

**SUBSTITUTE FOR
SENATE BILL NO. 47**

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

1 resource improvement tax increment finance authority act".

2 Sec. 2. As used in this act:

3 (a) "Advance" means a transfer of funds made by a municipality
4 to an authority or to another person on behalf of the authority in
5 anticipation of repayment by the authority. Evidence of the intent
6 to repay an advance may include, but is not limited to, an executed
7 agreement to repay, provisions contained in a tax increment
8 financing plan approved prior to the advance, or a resolution of
9 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, MCL
12 211.27a.

13 (c) "Authority" means a water resource improvement tax
14 increment finance authority 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 commission
21 shall prescribe the method for calculating captured assessed value.

22 (f) "Chief executive officer" means the mayor or city manager
23 of a city, the president or village manager of a village, or the
24 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 former 1921 PA
25 207, or a site plan under the Michigan zoning enabling act, 2006 PA
26 110, MCL 125.3101 to 125.3102.

27 (o) "Municipality" means a city, village, or township.

1 Sec. 3. As used in this act:

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

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

8 (c) "Public facility" means a street, and any improvements to
9 a street, including street furniture and beautification, park,
10 parking facility, recreational facility, right of way, structure,
11 waterway, bridge, lake, pond, canal, utility line or pipe, or
12 building, including access routes designed and dedicated to use by
13 the public generally, or used by a public agency, that is related
14 to access to inland lakes or a water resource improvement, or means
15 a water resource improvement. Public facility includes an
16 improvement to a facility used by the public or a public facility
17 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
18 if the improvement complies with the barrier free design
19 requirements of the state construction code promulgated under the
20 Stille-DeRossett-Hale single state construction code act, 1972 PA
21 230, MCL 125.1501 to 125.1531.

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

1 the specific local tax paid divided by the ad valorem millage rate.
2 The state tax commission shall prescribe the method for calculating
3 the initial assessed value and current assessed value of property
4 for which a specific local 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 the
12 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 portion
17 of the captured assessed value shared with taxing jurisdictions
18 within the jurisdictional area of the authority or to a portion of
19 value of property that may be excluded from captured assessed value
20 or specific local taxes attributable to the ad valorem property
21 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 authority
25 or specific local taxes attributable to the ad valorem property
26 taxes.

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

1 section 15(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 the
6 local governmental unit or specific taxes attributable to those ad
7 valorem property taxes.

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

11 (i) The elimination of the causes and the proliferation of
12 aquatic nuisance species, as defined in section 3101 of the natural
13 resources and environmental protection act, 1994 PA 451, MCL
14 324.3101. For purposes of this act, water resources improvement
15 does not include chemical treatment of waters for aquatic nuisance
16 control.

17 (ii) Sewer systems that replace failing on-site disposal
18 systems.

19 (iii) Storm water systems.

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

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

27 (2) An authority is a public body corporate that may sue and

1 be sued in any court of this state. An authority possesses all the
2 powers necessary to carry out its purpose. The enumeration of a
3 power in this act shall not be construed as a limitation upon the
4 general powers of an authority.

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

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

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

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

25 (4) The governing body of the municipality may alter or amend
26 the boundaries of the development area to include or exclude lands
27 from the development area in the same manner as adopting the

1 ordinance creating the authority.

2 (5) A municipality that has created an authority may enter
3 into an agreement with an adjoining municipality that has created
4 an authority to jointly operate and administer those authorities
5 under an interlocal agreement under the urban cooperation act of
6 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

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

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

1 appointed. After the initial appointment, each member shall serve
2 for a term of 4 years. An appointment to fill a vacancy shall be
3 made by the chief executive officer of the municipality for the
4 unexpired term only. Members of the board shall serve without
5 compensation, but shall be reimbursed for actual and necessary
6 expenses. The chairperson of the board shall be elected by the
7 board.

8 (2) Before assuming the duties of office, a member shall
9 qualify by taking and subscribing to the constitutional oath of
10 office.

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

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

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

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

27 Sec. 8. (1) The board may employ and fix the compensation of a

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

26 (2) The board may employ and fix the compensation of a
27 treasurer, who shall keep the financial records of the authority

1 and who, together with the director, shall approve all vouchers for
2 the expenditure of funds of the authority. The treasurer shall
3 perform all duties delegated to him or her by the board and shall
4 furnish bond in an amount prescribed by the board.

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

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

15 (5) The board may employ other personnel considered necessary
16 by the board.

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

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

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

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

26 (c) Plan and propose the construction, renovation, repair,
27 remodeling, rehabilitation, restoration, preservation, or

1 reconstruction of a public facility that may be necessary or
2 appropriate to the execution of a plan that, in the opinion of the
3 board, aids in water resource improvement or access to inland lakes
4 in the development area. The board is encouraged to develop a plan
5 that conserves the natural features, reduces impervious surfaces,
6 and uses landscaping and natural features to reflect the
7 predevelopment site.

8 (d) Plan, propose, and implement an improvement to a public
9 facility within the development area to comply with the barrier
10 free design requirements of the state construction code promulgated
11 under the Stille-DeRossett-Hale single state construction code act,
12 1972 PA 230, MCL 125.1501 to 125.1531.

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

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

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

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

1 (i) Improve land and construct, reconstruct, rehabilitate,
2 restore and preserve, equip, clear, improve, maintain, and repair
3 any public facility, building, and any necessary or desirable
4 appurtenances to those buildings and operate a water resource
5 improvement, as determined by the authority to be reasonably
6 necessary to achieve the purposes of this act, within the
7 development area for the use, in whole or in part, of any public or
8 private person or corporation, or a combination thereof.

