

**SUBSTITUTE FOR  
HOUSE BILL NO. 5853**

A bill to amend 1986 PA 281, entitled  
"The local development financing act,"  
by amending sections 2, 7, 13, and 21 (MCL 125.2152, 125.2157,  
125.2163, and 125.2171), section 2 as amended by 2013 PA 62 and  
sections 7 and 13 as amended by 1993 PA 333.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. As used in this act:

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

9       (b) "Alternative energy technology" means equipment, component

1 parts, materials, electronic devices, testing equipment, and  
2 related systems that are specifically designed, specifically  
3 fabricated, and used primarily for 1 or more of the following:

4 (i) The storage, generation, reformation, or distribution of  
5 clean fuels integrated within an alternative energy system or  
6 alternative energy vehicle, not including an anaerobic digester  
7 energy system or a hydroelectric energy system, for use within the  
8 alternative energy system or alternative energy vehicle.

9 (ii) The process of generating and putting into a usable form  
10 the energy generated by an alternative energy system. Alternative  
11 energy technology does not include those component parts of an  
12 alternative energy system that are required regardless of the  
13 energy source.

14 (iii) Research and development of an alternative energy  
15 vehicle.

16 (iv) Research, development, and manufacturing of an  
17 alternative energy system.

18 (v) Research, development, and manufacturing of an anaerobic  
19 digester energy system.

20 (vi) Research, development, and manufacturing of a  
21 hydroelectric energy system.

22 (c) "Alternative energy technology business" means a business  
23 engaged in the research, development, or manufacturing of  
24 alternative energy technology or a business located in an authority  
25 district that includes a military installation that was operated by  
26 the United States ~~department of defense~~ **DEPARTMENT OF DEFENSE** and  
27 closed after 1980.

1 (d) "Assessed value" means 1 of the following:

2 (i) For valuations made before January 1, 1995, the state  
3 equalized valuation as determined under the general property tax  
4 act, 1893 PA 206, MCL 211.1 to 211.155.

5 (ii) For valuations made after December 31, 1994, the taxable  
6 value as determined under section 27a of the general property tax  
7 act, 1893 PA 206, MCL 211.27a.

8 (e) "Authority" means a local development finance authority  
9 created pursuant to this act.

10 (f) "Authority district" means an area or areas within which  
11 an authority exercises its powers.

12 (g) "Board" means the governing body of an authority.

13 (h) "Business development area" means an area designated as a  
14 certified industrial park under this act prior to June 29, 2000, or  
15 an area designated in the tax increment financing plan that meets  
16 all of the following requirements:

17 (i) The area is zoned to allow its use for eligible property.

18 (ii) The area has a site plan or plat approved by the city,  
19 village, or township in which the area is located.

20 (i) "Business incubator" means real and personal property that  
21 meets all of the following requirements:

22 (i) Is located in a certified technology park or a certified  
23 alternative energy park.

24 (ii) Is subject to an agreement under section 12a or 12c.

25 (iii) Is developed for the primary purpose of attracting 1 or  
26 more owners or tenants who will engage in activities that would  
27 each separately qualify the property as eligible property under

1 subdivision (s) (iii).

2 (j) "Captured assessed value" means the amount in any 1 year  
3 by which the current assessed value of the eligible property  
4 identified in the tax increment financing plan or, for a certified  
5 technology park, a certified alternative energy park, or a next  
6 Michigan development area, the real and personal property included  
7 in the tax increment financing plan, including the current assessed  
8 value of property for which specific local taxes are paid in lieu  
9 of property taxes as determined pursuant to subdivision (hh),  
10 exceeds the initial assessed value. The state tax commission shall  
11 prescribe the method for calculating captured assessed value.  
12 Except as otherwise provided in this act, tax abated property in a  
13 renaissance zone as defined under section 3 of the Michigan  
14 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded  
15 from the calculation of captured assessed value to the extent that  
16 the property is exempt from ad valorem property taxes or specific  
17 local taxes.

18 (k) "Certified alternative energy park" means that portion of  
19 an authority district designated by a written agreement entered  
20 into pursuant to section 12c between the authority, the  
21 municipality or municipalities, and the Michigan economic  
22 development corporation.

23 (l) "Certified business park" means a business development  
24 area that has been designated by the Michigan economic development  
25 corporation as meeting criteria established by the Michigan  
26 economic development corporation. The criteria shall establish  
27 standards for business development areas including, but not limited

1 to, use, types of building materials, landscaping, setbacks,  
2 parking, storage areas, and management.

3 (m) "Certified technology park" means that portion of the  
4 authority district designated by a written agreement entered into  
5 pursuant to section 12a between the authority, the municipality,  
6 and the Michigan economic development corporation.

7 (n) "Chief executive officer" means the mayor or city manager  
8 of a city, the president of a village, or, for other local units of  
9 government or school districts, the person charged by law with the  
10 supervision of the functions of the local unit of government or  
11 school district.

12 (o) "Development plan" means that information and those  
13 requirements for a development set forth in section 15.

14 (p) "Development program" means the implementation of a  
15 development plan.

16 (q) "Eligible advance" means an advance made before August 19,  
17 1993.

