

HOUSE BILL NO. 5817

June 13, 2024, Introduced by Reps. Tyrone Carter and Steckloff and referred to the Committee on Regulatory Reform.

A bill to amend 2018 PA 57, entitled "Recodified tax increment financing act," by amending sections 201, 301, 402, 523, 603, 703, and 803 (MCL 125.4201, 125.4301, 125.4402, 125.4523, 125.4603, 125.4703, and 125.4803), section 402 as amended by 2023 PA 312.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 201. As used in this part:
- 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

1 anticipation of repayment by the authority. Evidence of the intent
 2 to repay an advance ~~may include,~~ **includes**, but is not limited to,
 3 an executed agreement to repay, provisions contained in a tax
 4 increment financing plan approved ~~prior to~~ **before** the advance, or a
 5 resolution of the authority or the municipality.

6 (b) "Assessed value" means 1 of the following:

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

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

13 (c) "Authority" means a downtown development authority created
 14 ~~pursuant to~~ **under** this part.

15 (d) "Board" means the governing body of an authority.

16 (e) "Business district" means an area in the downtown of a
 17 municipality zoned and used principally for business.

18 (f) "Captured assessed value" means the amount in any 1 year
 19 by which the current assessed value of the project area, including
 20 the assessed value of property for which specific local taxes are
 21 paid in lieu of property taxes as determined in subdivision (aa),
 22 exceeds the initial assessed value. The state tax commission shall
 23 prescribe the method for calculating captured assessed value.

24 (g) "Catalyst development project" means a project that is
 25 located in a municipality with a population greater than 600,000,
 26 is designated by the authority as a catalyst development project,
 27 and is expected to result in ~~at least~~ **not less than** \$300,000,000.00
 28 of capital investment. There ~~shall~~ **must not** be ~~no~~ more than 1
 29 catalyst development project designated within each authority.

1 (h) "Chief executive officer" means the mayor or city manager
 2 of a city, the president or village manager of a village, or the
 3 supervisor of a township or, if designated by the township board
 4 for purposes of this part, the township superintendent or township
 5 manager of a township.

6 (i) "Development area" means that area to which a development
 7 plan is applicable.

8 (j) "Development plan" means that information and those
 9 requirements for a development plan set forth in section 217.

10 (k) "Development program" means the implementation of the
 11 development plan.

12 (l) "Downtown district" means that part of an area in a
 13 business district that is specifically designated by ordinance of
 14 the governing body of the municipality ~~pursuant to~~ **under** this part.
 15 A downtown district may include 1 or more separate and distinct
 16 geographic areas in a business district as determined by the
 17 municipality if the municipality enters into an agreement with a
 18 qualified township under section 203(7) or if the municipality is a
 19 city that surrounds another city and that other city lies between
 20 the 2 separate and distinct geographic areas. If the downtown
 21 district contains more than 1 separate and distinct geographic area
 22 in the downtown district, the separate and distinct geographic
 23 areas ~~shall be~~ **are** considered 1 downtown district.

24 (m) "Eligible advance" means an advance made before August 19,
 25 1993.

26 (n) "Eligible obligation" means an obligation issued or
 27 incurred by an authority or by a municipality on behalf of an
 28 authority before August 19, 1993 and its subsequent refunding by a
 29 qualified refunding obligation. Eligible obligation includes an

1 authority's written agreement entered into before August 19, 1993
 2 to pay an obligation issued after August 18, 1993 and before
 3 December 31, 1996 by another entity on behalf of the authority.

4 (o) "Fire alarm system" means a system designed to detect and
 5 annunciate the presence of fire, or by-products of fire. Fire alarm
 6 system includes smoke detectors.

7 (p) "Fiscal year" means the fiscal year of the authority.

8 (q) "Governing body of a municipality" means the elected body
 9 of a municipality having legislative powers.

10 (r) "Initial assessed value" means the assessed value, as
 11 equalized, of all the taxable property within the boundaries of the
 12 development area ~~at the time when~~ the ordinance establishing the
 13 tax increment financing plan is approved, as shown by the most
 14 recent assessment roll of the municipality for which equalization
 15 has been completed ~~at the time when~~ the resolution is adopted.
 16 Property exempt from taxation ~~at the time of the determination of~~
 17 **when** the initial assessed value ~~shall is determined must~~ be
 18 included as zero. For the purpose of determining initial assessed
 19 value, property for which a specific local tax is paid in lieu of a
 20 property tax ~~shall is~~ not ~~be~~ considered to be property that is
 21 exempt from taxation. The initial assessed value of property for
 22 which a specific local tax was paid in lieu of a property tax ~~shall~~
 23 **must** be determined as provided in subdivision (aa). ~~In the case of~~
 24 **If** a municipality having a population of less than 35,000 ~~that~~
 25 established an authority ~~prior to before~~ 1985, created a district
 26 or districts, and approved a development plan or tax increment
 27 financing plan or ~~amendments amendment~~ to a plan, ~~and which plan~~
 28 ~~or tax increment financing plan or amendments to a plan, and which~~
 29 ~~plan that~~ expired by its terms December 31, 1991, the initial

