) or specific local taxes attributable to the ad  
24 valorem property taxes.

25 (vi) Ad valorem property taxes specifically levied for the  
26 payment of principal and interest of obligations approved by the  
27 electors or obligations pledging the unlimited taxing power of the

1 local governmental unit or specific taxes attributable to those ad  
2 valorem property taxes.

3 (g) "Water resource improvement" means the eradication of  
4 invasive species or other water quality improvement measures.

5 (h) "Water resource improvement district" or "district" means  
6 an inland body of water and all land within 1 mile of the shoreland  
7 of the inland body of water.

8 Sec. 4. (1) Except as otherwise provided in this subsection, a  
9 municipality may establish multiple authorities. A parcel of  
10 property shall not be included in more than 1 authority created  
11 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 the  
14 powers necessary to carry out its purpose. The enumeration of a  
15 power in this act shall not be construed as a limitation upon the  
16 general powers of an authority.

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

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 ordinance  
27 creating the authority and designating the boundaries of the

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

25 (3) Not less than 60 days after the public hearing, if the  
26 governing body of the municipality intends to proceed with the  
27 establishment of the authority it shall adopt, by majority vote of

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

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

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

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



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

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

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

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

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

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

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

1 designate a qualified person as acting director to perform the  
2 duties of the office. Before beginning his or her duties, the  
3 acting director shall take and subscribe to the oath, and furnish  
4 bond, as required of the director. The director shall furnish the  
5 board with information or reports governing the operation of the  
6 authority as the board requires.

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

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

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

23 (5) The board may employ other personnel considered necessary  
24 by the board.

25 Sec. 9. The employees of an authority shall be eligible to  
26 participate in municipal retirement and insurance programs of the  
27 municipality as if they were civil service employees except that

1 the employees of an authority are not civil service employees.

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

3 (a) Prepare an analysis of economic changes and water quality  
4 issues taking place in the development area.

5 (b) Study and analyze the need for water resource improvements  
6 upon the development area.

7 (c) Plan and propose the construction, renovation, repair,  
8 remodeling, rehabilitation, restoration, preservation, or  
9 reconstruction of a public facility that may be necessary or  
10 appropriate to the execution of a plan that, in the opinion of the  
11 board, aids in water resource improvement and economic growth of  
12 the development area.

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

18 (e) Develop long-range plans to improve water quality within  
19 the district.

20 (f) Implement any plan of development to improve water  
21 resource quality in the development area necessary to achieve the  
22 purposes of this act in accordance with the powers of the authority  
23 granted by this act.

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

26 (h) Acquire by purchase or otherwise, on terms and conditions  
27 and in a manner the authority considers proper or own, convey, or

1 otherwise dispose of, or lease as lessor or lessee, land and other  
2 property, real or personal, or rights or interests in the property,  
3 that the authority determines is reasonably necessary to achieve  
4 the purposes of this act, and to grant or acquire licenses,  
5 easements, and options.

6 (i) Improve land and construct, reconstruct, rehabilitate,  
7 restore and preserve, equip, clear, improve, maintain, repair, and  
8 operate any public facility, building, and any necessary or  
9 desirable appurtenances to those buildings, within the development  
10 area for the use, in whole or in part, of any public or private  
11 person or corporation, or a combination thereof.

12 (j) Fix, charge, and collect fees, rents, and charges for the  
13 use of any facility, building, or property under its control or any  
14 part of the facility, building, or property, and pledge the fees,  
15 rents, and charges for the payment of revenue bonds issued by the  
16 authority.

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

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

21 (m) Acquire and construct public facilities.

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

24 Sec. 12. A municipality may acquire private property under  
25 1911 PA 149, MCL 213.21 to 213.25, or the uniform condemnation  
26 procedures act, 1980 PA 87, MCL 213.51 to 213.75, for the purposes  
27 of transfer to the authority, and may transfer the property to the

1 authority for use in an approved development, on terms and  
2 conditions it considers appropriate, and the taking, transfer, and  
3 use shall be considered necessary for public purposes and for the  
4 benefit of the public.

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

7 (a) Donations to the authority for the performance of its  
8 functions.

9 (b) Money borrowed and to be repaid as authorized by sections  
10 15 and 16.