18 (r) "Eligible obligation" means an obligation issued or  
19 incurred by an authority or by a municipality on behalf of an  
20 authority before August 19, 1993 and its subsequent refunding by a  
21 qualified refunding obligation. Eligible obligation includes an  
22 authority's written agreement entered into before August 19, 1993  
23 to pay an obligation issued after August 18, 1993 and before  
24 December 31, 1996 by another entity on behalf of the authority.

25 (s) "Eligible property" means land improvements, buildings,  
26 structures, and other real property, and machinery, equipment,  
27 furniture, and fixtures, or any part or accessory thereof whether

1 completed or in the process of construction comprising an  
2 integrated whole, located within an authority district, of which  
3 the primary purpose and use is or will be 1 of the following:

4 (i) The manufacture of goods or materials or the processing of  
5 goods or materials by physical or chemical change.

6 (ii) Agricultural processing.

7 (iii) A high technology activity.

8 (iv) The production of energy by the processing of goods or  
9 materials by physical or chemical change by a small power  
10 production facility as defined by the federal energy regulatory  
11 commission pursuant to the public utility regulatory policies act  
12 of 1978, Public Law 95-617, which facility is fueled primarily by  
13 biomass or wood waste. This act does not affect a person's rights  
14 or liabilities under law with respect to groundwater contamination  
15 described in this subparagraph. This subparagraph applies only if  
16 all of the following requirements are met:

17 (A) Tax increment revenues captured from the eligible property  
18 will be used to finance, or will be pledged for debt service on tax  
19 increment bonds used to finance, a public facility in or near the  
20 authority district designed to reduce, eliminate, or prevent the  
21 spread of identified soil and groundwater contamination, pursuant  
22 to law.

23 (B) The board of the authority exercising powers within the  
24 authority district where the eligible property is located adopted  
25 an initial tax increment financing plan between January 1, 1991 and  
26 May 1, 1991.

27 (C) The municipality that created the authority establishes a

1 special assessment district whereby not less than 50% of the  
2 operating expenses of the public facility described in this  
3 subparagraph will be paid for by special assessments. Not less than  
4 50% of the amount specially assessed against all parcels in the  
5 special assessment district shall be assessed against parcels owned  
6 by parties potentially responsible for the identified groundwater  
7 contamination pursuant to law.

8 (v) A business incubator.

9 (vi) An alternative energy technology business.

10 (vii) A transit-oriented facility.

11 (viii) A transit-oriented development.

12 (ix) An eligible next Michigan business, as that term is  
13 defined in section 3 of the Michigan economic growth authority act,  
14 1995 PA 24, MCL 207.803, and other businesses within a next  
15 Michigan development area, but only to the extent designated as  
16 eligible property within a development plan approved by a next  
17 Michigan development corporation.

18 (t) "Fiscal year" means the fiscal year of the authority.

19 (u) "Governing body" means, except as otherwise provided in  
20 this subdivision, the elected body having legislative powers of a  
21 municipality creating an authority under this act. For a next  
22 Michigan development corporation, governing body means the  
23 executive committee of the next Michigan development corporation,  
24 unless otherwise provided in the interlocal agreement or articles  
25 of incorporation creating the next Michigan development corporation  
26 or the governing body of an eligible urban entity or its designee  
27 as provided in the next Michigan development act, 2010 PA 275, MCL

1 125.2951 to 125.2959.

2 (v) "High-technology activity" means that term as defined in  
3 section 3 of the Michigan economic growth authority act, 1995 PA  
4 24, MCL 207.803.

5 (w) "Initial assessed value" means the assessed value of the  
6 eligible property identified in the tax increment financing plan  
7 or, for a certified technology park, a certified alternative energy  
8 park, or a next Michigan development area, the assessed value of  
9 any real and personal property included in the tax increment  
10 financing plan, at the time the resolution establishing the tax  
11 increment financing plan is approved as shown by the most recent  
12 assessment roll for which equalization has been completed at the  
13 time the resolution is adopted or, for property that becomes  
14 eligible property in other than a certified technology park or a  
15 certified alternative energy park after the date the plan is  
16 approved, at the time the property becomes eligible property.  
17 Property exempt from taxation at the time of the determination of  
18 the initial assessed value shall be included as zero. Property for  
19 which a specific local tax is paid in lieu of property tax shall  
20 not be considered exempt from taxation. The initial assessed value  
21 of property for which a specific local tax was paid in lieu of  
22 property tax shall be determined as provided in subdivision (hh).

23 (x) "Michigan economic development corporation" means the  
24 public body corporate created under section 28 of article VII of  
25 the state constitution of 1963 and the urban cooperation act of  
26 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual  
27 interlocal agreement effective April 5, 1999 between local

1 participating economic development corporations formed under the  
2 economic development corporations act, 1974 PA 338, MCL 125.1601 to  
3 125.1636, and the Michigan strategic fund. If the Michigan economic  
4 development corporation is unable for any reason to perform its  
5 duties under this act, those duties may be exercised by the  
6 Michigan strategic fund.

7 (y) "Michigan strategic fund" means the Michigan strategic  
8 fund as described in the Michigan strategic fund act, 1984 PA 270,  
9 MCL 125.2001 to 125.2094.

10 (z) "Municipality" means a city, village, or urban township.  
11 However, for purposes of creating and operating a certified  
12 alternative energy park or a certified technology park,  
13 municipality includes townships that are not urban townships.

