

**SUBSTITUTE FOR
SENATE BILL NO. 588**

A bill to amend 2005 PA 280, entitled
"Corridor improvement authority act,"
by amending sections 3, 5, 11, 17, and 18 (MCL 125.2873, 125.2875,
125.2881, 125.2887, and 125.2888) and by adding section 29.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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, plaza, pedestrian mall,
9 and any improvements to a street, plaza, or pedestrian mall

including street furniture and beautification, sidewalk, trail, lighting, traffic flow modification, park, parking facility, recreational facility, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, or building, including access routes, **THAT ARE EITHER** designed and dedicated to use by the public generally ~~—~~or used by a public agency, **OR THAT ARE LOCATED IN A QUALIFIED DEVELOPMENT AREA AND ARE FOR THE BENEFIT OF OR FOR THE PROTECTION OF THE HEALTH, WELFARE, OR SAFETY OF THE PUBLIC GENERALLY, WHETHER OR NOT USED BY 1 OR MORE BUSINESS ENTITIES, PROVIDED THAT ANY ROAD, STREET, OR BRIDGE SHALL BE CONTINUOUSLY OPEN TO PUBLIC ACCESS AND THAT OTHER PROPERTY SHALL BE LOCATED IN PUBLIC EASEMENTS OR RIGHTS-OF-WAY AND DESIGNED TO ACCOMMODATE FORESEEABLE DEVELOPMENT OF PUBLIC FACILITIES IN ADJOINING AREAS.** Public facility includes an improvement to a facility used by the public or a public facility as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351, if the improvement complies with the barrier-free design requirements of the state construction code promulgated under the Stille-DeRossett-Hale single state construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

(D) "QUALIFIED DEVELOPMENT AREA" MEANS A DEVELOPMENT AREA THAT MEETS ALL OF THE FOLLOWING:

(i) IS LOCATED WITHIN A CITY WITH A POPULATION OF 700,000 OR MORE.

(ii) CONTAINS AT LEAST 30 CONTIGUOUS ACRES.

(iii) WAS OWNED BY THIS STATE ON DECEMBER 31, 2003 AND WAS CONVEYED TO A PRIVATE OWNER BEFORE JUNE 30, 2004.

(iv) IS ZONED TO ALLOW FOR MIXED USE THAT INCLUDES COMMERCIAL

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USE AND THAT MAY INCLUDE RESIDENTIAL USE.

(v) OTHERWISE COMPLIES WITH THE REQUIREMENTS OF SECTION 5(A),
(D), (E), AND (G).

(vi) CONSTRUCTION WITHIN THE QUALIFIED DEVELOPMENT AREA BEGINS
ON OR BEFORE THE DATE 2 YEARS AFTER THE EFFECTIVE DATE OF THE
AMENDATORY ACT THAT ADDED THIS SUBDIVISION.

<<(vii) IS LOCATED IN A DISTRESSED AREA.>>

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

(F) ~~(e)~~—"State fiscal year" means the annual period commencing
October 1 of each year.

(G) ~~(f)~~—"Tax increment revenues" means the amount of ad
valorem property taxes and specific local taxes attributable to the
application of the levy of all taxing jurisdictions upon the
captured assessed value of real and personal property in the
development area. ~~Tax~~—EXCEPT AS OTHERWISE PROVIDED IN SECTION 29,
TAX increment revenues do not include any of the following:

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

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

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

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

(v) Ad valorem property taxes exempted from capture under section 18(5) or specific local taxes attributable to the ad valorem property taxes.

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

<<(H) "DISTRESSED AREA" MEANS A LOCAL GOVERNMENTAL UNIT THAT MEETS ALL OF THE FOLLOWING:

(i) HAS A POPULATION OF 700,000 OR MORE.

(ii) SHOWS A NEGATIVE POPULATION CHANGE FROM 1970 TO THE DATE OF THE MOST RECENT FEDERAL DECENNIAL CENSUS.

(iii) SHOWS AN OVERALL INCREASE IN THE STATE EQUALIZED VALUE OF REAL AND PERSONAL PROPERTY OF LESS THAN THE STATEWIDE AVERAGE INCREASE SINCE 1972.

(iv) HAS A POVERTY RATE, AS DEFINED BY THE MOST RECENT FEDERAL DECENNIAL CENSUS, GREATER THAN THE STATEWIDE AVERAGE.

(v) HAS HAD AN UNEMPLOYMENT RATE HIGHER THAN THE STATEWIDE AVERAGE.>>

Sec. 5. A development area shall only be established in a municipality and, EXCEPT FOR A DEVELOPMENT AREA LOCATED IN A

QUALIFIED DEVELOPMENT AREA, shall comply with all of the following

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24 criteria:

25 (a) Be adjacent to a road classified as an arterial or
26 collector according to the federal highway administration manual
27 "Highway Functional Classification - Concepts, Criteria and

1 Procedures".

2 (b) Contain at least 10 contiguous parcels or at least 5
3 contiguous acres.