11 (c) Revenues from any property, building, or facility owned,  
12 leased, licensed, or operated by the authority or under its  
13 control, subject to the limitations imposed upon the authority by  
14 trusts or other agreements.

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

17 (e) Proceeds from a special assessment district created as  
18 provided by law.

19 (f) Money obtained from other sources approved by the  
20 governing body of the municipality or otherwise authorized by law  
21 for use by the authority or the municipality to finance a  
22 development program.

23 (2) Money received by the authority and not covered under  
24 subsection (1) shall immediately be deposited to the credit of the  
25 authority, subject to disbursement under this act. Except as  
26 provided in this act, the municipality shall not obligate itself,  
27 and shall not be obligated, to pay any sums from public funds,

1 other than money received by the municipality under this section,  
2 for or on account of the activities of the authority.

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

7 Sec. 15. The authority may borrow money and issue its  
8 negotiable revenue bonds under the revenue bond act of 1933, 1933  
9 PA 94, MCL 141.101 to 141.140. Revenue bonds issued by the  
10 authority are not a debt of the municipality unless the  
11 municipality by majority vote of the members of its governing body  
12 pledges its full faith and credit to support the authority's  
13 revenue bonds. Revenue bonds issued by the authority are never a  
14 debt of this state.

15 Sec. 16. (1) The authority may with approval of the local  
16 governing body borrow money and issue its revenue bonds or notes to  
17 finance all or part of the costs of water resource improvements in  
18 connection with either of the following:

19 (a) The implementation of a development plan in the  
20 development area.

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

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

25 (a) The cost of purchasing, acquiring, constructing,  
26 improving, enlarging, extending, or repairing property in  
27 connection with the implementation of a development plan in the

1 development area.

2 (b) Any engineering, architectural, legal, accounting, or  
3 financial expenses.

4 (c) The costs necessary or incidental to the borrowing of  
5 money.

6 (d) Interest on the bonds or notes during the period of  
7 construction.

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

10 (f) A reserve for operation and maintenance until sufficient  
11 revenues have developed.

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

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

24 (5) Bonds or notes issued under this section are exempt from  
25 all taxation in this state except inheritance and transfer taxes,  
26 and the interest on the bonds or notes is exempt from all taxation  
27 in this state, notwithstanding that the interest may be subject to



1 federal income tax.

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

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

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

1 resulting solely from inflation. The plan shall set forth the  
2 method for excluding growth in property value resulting solely from  
3 inflation.

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

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

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

24 (5) Not more than 60 days after the public hearing, the  
25 governing body in a taxing jurisdiction levying ad valorem property  
26 taxes that would otherwise be subject to capture may exempt its  
27 taxes from capture by adopting a resolution to that effect and

1 filing a copy with the clerk of the municipality proposing to  
2 create the authority. In the event that the governing body levies a  
3 separate millage for public library purposes, at the request of the  
4 public library board, that separate millage shall be exempt from  
5 the capture. The resolution shall take effect when filed with the  
6 clerk and remains effective until a copy of a resolution rescinding  
7 that resolution is filed with that clerk.

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

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

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

25       (a) The amount and source of revenue in the account.

26       (b) The amount in any bond reserve account.

27       (c) The amount and purpose of expenditures from the account.

1 (d) The amount of principal and interest on any outstanding  
2 bonded indebtedness.

3 (e) The initial assessed value of the project area.

4 (f) The captured assessed value retained by the authority.

5 (g) The tax increment revenues received.

6 (h) The number of public facilities developed.

7 (i) The number of water resource improvements made.

8 (j) A brief description of each water resource improvement  
9 made within the district.

10 (k) Any additional information the governing body considers  
11 necessary.

12 Sec. 19. (1) The municipality may by resolution of its  
13 governing body and subject to voter approval authorize, issue, and  
14 sell general obligation bonds subject to the limitations set forth  
15 in this subsection to finance the development program of the tax  
16 increment financing plan and shall pledge its full faith and credit  
17 for the payment of the bonds. The municipality may pledge as  
18 additional security for the bonds any money received by the  
19 authority or the municipality under section 13. The bonds are  
20 subject to the revised municipal finance act, 2001 PA 34, MCL  
21 141.2101 to 141.2821. Before the municipality may authorize the  
22 borrowing, the authority shall submit an estimate of the  
23 anticipated tax increment revenues and other revenue available  
24 under section 13 to be available for payment of principal and  
25 interest on the bonds, to the governing body of the municipality.  
26 This estimate shall be approved by the governing body of the  
27 municipality by resolution adopted by majority vote of the members