14 (aa) "Next Michigan development area" means a portion of an  
15 authority district designated by a next Michigan development  
16 corporation under section 12e to which a development plan is  
17 applicable.

18 (bb) "Next Michigan development corporation" means that term  
19 as defined in section 3 of the next Michigan development act, 2010  
20 PA 275, MCL 125.2953.

21 (cc) "Obligation" means a written promise to pay, whether  
22 evidenced by a contract, agreement, lease, sublease, bond, or note,  
23 or a requirement to pay imposed by law. An obligation does not  
24 include a payment required solely because of default upon an  
25 obligation, employee salaries, or consideration paid for the use of  
26 municipal offices. An obligation does not include those bonds that  
27 have been economically defeased by refunding bonds issued under

1 this act. Obligation includes, but is not limited to, the  
2 following:

3 (i) A requirement to pay proceeds derived from ad valorem  
4 property taxes or taxes levied in lieu of ad valorem property  
5 taxes.

6 (ii) A management contract or a contract for professional  
7 services.

8 (iii) A payment required on a contract, agreement, bond, or  
9 note if the requirement to make or assume the payment arose before  
10 August 19, 1993.

11 (iv) A requirement to pay or reimburse a person for the cost  
12 of insurance for, or to maintain, property subject to a lease, land  
13 contract, purchase agreement, or other agreement.

14 (v) A letter of credit, paying agent, transfer agent, bond  
15 registrar, or trustee fee associated with a contract, agreement,  
16 bond, or note.

17 (dd) "On behalf of an authority", in relation to an eligible  
18 advance made by a municipality or an eligible obligation or other  
19 protected obligation issued or incurred by a municipality, means in  
20 anticipation that an authority would transfer tax increment  
21 revenues or reimburse the municipality from tax increment revenues  
22 in an amount sufficient to fully make payment required by the  
23 eligible advance made by a municipality, or eligible obligation or  
24 other protected obligation issued or incurred by the municipality,  
25 if the anticipation of the transfer or receipt of tax increment  
26 revenues from the authority is pursuant to or evidenced by 1 or  
27 more of the following:

1           (i) A reimbursement agreement between the municipality and an  
2 authority it established.

3           (ii) A requirement imposed by law that the authority transfer  
4 tax increment revenues to the municipality.

5           (iii) A resolution of the authority agreeing to make payments  
6 to the incorporating unit.

7           (iv) Provisions in a tax increment financing plan describing  
8 the project for which the obligation was incurred.

9           (ee) "Other protected obligation" means:

10           (i) A qualified refunding obligation issued to refund an  
11 obligation described in subparagraph (ii) or (iii), an obligation  
12 that is not a qualified refunding obligation that is issued to  
13 refund an eligible obligation, or a qualified refunding obligation  
14 issued to refund an obligation described in this subparagraph.

15           (ii) An obligation issued or incurred by an authority or by a  
16 municipality on behalf of an authority after August 19, 1993, but  
17 before December 31, 1994, to finance a project described in a tax  
18 increment finance plan approved by the municipality in accordance  
19 with this act before August 19, 1993, for which a contract for  
20 final design is entered into by the municipality or authority  
21 before March 1, 1994.

22           (iii) An obligation incurred by an authority or municipality  
23 after August 19, 1993, to reimburse a party to a development  
24 agreement entered into by a municipality or authority before August  
25 19, 1993, for a project described in a tax increment financing plan  
26 approved in accordance with this act before August 19, 1993, and  
27 undertaken and installed by that party in accordance with the

1 development agreement.

2 (iv) An ongoing management or professional services contract  
3 with the governing body of a county that was entered into before  
4 March 1, 1994 and that was preceded by a series of limited term  
5 management or professional services contracts with the governing  
6 body of the county, the last of which was entered into before  
7 August 19, 1993.

8 (ff) "Public facility" means 1 or more of the following:

9 (i) A street, road, bridge, storm water or sanitary sewer,  
10 sewage treatment facility, facility designed to reduce, eliminate,  
11 or prevent the spread of identified soil or groundwater  
12 contamination, drainage system, retention basin, pretreatment  
13 facility, waterway, waterline, water storage facility, rail line,  
14 electric, gas, telephone or other communications, or any other type  
15 of utility line or pipeline, transit-oriented facility, transit-  
16 oriented development, or other similar or related structure or  
17 improvement, together with necessary easements for the structure or  
18 improvement. Except for rail lines, utility lines, or pipelines,  
19 the structures or improvements described in this subparagraph shall  
20 be either owned or used by a public agency, functionally connected  
21 to similar or supporting facilities owned or used by a public  
22 agency, or designed and dedicated to use by, for the benefit of, or  
23 for the protection of the health, welfare, or safety of the public  
24 generally, whether or not used by a single business entity. Any  
25 road, street, or bridge shall be continuously open to public  
26 access. A public facility shall be located on public property or in  
27 a public, utility, or transportation easement or right-of-way.

1           (ii) The acquisition and disposal of land that is proposed or  
2 intended to be used in the development of eligible property or an  
3 interest in that land, demolition of structures, site preparation,  
4 and relocation costs.

5           (iii) All administrative and real and personal property  
6 acquisition and disposal costs related to a public facility  
7 described in subparagraphs (i) and (iv), including, but not limited  
8 to, architect's, engineer's, legal, and accounting fees as  
9 permitted by the district's development plan.