1 assessed value for the purpose of any plan or plan amendment
2 adopted as an extension of the expired plan ~~shall~~**must** be
3 determined as if the plan had not expired December 31, 1991. For a
4 development area designated before 1997 in which a renaissance zone
5 has subsequently been designated ~~pursuant to~~**under** the Michigan
6 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, the
7 initial assessed value of the development area otherwise determined
8 under this subdivision ~~shall~~**must** be reduced by the amount by which
9 the current assessed value of the development area was reduced in
10 1997 due to the exemption of property under section 7ff of the
11 general property tax act, 1893 PA 206, MCL 211.7ff, but ~~in no case~~
12 ~~shall~~ the initial assessed value **must not** be less than zero.

13 (s) "Municipality" means a city, village, or township.

14 (t) "Obligation" means a written promise to pay, whether
15 evidenced by a contract, agreement, lease, sublease, bond, or note,
16 or a requirement to pay imposed by law. An obligation does not
17 include a payment required solely because of default ~~upon~~**on** an
18 obligation, employee salaries, or consideration paid for the use of
19 municipal offices. An obligation does not include those bonds that
20 have been economically defeased by refunding bonds issued under
21 this part. Obligation includes, but is not limited to, the
22 following:

23 (i) A requirement to pay proceeds derived from ad valorem
24 property taxes or taxes levied in lieu of ad valorem property
25 taxes.

26 (ii) A management contract or a contract for professional
27 services.

28 (iii) A payment required on a contract, agreement, bond, or note
29 if the requirement to make or assume the payment arose before

1 August 19, 1993.

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

5 (v) A letter of credit, paying agent, transfer agent, bond
6 registrar, or trustee fee associated with a contract, agreement,
7 bond, or note.

8 (u) "On behalf of an authority", in relation to an eligible
9 advance made by a municipality, or an eligible obligation or other
10 protected obligation issued or incurred by a municipality, means in
11 anticipation that an authority would transfer tax increment
12 revenues or reimburse the municipality from tax increment revenues
13 in an amount sufficient to fully make payment required by the
14 eligible advance made by the municipality, or eligible obligation
15 or other protected obligation issued or incurred by the
16 municipality, if the anticipation of the transfer or receipt of tax
17 increment revenues from the authority is pursuant to or evidenced
18 by 1 or more of the following:

19 (i) A reimbursement agreement between the municipality and an
20 authority it established.

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

23 (iii) A resolution of the authority agreeing to make payments to
24 the incorporating unit.

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

27 (v) "Operations" means office maintenance, including salaries
28 and expenses of employees, office supplies, consultation fees,
29 design costs, and other expenses incurred in the daily management

1 of the authority and planning of its activities.

2 (w) "Other protected obligation" means **any of the following:**

3 (i) A qualified refunding obligation issued to refund an
4 obligation described in subparagraph (ii), (iii), or (iv), an
5 obligation that is not a qualified refunding obligation that is
6 issued to refund an eligible obligation, or a qualified refunding
7 obligation issued to refund an obligation described in this
8 subparagraph.

9 (ii) An obligation issued or incurred by an authority or by a
10 municipality on behalf of an authority after August 19, 1993, but
11 before December 31, 1994, to finance a project described in a tax
12 increment finance plan approved by the municipality in accordance
13 with this part before December 31, 1993, for which a contract for
14 final design is entered into by or on behalf of the municipality or
15 authority before March 1, 1994 or for which a written agreement
16 with a developer, titled preferred development agreement, was
17 entered into by or on behalf of the municipality or authority in
18 July 1993.

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

26 (iv) An obligation incurred by the authority evidenced by or to
27 finance a contract to purchase real property within a development
28 area or a contract to develop that property within the development
29 area, or both, if all of the following requirements are met:

1 (A) The authority purchased the real property in 1993.

2 (B) Before June 30, 1995, the authority enters a contract for
3 the development of the real property located within the development
4 area.

5 (C) In 1993, the authority or municipality on behalf of the
6 authority received approval for a grant from both of the following:

7 (I) The department of natural resources for site reclamation
8 of the real property.

9 (II) The department of consumer and industry services for
10 development of the real property.

11 (v) An ongoing management or professional services contract
12 with the governing body of a county ~~which~~**that** was entered into
13 before March 1, 1994 and ~~which~~**that** was preceded by a series of
14 limited term management or professional services contracts with the
15 governing body of the county, the last of which was entered into
16 before August 19, 1993.

17 (vi) A loan from a municipality to an authority if the loan was
18 approved by the legislative body of the municipality on April 18,
19 1994.

20 (vii) Funds expended to match a grant received by a
21 municipality on behalf of an authority for sidewalk improvements
22 from the Michigan department of transportation if the legislative
23 body of the municipality approved the grant application on April 5,
24 1993 and the grant was received by the municipality in June 1993.

