

HOUSE BILL NO. 5972

March 24, 2022, Introduced by Rep. Mueller and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 2018 PA 57, entitled
"Recodified tax increment financing act,"
by amending sections 703 and 705 (MCL 125.4703 and 125.4705).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 703. As used in this part:
- 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

1 of the authority and planning of its activities.

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

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

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

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

1 October 1 of each year.

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

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

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

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

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

22 (v) Ad valorem property taxes exempted from capture under
23 section ~~815(5)~~**715(5)** or specific local taxes attributable to the
24 ad valorem property taxes.

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

1 (vii) Ad valorem property taxes levied under 1 or more of the
2 following or specific local taxes attributable to those ad valorem
3 property taxes:

4 (A) The zoological authorities act, 2008 PA 49, MCL 123.1161
5 to 123.1183.

6 (B) The art institute authorities act, 2010 PA 296, MCL
7 123.1201 to 123.1229.

8 (C) Except as otherwise provided in section 715(5), ad valorem
9 property taxes or specific local taxes attributable to those ad
10 valorem property taxes levied for a separate millage for public
11 library purposes approved by the electors after December 31, 2016.

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

15 (i) The elimination of the causes and the proliferation of
16 aquatic nuisance species, as defined in section 3101 of the natural
17 resources and environmental protection act, 1994 PA 451, MCL
18 324.3101.

19 (ii) Sewer systems that service existing structures that have
20 failing on-site disposal systems.

21 (iii) Storm water systems that service existing infrastructure.

22 (iv) Dredging, removal of spoils, or other improvements or
23 maintenance activities that enhance navigability of a waterway.

24 (h) "Water resource improvement district" or "district" means
25 1 or more of the following:

26 (i) An inland body of water and land that is up to 1 mile from
27 the shoreline of an inland lake that contains 1 or more public
28 access points.

29 (ii) An inland body of water and parcels of land that are

1 contiguous to the shoreline of an inland lake that does not contain
2 a public access point.

3 (iii) The shoreline of a harbor on a Great Lake and 1 or more of
4 the following:

5 (A) Land up to 1 mile from the shoreline of the harbor.

6 (B) A tributary to that Great Lake harbor up to 5 miles
7 upstream from the shoreline of the Great Lake harbor.

8 (C) Land up to 1 mile from each bank of the tributary
9 described in sub-subparagraph (B).

10 (iv) **A water trail and land up to 1 mile from the bank or**
11 **shoreline of the water trail.**

12 (i) **"Water trail" means an inland river and associated bodies**
13 **of water designated as 1 or more of the following:**

14 (A) **A "State Water Trail" by the department of natural**
15 **resources pursuant to the state water trail designation program**
16 **established by the department of natural resources under its**
17 **authority under section 502 of the natural resources and**
18 **environmental protection act, 1994 PA 451, MCL 324.502.**

19 (B) **A "National Water Trail" by the United States National**
20 **Park Service under the national trails system act, 16 USC chapter**
21 **27, and United States Secretary of the Interior Order No. 3319.**

22 Sec. 705. (1) If the governing body of a municipality
23 determines that it is necessary for the best interests of the
24 public to promote water resource improvement or access to inland
25 lakes **or water trails**, or both, in a water resource improvement
26 district, the governing body may, by resolution, declare its
27 intention to create and provide for the operation of an authority
28 within the boundaries of a water resource improvement district.

29 (2) In the resolution of intent, the governing body shall set

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

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

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

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

15 (5) A municipality that has created an authority may enter
16 into an agreement with an adjoining municipality that has created
17 an authority to jointly operate and administer those authorities
18 under an interlocal agreement under the urban cooperation act of
19 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.