10           (iv) An improvement to a facility used by the public or a  
11 public facility as those terms are defined in section 1 of 1966 PA  
12 1, MCL 125.1351, which improvement is made to comply with the  
13 barrier free design requirements of the state construction code  
14 promulgated under the Stille-DeRossett-Hale single state  
15 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

16           (v) All of the following costs approved by the Michigan  
17 economic development corporation:

18           (A) Operational costs and the costs related to the  
19 acquisition, improvement, preparation, demolition, disposal,  
20 construction, reconstruction, remediation, rehabilitation,  
21 restoration, preservation, maintenance, repair, furnishing, and  
22 equipping of land and other assets that are or may become eligible  
23 for depreciation under the internal revenue code of 1986 for a  
24 business incubator located in a certified technology park or  
25 certified alternative energy park.

26           (B) Costs related to the acquisition, improvement,  
27 preparation, demolition, disposal, construction, reconstruction,

1 remediation, rehabilitation, restoration, preservation,  
2 maintenance, repair, furnishing, and equipping of land and other  
3 assets that, if privately owned, would be eligible for depreciation  
4 under the internal revenue code of 1986 for laboratory facilities,  
5 research and development facilities, conference facilities,  
6 teleconference facilities, testing, training facilities, and  
7 quality control facilities that are or that support eligible  
8 property under subdivision (s) (iii), that are owned by a public  
9 entity, and that are located within a certified technology park.

10 (C) Costs related to the acquisition, improvement,  
11 preparation, demolition, disposal, construction, reconstruction,  
12 remediation, rehabilitation, restoration, preservation,  
13 maintenance, repair, furnishing, and equipping of land and other  
14 assets that, if privately owned, would be eligible for depreciation  
15 under the internal revenue code of 1986 for facilities that are or  
16 that will support eligible property under subdivision (s) (vi), that  
17 have been or will be owned by a public entity at the time such  
18 costs are incurred, that are located within a certified alternative  
19 energy park, and that have been or will be conveyed, by gift or  
20 sale, by such public entity to an alternative energy technology  
21 business.

22 (vi) Operating and planning costs included in a plan pursuant  
23 to section 12(1) (f), including costs of marketing property within  
24 the district and attracting development of eligible property within  
25 the district.

26 (gg) "Qualified refunding obligation" means an obligation  
27 issued or incurred by an authority or by a municipality on behalf

1 of an authority to refund an obligation if the refunding obligation  
2 meets both of the following:

3 (i) The net present value of the principal and interest to be  
4 paid on the refunding obligation, including the cost of issuance,  
5 will be less than the net present value of the principal and  
6 interest to be paid on the obligation being refunded, as calculated  
7 using a method approved by the department of treasury.

8 (ii) The net present value of the sum of the tax increment  
9 revenues described in subdivision (jj) (ii) and the distributions  
10 under section 11a to repay the refunding obligation will not be  
11 greater than the net present value of the sum of the tax increment  
12 revenues described in subdivision (jj) (ii) and the distributions  
13 under section 11a to repay the obligation being refunded, as  
14 calculated using a method approved by the department of treasury.

15 (hh) "Specific local taxes" means a tax levied under 1974 PA  
16 198, MCL 207.551 to 207.572, the obsolete property rehabilitation  
17 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial  
18 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the  
19 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA  
20 189, MCL 211.181 to 211.182, and the technology park development  
21 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed  
22 value or current assessed value of property subject to a specific  
23 local tax is the quotient of the specific local tax paid divided by  
24 the ad valorem millage rate. However, after 1993, the state tax  
25 commission shall prescribe the method for calculating the initial  
26 assessed value and current assessed value of property for which a  
27 specific local tax was paid in lieu of a property tax.

1           (ii) "State fiscal year" means the annual period commencing  
2 October 1 of each year.

3           (jj) "Tax increment revenues" means the amount of ad valorem  
4 property taxes and specific local taxes attributable to the  
5 application of the levy of all taxing jurisdictions upon the  
6 captured assessed value of eligible property within the district  
7 or, for purposes of a certified technology park, a next Michigan  
8 development area, or a certified alternative energy park, real or  
9 personal property that is located within the certified technology  
10 park, a next Michigan development area, or a certified alternative  
11 energy park and included within the tax increment financing plan,  
12 subject to the following requirements:

13           (i) Tax increment revenues include ad valorem property taxes  
14 and specific local taxes attributable to the application of the  
15 levy of all taxing jurisdictions, other than the state pursuant to  
16 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,  
17 and local or intermediate school districts, upon the captured  
18 assessed value of real and personal property in the development  
19 area for any purpose authorized by this act.

20           (ii) Tax increment revenues include ad valorem property taxes  
21 and specific local taxes attributable to the application of the  
22 levy of the state pursuant to the state education tax act, 1993 PA  
23 331, MCL 211.901 to 211.906, and local or intermediate school  
24 districts upon the captured assessed value of real and personal  
25 property in the development area in an amount equal to the amount  
26 necessary, without regard to subparagraph (i), for the following  
27 purposes:

1 (A) To repay eligible advances, eligible obligations, and  
2 other protected obligations.