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

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

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

18 (m) Acquire and construct public facilities.

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

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

23 (a) Donations to the authority for the performance of its
24 functions.

25 (b) Money borrowed and to be repaid as authorized by sections
26 13 and 14.

27 (c) Revenues from any property, building, or facility owned,

1 leased, licensed, or operated by the authority or under its
2 control, subject to the limitations imposed upon the authority by
3 trusts or other agreements.

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

6 (e) Proceeds from a special assessment district created as
7 provided by law.

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

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

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

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

26 (a) The implementation of a development plan in the
27 development area.

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

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

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

9 (b) Any engineering, architectural, legal, accounting, or
10 financial expenses.

11 (c) The costs necessary or incidental to the borrowing of
12 money.

13 (d) Interest on the bonds or notes during the period of
14 construction.

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

17 (f) A reserve for operation and maintenance until sufficient
18 revenues have developed.

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

22 (4) A pledge made by the authority is valid and binding from
23 the time the pledge is made. The money or property pledged by the
24 authority immediately is subject to the lien of the pledge without
25 a physical delivery, filing, or further act. The lien of a pledge
26 is valid and binding against parties having claims of any kind in
27 tort, contract, or otherwise, against the authority, whether or not

1 the parties have notice of the lien. Neither the resolution, the
2 trust agreement, nor any other instrument by which a pledge is
3 created must be filed or recorded to be enforceable.

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

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

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

19 Sec. 15. (1) If the authority determines that it is necessary
20 for the achievement of the purposes of this act, the authority
21 shall prepare and submit a tax increment financing plan to the
22 governing body of the municipality. The plan shall include a
23 development plan as provided in section 18, a detailed explanation
24 of the tax increment procedure, the maximum amount of bonded
25 indebtedness to be incurred, and the duration of the program, and
26 shall be in compliance with section 16. The plan shall contain a
27 statement of the estimated impact of tax increment financing on the

1 assessed values of all taxing jurisdictions in which the
2 development area is located. The plan may provide for the use of
3 part or all of the captured assessed value, but the portion
4 intended to be used by the authority shall be clearly stated in the
5 tax increment financing plan. The authority or municipality may
6 exclude from captured assessed value growth in property value
7 resulting solely from inflation. The plan shall set forth the
8 method for excluding growth in property value resulting solely from
9 inflation.

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

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

26 (4) A tax increment financing plan may be modified if the
27 modification is approved by the governing body upon notice and

1 after public hearings and agreements as are required for approval
2 of the original plan.

3 (5) Not more than 60 days after the public hearing, the
4 governing body in a taxing jurisdiction levying ad valorem property
5 taxes that would otherwise be subject to capture may exempt its
6 taxes from capture by adopting a resolution to that effect and
7 filing a copy with the clerk of the municipality proposing to
8 create the authority. In the event that the governing body levies a
9 separate millage for public library purposes, at the request of the
10 public library board, that separate millage shall be exempt from
11 the capture. The resolution shall take effect when filed with the
12 clerk and remains effective until a copy of a resolution rescinding
13 that resolution is filed with that clerk.

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

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

27 (3) Annually the authority shall submit to the governing body

1 of the municipality and the state tax commission a report on the
2 status of the tax increment financing account. The report shall
3 include the following:

- 4 (a) The amount and source of revenue in the account.
- 5 (b) The amount in any bond reserve account.
- 6 (c) The amount and purpose of expenditures from the account.
- 7 (d) The amount of principal and interest on any outstanding
8 bonded indebtedness.
- 9 (e) The initial assessed value of the project area.
- 10 (f) The captured assessed value retained by the authority.
- 11 (g) The tax increment revenues received.
- 12 (h) The number of public facilities developed.
- 13 (i) The number of water resource improvements made.
- 14 (j) A brief description of each water resource improvement
15 made within the district.
- 16 (k) Any additional information the governing body considers
17 necessary.

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

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

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

26 Sec. 18. (1) If a board decides to finance a project in a
27 development area by the use of revenue bonds as authorized in

1 section 13 or tax increment financing as authorized in sections 15,
2 16, and 17, it shall prepare a development plan.

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

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

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

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

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

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

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

26 (g) A description of any portions of the development area that
27 the authority desires to sell, donate, exchange, or lease to or

1 from the municipality and the proposed terms.

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

4 (i) An estimate of the cost of the development, a statement of
5 the proposed method of financing the development, and the ability
6 of the authority to arrange the financing.

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

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

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

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

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

25 (o) Based on consultation with the affected state and federal
26 authorities, an identification of the permits the board believes
27 necessary to complete the proposed public facility and an

1 explanation of how the proposed public facility will meet the
2 requirements necessary for issuance of each permit.

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

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

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

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

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

27 (d) Other information that the governing body considers

1 appropriate.

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

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

18 (a) The findings and recommendations of a development area
19 citizens council, if a development area citizens council was
20 formed.

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

22 (c) The proposed method of financing the development is
23 feasible and the authority has the ability to arrange the
24 financing.

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

27 (e) The land included within the development area to be

1 acquired is reasonably necessary to carry out the purposes of the
2 plan and of this act in an efficient and economically satisfactory
3 manner.

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

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

8 (h) Changes in zoning, streets, street levels, intersections,
9 and utilities are reasonably necessary for the project and for the
10 municipality.

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

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

25 Sec. 22. An authority that has completed the purposes for
26 which it was organized shall be dissolved by ordinance of the
27 governing body. The property and assets of the authority remaining

1 after the satisfaction of the obligations of the authority belong
2 to the municipality.

3 Sec. 23. (1) The state tax commission may institute
4 proceedings to compel enforcement of this act.

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

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