1 of the governing body in the resolution authorizing the bonds. If  
2 the governing body of the municipality adopts the resolution  
3 authorizing the bonds, the estimate of the anticipated tax  
4 increment revenues and other revenue available under section 13 to  
5 be available for payment of principal and interest on the bonds  
6 shall be conclusive for purposes of this section. The bonds issued  
7 under this subsection shall be considered a single series for the  
8 purposes of the revised municipal finance act, 2001 PA 34, MCL  
9 141.2101 to 141.2821.

10 (2) By resolution of its governing body, the authority may  
11 authorize, issue, and sell tax increment bonds subject to the  
12 limitations set forth in this subsection to finance the development  
13 program of the tax increment financing plan. The tax increment  
14 bonds issued by the authority under this subsection shall pledge  
15 solely the tax increment revenues of a development area in which  
16 the project is located or a development area from which tax  
17 increment revenues may be used for this project, or both. In  
18 addition or in the alternative, the bonds issued by the authority  
19 under this subsection may be secured by any other revenues  
20 identified in section 13 as sources of financing for activities of  
21 the authority that the authority shall specifically pledge in the  
22 resolution. However, the full faith and credit of the municipality  
23 shall not be pledged to secure bonds issued under this subsection.  
24 The bond issue may include a sum sufficient to pay interest on the  
25 tax increment bonds until full development of tax increment  
26 revenues from the project and also a sum to provide a reasonable  
27 reserve for payment of principal and interest on the bonds. The

1 resolution authorizing the bonds shall create a lien on the tax  
2 increment revenues and other revenues pledged by the resolution  
3 that shall be a statutory lien and shall be a first lien subject  
4 only to liens previously created. The resolution may provide the  
5 terms upon which additional bonds may be issued of equal standing  
6 and parity of lien as to the tax increment revenues and other  
7 revenues pledged under the resolution. Bonds issued under this  
8 subsection that pledge revenue received under section 15 for  
9 repayment of the bonds are subject to the revised municipal finance  
10 act, 2001 PA 34, MCL 141.2101 to 141.2821.

11 Sec. 20. (1) If a board decides to finance a project in a  
12 development area by the use of revenue bonds as authorized in  
13 section 15 or tax increment financing as authorized in sections 17,  
14 18, and 19, it shall prepare a development plan.

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

16 (a) The designation of boundaries of the development area in  
17 relation to highways, streets, streams, lakes, other bodies of  
18 water, or otherwise.

19 (b) The location and extent of existing streets and other  
20 public facilities within the development area, designating the  
21 location, character, and extent of the categories of public and  
22 private land uses then existing and proposed for the development  
23 area, including residential, recreational, commercial, industrial,  
24 educational, and other uses, and including a legal description of  
25 the development area.

26 (c) A description of existing improvements in the development  
27 area to be demolished, repaired, or altered, a description of any

1 repairs and alterations, and an estimate of the time required for  
2 completion.

3 (d) The location, extent, character, and estimated cost of the  
4 improvements including rehabilitation contemplated for the  
5 development area and an estimate of the time required for  
6 completion.

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

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

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

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

16 (i) An estimate of the cost of the development, a statement of  
17 the proposed method of financing the development, and the ability  
18 of the authority to arrange the financing.

19 (j) Designation of the person or persons, natural or  
20 corporate, to whom all or a portion of the development is to be  
21 leased, sold, or conveyed in any manner and for whose benefit the  
22 project is being undertaken if that information is available to the  
23 authority.

24 (k) The procedures for bidding for the leasing, purchasing, or  
25 conveying in any manner of all or a portion of the development upon  
26 its completion, if there is no express or implied agreement between  
27 the authority and persons, natural or corporate, that all or a

1 portion of the development will be leased, sold, or conveyed in any  
2 manner to those persons.

3 (l) Estimates of the number of persons residing in the  
4 development area and the number of families and individuals to be  
5 displaced. If occupied residences are designated for acquisition  
6 and clearance by the authority, a development plan shall include a  
7 survey of the families and individuals to be displaced, including  
8 their income and racial composition, a statistical description of  
9 the housing supply in the community, including the number of  
10 private and public units in existence or under construction, the  
11 condition of those units in existence, the number of owner-occupied  
12 and renter-occupied units, the annual rate of turnover of the  
13 various types of housing and the range of rents and sale prices, an  
14 estimate of the total demand for housing in the community, and the  
15 estimated capacity of private and public housing available to  
16 displaced families and individuals.