3 (B) To fund or to repay an advance or obligation issued by or  
4 on behalf of an authority to fund the cost of public facilities  
5 related to or for the benefit of eligible property located within a  
6 certified technology park or a certified alternative energy park to  
7 the extent the public facilities have been included in an agreement  
8 under section 12a(3), 12b, or 12c(3), not to exceed 50%, as  
9 determined by the state treasurer, of the amounts levied by the  
10 state pursuant to the state education tax act, 1993 PA 331, MCL  
11 211.901 to 211.906, and local and intermediate school districts for  
12 a period, except as otherwise provided in this sub-subparagraph,  
13 not to exceed 15 years, as determined by the state treasurer, if  
14 the state treasurer determines that the capture under this sub-  
15 subparagraph is necessary to reduce unemployment, promote economic  
16 growth, and increase capital investment in the municipality.  
17 However, upon approval of the state treasurer and the president of  
18 the Michigan economic development corporation, a certified  
19 technology park may capture under this sub-subparagraph for an  
20 additional period of 5 years if the authority agrees to additional  
21 reporting requirements and modifies its tax increment financing  
22 plan to include regional collaboration as determined by the state  
23 treasurer and the president of the Michigan economic development  
24 corporation. In addition, upon approval of the state treasurer and  
25 the president of the Michigan economic development corporation, if  
26 a municipality that has created a certified technology park that  
27 has entered into an agreement with another authority that does not

1 contain a certified technology park to designate a distinct  
2 geographic area under section 12b, that authority that has created  
3 the certified technology park and the associated distinct  
4 geographic area may both capture under this sub-subparagraph for an  
5 additional period of 15 years as determined by the state treasurer  
6 and the president of the Michigan economic development corporation.

7 (C) To fund the cost of public facilities related to or for  
8 the benefit of eligible property located within a next Michigan  
9 development area to the extent that the public facilities have been  
10 included in a development plan, not to exceed 50%, as determined by  
11 the state treasurer, of the amounts levied by the state pursuant to  
12 the state education tax act, 1993 PA 331, MCL 211.901 to 211.906,  
13 and local and intermediate school districts for a period not to  
14 exceed 15 years, as determined by the state treasurer, if the state  
15 treasurer determines that the capture under this sub-subparagraph  
16 is necessary to reduce unemployment, promote economic growth, and  
17 increase capital investment in the authority district.

18 (iii) Tax increment revenues do not include any of the  
19 following:

20 (A) Ad valorem property taxes or specific local taxes that are  
21 excluded from and not made part of the tax increment financing  
22 plan. Ad valorem personal property taxes or specific local taxes  
23 associated with personal property may be excluded from and may not  
24 be part of the tax increment financing plan.

25 (B) Ad valorem property taxes and specific local taxes  
26 attributable to ad valorem property taxes excluded by the tax  
27 increment financing plan of the authority from the determination of

1 the amount of tax increment revenues to be transmitted to the  
2 authority.

3 (C) Ad valorem property taxes exempted from capture under  
4 section 4(3) or specific local taxes attributable to such ad  
5 valorem property taxes.

6 (D) Ad valorem property taxes specifically levied for the  
7 payment of principal and interest of obligations approved by the  
8 electors or obligations pledging the unlimited taxing power of the  
9 local governmental unit or specific local taxes attributable to  
10 such ad valorem property taxes.

11 (E) The amount of ad valorem property taxes or specific taxes  
12 captured by a downtown development authority under 1975 PA 197, MCL  
13 125.1651 to 125.1681, tax increment financing authority under the  
14 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to  
15 125.1830, or brownfield redevelopment authority under the  
16 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
17 to 125.2672, if those taxes were captured by these other  
18 authorities on the date that the initial assessed value of a parcel  
19 of property was established under this act.

20 (F) Ad valorem property taxes levied under 1 or more of the  
21 following or specific local taxes attributable to those ad valorem  
22 property taxes:

23 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161  
24 to 123.1183.

25 (II) The art institute authorities act, 2010 PA 296, MCL  
26 123.1201 to 123.1229.

27 **(III) THE REGIONAL TRANSIT AUTHORITY ACT, 2012 PA 387, MCL**

1 124.541 TO 124.558.

2 (G) AD VALOREM PROPERTY TAXES OR SPECIFIC LOCAL TAXES LEVIED  
3 FOR A MILLAGE APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2016,  
4 EXCEPT FOR 1 OR MORE OF THE FOLLOWING:

5 (I) A MILLAGE APPROVED BY THE ELECTORS UNDER SECTION 34D(11)  
6 OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34D.

7 (II) A RENEWAL OF A MILLAGE THAT WAS AUTHORIZED ON OR BEFORE  
8 DECEMBER 31, 2016.

9 (iv) The amount of tax increment revenues authorized to be  
10 included under subparagraph (ii), and required to be transmitted to  
11 the authority under section 13(1), from ad valorem property taxes  
12 and specific local taxes attributable to the application of the  
13 levy of the state education tax act, 1993 PA 331, MCL 211.901 to  
14 211.906, or a local school district or an intermediate school  
15 district upon the captured assessed value of real and personal  
16 property in a development area shall be determined separately for  
17 the levy by the state, each school district, and each intermediate  
18 school district as the product of sub-subparagraphs (A) and (B):

19 (A) The percentage that the total ad valorem taxes and  
20 specific local taxes available for distribution by law to the  
21 state, local school district, or intermediate school district,  
22 respectively, bears to the aggregate amount of ad valorem millage  
23 taxes and specific taxes available for distribution by law to the  
24 state, each local school district, and each intermediate school  
25 district.