4 (c) More than 1/2 of the existing ground floor square footage
5 in the development area is classified as commercial real property
6 under section 34c of the general property tax act, 1893 PA 206, MCL
7 211.34c.

8 (d) Residential use, commercial use, or industrial use has
9 been allowed and conducted under the zoning ordinance or conducted
10 in the entire development area, for the immediately preceding 30
11 years.

12 (e) Is presently served by municipal water and sewer.

13 (f) Zoned to allow for mixed use that includes high-density
14 residential use.

15 (g) The municipality agrees to all of the following:

16 (i) To expedite the local permitting and inspection process in
17 the development area.

18 (ii) To modify its master plan to provide for walkable
19 nonmotorized interconnections, including sidewalks and streetscapes
20 throughout the development area.

21 Sec. 11. (1) The board may do any of the following:

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

24 (b) Study and analyze the impact of metropolitan growth upon
25 the development area.

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

1 reconstruction of a public facility, an existing building, or a
2 multiple-family dwelling unit which may be necessary or appropriate
3 to the execution of a plan which, in the opinion of the board, aids
4 in the economic growth of the development area.

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, in cooperation with the agency
11 that is chiefly responsible for planning in the municipality,
12 designed to halt the deterioration of property values in the
13 development area and to promote the economic growth of the
14 development area, and take steps as may be necessary to persuade
15 property owners to implement the plans to the fullest extent
16 possible.

17 (f) Implement any plan of development in the development area
18 necessary to achieve the purposes of this act in accordance with
19 the powers of the authority granted by this act.

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

22 (h) ~~Acquire by purchase or otherwise, on ON~~ terms and
23 conditions and in a manner **AND FOR CONSIDERATION** the authority
24 considers proper **OR FOR NO CONSIDERATION, ACQUIRE BY PURCHASE OR**
25 **OTHERWISE**, or own, convey, or otherwise dispose of, or lease as
26 lessor or lessee, land and other property, real or personal, or
27 rights or interests in the property, that the authority determines

1 is reasonably necessary to achieve the purposes of this act, and to
2 grant or acquire licenses, easements, and options.

3 (i) Improve land and construct, reconstruct, rehabilitate,
4 restore and preserve, equip, improve, maintain, repair, and operate
5 any building, including multiple-family dwellings, and any
6 necessary or desirable appurtenances to those buildings, 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 (n) Conduct market research and public relations campaigns,
20 develop, coordinate, and conduct retail and institutional
21 promotions, and sponsor special events and related activities.

22 (o) Contract for broadband service and wireless technology
23 service in a development area.

24 **(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IN A**
25 **QUALIFIED DEVELOPMENT AREA THE BOARD MAY, IN ADDITION TO THE POWERS**
26 **ENUMERATED IN SUBSECTION (1), DO 1 OR MORE OF THE FOLLOWING:**

27 **(A) PERFORM ANY NECESSARY OR DESIRABLE SITE IMPROVEMENTS TO**

1 THE LAND, INCLUDING, BUT NOT LIMITED TO, INSTALLATION OF TEMPORARY
2 OR PERMANENT UTILITIES, TEMPORARY OR PERMANENT ROADS AND DRIVEWAYS,
3 SILT FENCES, PERIMETER CONSTRUCTION FENCES, CURBS AND GUTTERS,
4 SIDEWALKS, PAVEMENT MARKINGS, WATER SYSTEMS, GAS DISTRIBUTION
5 LINES, CONCRETE, INCLUDING, BUT NOT LIMITED TO, BUILDING PADS,
6 STORM DRAINAGE SYSTEMS, SANITARY SEWER SYSTEMS, PARKING LOT PAVING
7 AND LIGHT FIXTURES, ELECTRICAL SERVICE, COMMUNICATIONS SYSTEMS,
8 INCLUDING BROADBAND AND HIGH-SPEED INTERNET, SITE SIGNAGE, AND
9 EXCAVATION, BACKFILL, GRADING OF SITE, LANDSCAPING AND IRRIGATION,
10 WITHIN THE DEVELOPMENT AREA FOR THE USE, IN WHOLE OR IN PART, OF
11 ANY PUBLIC OR PRIVATE PERSON OR BUSINESS ENTITY, OR A COMBINATION
12 OF THESE.

13 (B) INCUR EXPENSES AND EXPEND FUNDS TO PAY OR REIMBURSE A
14 PUBLIC OR PRIVATE PERSON FOR COSTS ASSOCIATED WITH ANY OF THE
15 IMPROVEMENTS DESCRIBED IN SUBDIVISION (A).

