

SENATE BILL No. 624

November 10, 2015, Introduced by Senators JONES, BRANDENBURG, KOWALL, STAMAS and MARLEAU and referred to the Committee on Finance.

A bill to amend 2004 PA 530, entitled
"Historical neighborhood tax increment finance authority act,"
by amending sections 3 and 17 (MCL 125.2843 and 125.2857), section
3 as amended by 2010 PA 237.

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 housing, a street, plaza,
9 pedestrian mall, and any improvements to a street, plaza, or
10 pedestrian mall including street furniture and beautification,

1 park, parking facility, recreational facility, right-of-way,
2 structure, waterway, bridge, lake, pond, canal, utility line or
3 pipe, transit-oriented development, transit-oriented facility, or
4 building, including access routes designed and dedicated to use by
5 the public generally, or used by a public agency. Public facility
6 includes an improvement to a facility used by the public or a
7 public facility as those terms are defined in section 1 of 1966 PA
8 1, MCL 125.1351, if the improvement complies with the barrier free
9 design requirements of the state construction code promulgated
10 under the Stille-DeRossett-Hale single state construction code act,
11 1972 PA 230, MCL 125.1501 to 125.1531.

12 (d) "Specific local tax" means a tax levied under 1974 PA 198,
13 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
14 255, MCL 207.651 to 207.668, the technology park development act,
15 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
16 211.182. The initial assessed value or current assessed value of
17 property subject to a specific local tax shall be the quotient of
18 the specific local tax paid divided by the ad valorem millage rate.
19 The state tax commission shall prescribe the method for calculating
20 the initial assessed value and current assessed value of property
21 for which a specific local tax was paid in lieu of a property tax.

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

24 (f) "Tax increment revenues" means the amount of ad valorem
25 property taxes and specific local taxes attributable to the
26 application of the levy of all taxing jurisdictions upon the
27 captured assessed value of real and personal property in the

1 development area. Tax increment revenues do not include any of the
2 following:

3 (i) Taxes under the state education tax act, 1993 PA 331, MCL
4 211.901 to 211.906.

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

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

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

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

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

25 (vii) **AD VALOREM PROPERTY TAXES LEVIED UNDER 1 OR MORE OF THE**
26 **FOLLOWING OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD VALOREM**
27 **PROPERTY TAXES:**

1 (A) THE ZOOLOGICAL AUTHORITIES ACT, 2008 PA 49, MCL 123.1161
2 TO 123.1183.

3 (B) THE ART INSTITUTE AUTHORITIES ACT, 2010 PA 296, MCL
4 123.1201 TO 123.1229.

5 (C) EXCEPT AS OTHERWISE PROVIDED IN SECTION 17(5), AD VALOREM
6 PROPERTY TAXES OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD
7 VALOREM PROPERTY TAXES LEVIED FOR A SEPARATE MILLAGE FOR PUBLIC
8 LIBRARY PURPOSES APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2015.

9 (g) "Transit-oriented development" means infrastructure
10 improvements that are located within 1/2 mile of a transit station
11 or transit-oriented facility that promotes transit ridership or
12 passenger rail use, as determined by the board and approved by the
13 municipality in which it is located.

14 (h) "Transit-oriented facility" means a facility that houses a
15 transit station in a manner that promotes transit ridership or
16 passenger rail use.

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

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

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

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

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

1 (5) Not more than 60 days after the public hearing, the
2 governing body in a taxing jurisdiction levying ad valorem property
3 taxes that would otherwise be subject to capture may exempt its
4 taxes from capture by adopting a resolution to that effect and
5 filing a copy with the clerk of the municipality proposing to
6 create the authority. ~~In the event that the governing body levies a~~
7 ~~separate millage for public library purposes, at the request of the~~
8 ~~public library board, that separate millage shall be exempt from~~
9 ~~the capture.~~ The resolution shall take effect when filed with the
10 clerk and remains effective until a copy of a resolution rescinding
11 that resolution is filed with that clerk. **IF A LIBRARY BOARD OR**
12 **COMMISSION LEVIES A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES**
13 **THAT WAS LEVIED BEFORE JANUARY 1, 2016, AND ALL OBLIGATIONS OF THE**
14 **AUTHORITY ARE PAID OR DEFEASED, THEN THE LEVY IS EXEMPT FROM**
15 **CAPTURE UNDER THIS ACT, UNLESS THE LIBRARY BOARD OR COMMISSION**
16 **ALLOWS ALL OR A PORTION OF ITS TAXES LEVIED TO BE INCLUDED AS TAX**
17 **INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER THIS ACT UNDER THE**
18 **TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY BOARD OR**
19 **COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL BE FILED**
20 **WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF A LIBRARY BOARD OR**
21 **COMMISSION LEVIES A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES**
22 **THAT WAS LEVIED BEFORE JANUARY 1, 2016, AND THE AUTHORITY ALTERS OR**
23 **AMENDS THE BOUNDARIES OF A DEVELOPMENT AREA OR EXTENDS THE DURATION**
24 **OF THE EXISTING FINANCE PLAN, THEN THE LIBRARY BOARD OR COMMISSION**
25 **MAY, NOT LATER THAN 60 DAYS AFTER A PUBLIC HEARING IS HELD UNDER**
26 **THIS SUBSECTION, EXEMPT ALL OR A PORTION OF ITS TAXES FROM CAPTURE**
27 **BY ADOPTING A RESOLUTION TO THAT EFFECT AND FILING A COPY WITH THE**

1 CLERK OF THE MUNICIPALITY THAT CREATED THE AUTHORITY. FOR AD
2 VALOREM PROPERTY TAXES OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO
3 THOSE AD VALOREM PROPERTY TAXES LEVIED FOR A SEPARATE MILLAGE FOR
4 PUBLIC LIBRARY PURPOSES APPROVED BY THE ELECTORS AFTER DECEMBER 31,
5 2015, A LIBRARY BOARD OR COMMISSION MAY ALLOW ALL OR A PORTION OF
6 ITS TAXES LEVIED TO BE INCLUDED AS TAX INCREMENT REVENUES AND
7 SUBJECT TO CAPTURE UNDER THIS ACT UNDER THE TERMS OF A WRITTEN
8 AGREEMENT BETWEEN THE LIBRARY BOARD OR COMMISSION AND THE
9 AUTHORITY. THE WRITTEN AGREEMENT SHALL BE FILED WITH THE CLERK OF
10 THE MUNICIPALITY.