26 (B) The maximum amount of ad valorem property taxes and  
27 specific local taxes considered tax increment revenues under

1 subparagraph (ii).

2 (kk) "Transit-oriented development" means infrastructure  
3 improvements that are located within 1/2 mile of a transit station  
4 or transit-oriented facility that promotes transit ridership or  
5 passenger rail use as determined by the board and approved by the  
6 municipality in which it is located.

7 (ll) "Transit-oriented facility" means a facility that houses  
8 a transit station in a manner that promotes transit ridership or  
9 passenger rail use.

10 (mm) "Urban township" means a township that meets 1 or more of  
11 the following:

12 (i) Meets all of the following requirements:

13 (A) Has a population of 20,000 or more, or has a population of  
14 10,000 or more but is located in a county with a population of  
15 400,000 or more.

16 (B) Adopted a master zoning plan before February 1, 1987.

17 (C) Provides sewer, water, and other public services to all or  
18 a part of the township.

19 (ii) Meets all of the following requirements:

20 (A) Has a population of less than 20,000.

21 (B) Is located in a county with a population of 250,000 or  
22 more but less than 400,000, and that county is located in a  
23 metropolitan statistical area.

24 (C) Has within its boundaries a parcel of property under  
25 common ownership that is 800 acres or larger and is capable of  
26 being served by a railroad, and located within 3 miles of a limited  
27 access highway.

- 1 (D) Establishes an authority before December 31, 1998.
- 2 (iii) Meets all of the following requirements:
- 3 (A) Has a population of less than 20,000.
- 4 (B) Has a state equalized valuation for all real and personal  
5 property located in the township of more than \$200,000,000.00.
- 6 (C) Adopted a master zoning plan before February 1, 1987.
- 7 (D) Is a charter township under the charter township act, 1947  
8 PA 359, MCL 42.1 to 42.34.
- 9 (E) Has within its boundaries a combination of parcels under  
10 common ownership that is 800 acres or larger, is immediately  
11 adjacent to a limited access highway, is capable of being served by  
12 a railroad, and is immediately adjacent to an existing sewer line.
- 13 (F) Establishes an authority before March 1, 1999.
- 14 (iv) Meets all of the following requirements:
- 15 (A) Has a population of 13,000 or more.
- 16 (B) Is located in a county with a population of 150,000 or  
17 more.
- 18 (C) Adopted a master zoning plan before February 1, 1987.
- 19 (v) Meets all of the following requirements:
- 20 (A) Is located in a county with a population of 1,000,000 or  
21 more.
- 22 (B) Has a written agreement with an adjoining township to  
23 develop 1 or more public facilities on contiguous property located  
24 in both townships.
- 25 (C) Has a master plan in effect.
- 26 (vi) Meets all of the following requirements:
- 27 (A) Has a population of less than 10,000.

1 (B) Has a state equalized valuation for all real and personal  
2 property located in the township of more than \$280,000,000.00.

3 (C) Adopted a master zoning plan before February 1, 1987.

4 (D) Has within its boundaries a combination of parcels under  
5 common ownership that is 199 acres or larger, is located within 1  
6 mile of a limited access highway, and is located within 1 mile of  
7 an existing sewer line.

8 (E) Has rail service.

9 (F) Establishes an authority before May 7, 2009.

10 (vii) Has joined an authority under section 3(2) which is  
11 seeking or has entered into an agreement for a certified technology  
12 park.

13 (viii) Has established an authority which is seeking or has  
14 entered into an agreement for a certified alternative energy park.

15 Sec. 7. **(1)** The board may:

16 (a) Study and analyze unemployment, underemployment, and  
17 joblessness and the impact of growth upon the authority district or  
18 districts.

19 (b) Plan and propose the construction, renovation, repair,  
20 remodeling, rehabilitation, restoration, preservation, or  
21 reconstruction of a public facility.

22 (c) Develop long-range plans, in cooperation with the agency  
23 which is chiefly responsible for planning in the municipality, to  
24 promote the growth of the authority district or districts, and take  
25 the steps that are necessary to implement the plans to the fullest  
26 extent possible to create jobs, and promote economic growth.

27 (d) Implement any plan of development necessary to achieve the

1 purposes of this act in accordance with the powers of the authority  
2 as granted by this act.

3 (e) Make and enter into contracts necessary or incidental to  
4 the exercise of the board's powers and the performance of its  
5 duties.

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

14 (g) Improve land, prepare sites for buildings, including the  
15 demolition of existing structures, and construct, reconstruct,  
16 rehabilitate, restore and preserve, equip, improve, maintain,  
17 repair, or operate a building, and any necessary or desirable  
18 appurtenances to a building, as provided in section 12(2) for the  
19 use, in whole or in part, of a public or private person or  
20 corporation, or a combination thereof.

21 (h) Fix, charge, and collect fees, rents, and charges for the  
22 use of a building or property or a part of a building or property  
23 under the board's control, or a facility in the building or on the  
24 property, and pledge the fees, rents, and charges for the payment  
25 of revenue bonds issued by the authority.