17 (m) A plan for establishing priority for the relocation of  
18 persons displaced by the development in any residential housing in  
19 the development area.

20 (n) Provision for the costs of relocating persons displaced by  
21 the development and financial assistance and reimbursement of  
22 expenses, including litigation expenses and expenses incident to  
23 the transfer of title, in accordance with the standards and  
24 provisions of the uniform relocation assistance and real property  
25 acquisition policies act of 1970, Public Law 91-646, 84 Stat. 1894.

26 (o) A plan for compliance with 1972 PA 227, MCL 213.321 to  
27 213.332.



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

4           (q) The water resource improvements that will be made in the  
5 development area.

6           (r) Other material that the authority, local public agency, or  
7 governing body considers pertinent.

8           Sec. 21. (1) The governing body, before adoption of an  
9 ordinance approving a development plan or tax increment financing  
10 plan, shall hold a public hearing on the development plan. Notice  
11 of the time and place of the hearing shall be given by publication  
12 twice in a newspaper of general circulation designated by the  
13 municipality, the first of which shall be not less than 20 days  
14 before the date set for the hearing. Notice of the hearing shall be  
15 posted in at least 20 conspicuous and public places in the  
16 development area not less than 20 days before the hearing. Notice  
17 shall also be mailed to all property taxpayers of record in the  
18 development area and to the governing body of each taxing  
19 jurisdiction levying taxes that would be subject to capture if the  
20 tax increment financing plan is approved not less than 20 days  
21 before the hearing.

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

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

26           (b) A statement that maps, plats, and a description of the  
27 development plan, including the method of relocating families and

1 individuals who may be displaced from the area, are available for  
2 public inspection at a place designated in the notice.

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

5 (d) Other information that the governing body considers  
6 appropriate.

7 (3) At the time set for the hearing, the governing body shall  
8 provide an opportunity for interested persons to speak and shall  
9 receive and consider communications in writing. The hearing shall  
10 provide the fullest opportunity for expression of opinion, for  
11 argument on the merits, and for consideration of documentary  
12 evidence pertinent to the development plan. The governing body  
13 shall make and preserve a record of the public hearing, including  
14 all data presented at the hearing.

15 Sec. 22. The governing body after a public hearing on the  
16 development plan or the tax increment financing plan, or both, with  
17 notice given under section 21, shall determine whether the  
18 development plan or tax increment financing plan constitutes a  
19 public purpose. If it determines that the development plan or tax  
20 increment financing plan constitutes a public purpose, it shall by  
21 ordinance approve or reject the plan, or approve it with  
22 modification, based on the following considerations:

23 (a) The findings and recommendations of a development area  
24 citizens council, if a development area citizens council was  
25 formed.

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

27 (c) The proposed method of financing the development is

1 feasible and the authority has the ability to arrange the  
2 financing.

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

5 (e) The land included within the development area to be  
6 acquired is reasonably necessary to carry out the purposes of the  
7 plan and of this act in an efficient and economically satisfactory  
8 manner.

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

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

13 (h) Changes in zoning, streets, street levels, intersections,  
14 and utilities are reasonably necessary for the project and for the  
15 municipality.

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

19 Sec. 24. (1) The director of the authority shall submit a  
20 budget to the board for the operation of the authority for each  
21 fiscal year before the beginning of the fiscal year. The budget  
22 shall be prepared in the manner and contain the information  
23 required of municipal departments. After review by the board, the  
24 budget shall be submitted to the governing body. The governing body  
25 must approve the budget before the board may adopt the budget.  
26 Unless authorized by the governing body or this act, funds of the  
27 municipality shall not be included in the budget of the authority.

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

6           Sec. 25. An authority that has completed the purposes for  
7 which it was organized shall be dissolved by ordinance of the  
8 governing body. The property and assets of the authority remaining  
9 after the satisfaction of the obligations of the authority belong  
10 to the municipality.

11          Sec. 26. (1) The state tax commission may institute  
12 proceedings to compel enforcement of this act.

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