16 (C) MAKE AND ENTER INTO FINANCING ARRANGEMENTS WITH A PUBLIC
17 OR PRIVATE PERSON FOR THE PURPOSES OF IMPLEMENTING THE BOARD'S
18 POWERS DESCRIBED IN THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
19 LEASE PURCHASE AGREEMENTS, LAND CONTRACTS, INSTALLMENT SALES
20 AGREEMENTS, SALE LEASEBACK AGREEMENTS, AND LOAN AGREEMENTS.

21 Sec. 17. (1) The authority may with approval of the local
22 governing body borrow money and issue its revenue bonds or notes to
23 finance all or part of the costs of acquiring or constructing OR
24 CAUSING TO BE CONSTRUCTED property in connection with either of the
25 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, **AND, FOR THE IMPLEMENTATION OF THE DEVELOPMENT**
9 **PLAN IN A QUALIFIED DEVELOPMENT AREA, THE COST OF REIMBURSING A**
10 **PUBLIC OR PRIVATE PERSON FOR ANY OF THOSE COSTS.**

11 (b) Any engineering, architectural, legal, accounting, or
12 financial expenses.

13 (c) The costs necessary or incidental to the borrowing of
14 money.

15 (d) Interest on the bonds or notes during the period of
16 construction.

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

19 (f) A reserve for operation and maintenance until sufficient
20 revenues have developed.

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

24 (4) A pledge made by the authority is valid and binding from
25 the time the pledge is made. The money or property pledged by the
26 authority immediately is subject to the lien of the pledge without
27 a physical delivery, filing, or further act. The lien of a pledge

1 is valid and binding against parties having claims of any kind in
2 tort, contract, or otherwise, against the authority, whether or not
3 the parties have notice of the lien. Neither the resolution, the
4 trust agreement, nor any other instrument by which a pledge is
5 created must be filed or recorded to be enforceable.

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

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

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

22 Sec. 18. (1) If the authority determines that it is necessary
23 for the achievement of the purposes of this act, the authority
24 shall prepare and submit a tax increment financing plan to the
25 governing body of the municipality. The plan shall include a
26 development plan as provided in section 21, a detailed explanation
27 of the tax increment procedure, the maximum amount of bonded

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

13 (2) Approval of the tax increment financing plan shall comply
14 with the notice, hearing, and disclosure provisions of section 22.
15 If the development plan is part of the tax increment financing
16 plan, only 1 hearing and approval procedure is required for the 2
17 plans together.

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

1 captured assessed value of the development area.

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

6 (5) ~~Not~~ **EXCEPT FOR A DEVELOPMENT AREA LOCATED IN A QUALIFIED**
7 **DEVELOPMENT AREA, NOT** more than 60 days after the public hearing,
8 the governing body in a taxing jurisdiction levying ad valorem
9 property taxes that would otherwise be subject to capture may
10 exempt its taxes from capture by adopting a resolution to that
11 effect and filing a copy with the clerk of the municipality
12 proposing to create the authority. The resolution shall take effect
13 when filed with the clerk and remains effective until a copy of a
14 resolution rescinding that resolution is filed with that clerk.

15 **SEC. 29. (1) SUBJECT TO THE REQUIREMENTS OF SUBSECTION (2),**
16 **WITHIN 60 DAYS AFTER A DEVELOPMENT PLAN FOR A QUALIFIED DEVELOPMENT**
17 **AREA HAS BEEN APPROVED UNDER SECTION 18, UPON WRITTEN REQUEST FROM**
18 **THE AUTHORITY THE MICHIGAN ECONOMIC GROWTH AUTHORITY UNDER THE**
19 **MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO**
20 **207.810, MAY INCLUDE THE FOLLOWING WITHIN THE DEFINITION OF TAX**
21 **INCREMENT REVENUES UNDER SECTION 3(G):**

22 (A) TAXES UNDER THE STATE EDUCATION TAX ACT, 1933 PA 331, MCL
23 211.901 TO 211.906.

24 (B) TAXES LEVIED BY LOCAL OR INTERMEDIATE SCHOOL DISTRICTS
25 UNDER THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO 380.1852.

26 (2) THE MICHIGAN ECONOMIC GROWTH AUTHORITY MAY ONLY ALLOW
27 INCLUSION OF THE TAXES DESCRIBED IN SUBSECTION (1) IN THE

1 DEFINITION OF TAX INCREMENT REVENUES IF THE MICHIGAN ECONOMIC
2 GROWTH AUTHORITY UNDER THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT,
3 1995 PA 24, MCL 207.801 TO 207.810, DETERMINES THAT THE INCLUSION
4 IS NECESSARY TO REDUCE UNEMPLOYMENT, PROMOTE ECONOMIC GROWTH, AND
5 INCREASE CAPITAL INVESTMENT IN A QUALIFIED DEVELOPMENT AREA.