26 (i) Lease a building or property or part of a building or  
27 property under the board's control.

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

3 (k) Acquire and construct public facilities.

4 (l) Incur costs in connection with the performance of the  
5 board's authorized functions including, but not limited to,  
6 administrative costs, and architects, engineers, legal, and  
7 accounting fees.

8 (m) Plan, propose, and implement an improvement to a public  
9 facility on eligible property to comply with the barrier free  
10 design requirements of the state construction code promulgated  
11 under the state construction code act of 1972, ~~Act No. 230 of the~~  
12 ~~Public Acts of 1972, being sections 125.1501 to 125.1531 of the~~  
13 ~~Michigan Compiled Laws-1972 PA 230, MCL 125.1501 TO 125.1531.~~

14 **(2) THE MUNICIPALITY CREATING THE AUTHORITY SHALL ENSURE THAT**  
15 **A WEBSITE IS OPERATED AND REGULARLY MAINTAINED WITH ALL AUTHORITY**  
16 **RECORDS AND DOCUMENTS, FOR THE IMMEDIATELY PRECEDING 5 FISCAL**  
17 **YEARS, INCLUDING ALL OF THE FOLLOWING:**

18 **(A) MINUTES OF ALL BOARD MEETINGS.**

19 **(B) ANNUAL BUDGET.**

20 **(C) ANNUAL AUDITS.**

21 **(D) CURRENTLY ADOPTED DEVELOPMENT PLAN.**

22 **(E) CURRENTLY ADOPTED TAX INCREMENT FINANCE PLAN.**

23 **(F) LIST OF ALL AUTHORITY SPONSORED AND MANAGED EVENTS.**

24 **(G) CURRENT AUTHORITY STAFF CONTACT INFORMATION.**

25 **(H) ALL PROMOTIONAL AND MARKETING MATERIALS.**

26 **(I) AMOUNT OF TAX INCREMENT REVENUES CAPTURED FOR EACH TAXING**  
27 **JURISDICTION THAT LEVIES AD VALOREM PROPERTY TAXES OR SPECIFIC**

1 LOCAL TAXES WITHIN THE BOUNDARIES OF THE AUTHORITY DISTRICT.

2 (J) CURRENT CONTRACTS AND OTHER DOCUMENTS RELATED TO  
3 MANAGEMENT OF THE AUTHORITY.

4 (3) SUBJECT TO SUBSECTION (4), THE REQUIREMENTS IN SUBSECTION  
5 (1) ARE REQUIRED FOR RECORDS AND DOCUMENTS RELATED TO FISCAL YEARS  
6 STARTING THE FISCAL YEAR OF THE DATE OF ENACTMENT OF THE AMENDATORY  
7 ACT THAT ADDED THIS SUBSECTION.

8 (4) THE RECORDS AND DOCUMENTS DESCRIBED IN SUBSECTION (2) (F) ,  
9 (G) , (H) , AND (J) SHALL BE REQUIRED FOR 2 FISCAL YEARS IMMEDIATELY  
10 PRECEDING THE DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED  
11 THIS SUBSECTION.

12 (5) THE REQUIREMENTS OF THIS SECTION SHALL NOT TAKE EFFECT  
13 UNTIL 180 DAYS AFTER THE END OF AN AUTHORITY'S CURRENT FISCAL YEAR  
14 AS OF THE DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED THIS  
15 SUBSECTION.

16 (6) EACH YEAR, THE BOARD SHALL HOLD NOT FEWER THAN 1  
17 INFORMATIONAL MEETING. THE PURPOSE OF THE INFORMATIONAL MEETING  
18 WILL BE TO HIGHLIGHT THE INFORMATION DESCRIBED IN SUBSECTION (2) (A)  
19 TO (J) . NOTICE OF AN INFORMATIONAL MEETING SHALL BE POSTED ON THE  
20 MUNICIPALITY'S OR AUTHORITY'S WEBSITE NOT LESS THAN 20 DAYS BEFORE  
21 THE DATE OF THE INFORMATIONAL MEETING. NOT LESS THAN 20 DAYS BEFORE  
22 THE INFORMATIONAL MEETING, THE BOARD SHALL MAIL OR ELECTRONICALLY  
23 MAIL NOTICE OF THE INFORMATIONAL MEETING TO THE GOVERNING BODY OF  
24 EACH TAXING JURISDICTION LEVYING TAXES THAT ARE SUBJECT TO CAPTURE  
25 BY THE AUTHORITY.

26 Sec. 13. (1) The city, village, township, school district, and  
27 county treasurers shall transmit to the authority tax increment

1 revenues.

2 (2) The authority shall expend the tax increment revenues  
3 received for the development program only in accordance with the  
4 tax increment financing plan. Tax increment revenues in excess of  
5 the estimated tax increment revenues or of the actual costs of the  
6 plan to be paid by the tax increment revenues may be retained by  
7 the authority only for purposes, that by resolution of the board,  
8 are determined to further the development program in accordance  
9 with the tax increment financing plan. The excess tax increment  
10 revenues not so used shall revert proportionately to the respective  
11 taxing jurisdictions. These revenues shall not be used to  
12 circumvent existing property tax laws or a local charter that  
13 provides a maximum authorized rate for the levy of property taxes.  
14 The governing body may abolish the tax increment financing plan if  
15 it finds that the purposes for which the plan was established are  
16 accomplished. However, the tax increment financing plan may not be  
17 abolished, **BE ALLOWED TO EXPIRE, OR OTHERWISE TERMINATE** until the  
18 principal of and interest on bonds issued pursuant to section 14  
19 have been paid or funds sufficient to make that payment have been  
20 segregated and placed in an irrevocable trust for the benefit of  
21 the holders of the bonds.

22 (3) The authority shall submit annually to the governing body,  
23 **THE GOVERNING BODY OF A TAXING UNIT LEVYING TAXES SUBJECT TO**  
24 **CAPTURE BY AN AUTHORITY**, and the state tax commission a financial  
25 report on the status of the tax increment financing plan. **THE**  
26 **REPORT SHALL BE PUBLISHED IN A NEWSPAPER OF GENERAL CIRCULATION IN**  
27 **THE MUNICIPALITY OR ON A WEBSITE OF THE AUTHORITY OR THE**

1 **MUNICIPALITY.** The report shall include the following:

2 (a) The amount and source of tax increment revenues received.

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

4 (c) The amount and purpose of expenditures of tax increment  
5 revenues.

6 (d) The amount of principal and interest on any outstanding  
7 bonded indebtedness of the authority.

8 (e) The initial assessed value of the eligible property.

9 (f) The captured assessed value of the eligible property  
10 retained by the authority.

11 ~~—— (g) The number of jobs created as a result of the~~  
12 ~~implementation of the tax increment financing plan.~~

13 **(G) THE TOTAL NEW PUBLIC INVESTMENT BY THE AUTHORITY IN EACH**  
14 **AUTHORITY DISTRICT.**

15 **(H) THE TOTALS RECEIVED BY THE AUTHORITY OR CONTRIBUTIONS MADE**  
16 **BY SPONSORSHIPS, CASH, AND IN-KIND SERVICES FOR EVENTS, PROGRAMS,**  
17 **AND PROJECTS WITHIN EACH AUTHORITY DISTRICT.**

18 **(I) THE AMOUNTS OF ANY FUNDS OTHER THAN TAX INCREMENTS**  
19 **REVENUES USED BY THE AUTHORITY FOR ANY PROJECTS OR ACTIVITIES IN**  
20 **THE AUTHORITY DISTRICT.**

21 **(J) THE CURRENT ASSESSED VALUE OF THE DEVELOPMENT AREA.**

22 **(K) THE CAPTURED ASSESSED VALUE RETAINED BY THE AUTHORITY FOR**  
23 **EACH TAXING JURISDICTION.**

24 **(l) THE AMOUNT OF TAX INCREMENT REVENUES USED FOR THE**  
25 **OPERATION OF THE AUTHORITY.**

26 **(M) ~~(h)~~ Any additional information the governing body or the**  
27 **state tax commission considers necessary.**

1           (4) TAX INCREMENT REVENUES SHALL BE EXPENDED WITHIN 5 YEARS OF  
2 THEIR RECEIPT. HOWEVER, TAX INCREMENT REVENUES MAY BE ACCUMULATED  
3 FOR A PERIOD LONGER THAN 5 YEARS, PROVIDED THE TAX INCREMENT  
4 FINANCING PLAN SPECIFICALLY PROVIDES FOR ALL OF THE FOLLOWING:

5           (A) THE REASONS FOR ACCUMULATING THOSE FUNDS.

6           (B) A TIME FRAME WHEN THE FUND WILL BE EXPENDED.

7           (C) THE USES FOR WHICH THE FUND WILL BE EXPENDED.

8           Sec. 21. (1) The ~~state tax commission~~ DEPARTMENT OF TREASURY  
9 may institute proceedings to compel enforcement of this act AND  
10 SHALL SEND WRITTEN NOTIFICATION OF THE SPECIFIC VIOLATION TO AN  
11 AUTHORITY FAILING TO COMPLY WITH THIS ACT AND THE GOVERNING BODY OF  
12 THE MUNICIPALITY THAT ESTABLISHED THE AUTHORITY OF A VIOLATION OF  
13 ANY PROVISION OF THIS ACT.

14           (2) IF THE DEPARTMENT OF TREASURY NOTIFIES AN AUTHORITY IN  
15 WRITING THAT THE AUTHORITY FAILED TO COMPLY WITH ANY PROVISION OF  
16 THIS ACT AND AFTER 60 DAYS FOLLOWING RECEIPT OF THAT NOTICE THE  
17 AUTHORITY DOES NOT COMPLY, THAT AUTHORITY SHALL NOT CAPTURE ANY TAX  
18 INCREMENT REVENUES THAT ARE IN EXCESS OF AMOUNTS NECESSARY TO PAY  
19 BONDED INDEBTEDNESS OR OTHER OBLIGATIONS FOR THE PERIOD OF  
20 NONCOMPLIANCE AS DETERMINED BY THE DEPARTMENT OF TREASURY. ANY  
21 EXCESS FUNDS CAPTURED SHALL BE RETURNED TO THE TAXING JURISDICTION  
22 FROM WHICH THEY WERE CAPTURED AS PROVIDED IN SECTION 13(2).