25 (viii) For taxes captured in 1994, an obligation described in
26 this subparagraph issued or incurred to finance a project. An
27 obligation is considered issued or incurred to finance a project
28 described in this subparagraph only if all of the following are
29 met:

1 (A) The obligation requires raising capital for the project or
2 paying for the project, whether or not a borrowing is involved.

3 (B) The obligation was part of a development plan and the tax
4 increment financing plan was approved by a municipality on May 6,
5 1991.

6 (C) The obligation is in the form of a written memorandum of
7 understanding between a municipality and a public utility dated
8 October 27, 1994.

9 (D) The authority or municipality captured school taxes during
10 1994.

11 (ix) An obligation incurred after July 31, 2012 by an
12 authority, municipality, or other governmental unit to pay for
13 costs associated with a catalyst development project.

14 (x) "Public facility" means a street, plaza, pedestrian mall,
15 and any improvements to a street, plaza, or pedestrian mall
16 including street furniture and beautification, park, parking
17 facility, recreational facility, right-of-way, structure, waterway,
18 bridge, lake, pond, canal, utility line or pipe, building, and
19 access routes to any of ~~the foregoing,~~ **these places**, designed and
20 dedicated to use by the public generally, or used by a public
21 agency. Public facility includes an improvement to a facility used
22 by the public or a public facility as those terms are defined in
23 section 1 of 1966 PA 1, MCL 125.1351, which improvement is made to
24 comply with the barrier free design requirements of the state
25 construction code promulgated under the Stille-DeRossett-Hale
26 single state construction code act, 1972 PA 230, MCL 125.1501 to
27 125.1531. Public facility also includes the acquisition,
28 construction, improvement, and operation of a building owned or
29 leased by the authority to be used as a retail business incubator.

1 (y) "Qualified refunding obligation" means an obligation
2 issued or incurred by an authority or by a municipality on behalf
3 of an authority to refund an obligation if 1 or more of the
4 following apply:

5 (i) The obligation is issued to refund a qualified refunding
6 obligation issued in November 1997 and any subsequent refundings of
7 that obligation issued before January 1, 2010 or the obligation is
8 issued to refund a qualified refunding obligation issued on May 15,
9 1997 and any subsequent refundings of that obligation issued before
10 January 1, 2010 in an authority in which 1 parcel or group of
11 parcels under common ownership represents 50% or more of the
12 taxable value captured within the tax increment finance district
13 and that will ultimately provide for ~~at least~~ **not less than** a 40%
14 reduction in the taxable value of the property as part of a
15 negotiated settlement as a result of an appeal filed with the state
16 tax tribunal. Qualified refunding obligations issued under this
17 subparagraph are not subject to the requirements of section 611 of
18 the revised municipal finance act, 2001 PA 34, MCL 141.2611, if
19 issued before January 1, 2010. The duration of the development
20 program described in the tax increment financing plan relating to
21 the qualified refunding obligations issued under this subparagraph
22 is ~~hereby~~ extended to 1 year after the final date of maturity of
23 the qualified refunding obligations.

24 (ii) The refunding obligation meets both of the following:

25 (A) The net present value of the principal and interest to be
26 paid on the refunding obligation, including the cost of issuance,
27 will be less than the net present value of the principal and
28 interest to be paid on the obligation being refunded, as calculated
29 using a method approved by the department of treasury.

1 (B) The net present value of the sum of the tax increment
2 revenues described in subdivision (cc) (ii) and the distributions
3 under section 213b to repay the refunding obligation will not be
4 greater than the net present value of the sum of the tax increment
5 revenues described in subdivision (cc) (ii) and the distributions
6 under section 213b to repay the obligation being refunded, as
7 calculated using a method approved by the department of treasury.

8 (iii) The obligation is issued to refund an other protected
9 obligation issued as a capital appreciation bond delivered to the
10 Michigan municipal bond authority on December 21, 1994 and any
11 subsequent refundings of that obligation issued before January 1,
12 2012. Qualified refunding obligations issued under this
13 subparagraph are not subject to the requirements of section 305(2),
14 (3), (5), and (6), ~~section 501, section 503, or section 611~~ of the
15 revised municipal finance act, 2001 PA 34, MCL 141.2305, 141.2501,
16 141.2503, and 141.2611, if issued before January 1, 2012. The
17 duration of the development program described in the tax increment
18 financing plan relating to the qualified refunding obligations
19 issued under this subparagraph is extended to 1 year after the
20 final date of maturity of the qualified refunding obligations. The
21 obligation may be payable through the year 2025 at an interest rate
22 not exceeding the maximum rate permitted by law, notwithstanding
23 the bond maturity dates contained in the notice of intent to issue
24 bonds published by the municipality. An obligation issued under
25 this subparagraph is a qualified refunding obligation only to the
26 extent that revenues described in subdivision (cc) (ii) and
27 distributions under section 213b to repay the qualified refunding
28 obligation do not exceed \$750,000.00.

29 (iv) The obligation is issued to refund a qualified refunding

1 obligation issued on February 13, 2008, and any subsequent
2 refundings of that obligation, issued before December 31, 2018.
3 Qualified refunding obligations issued under this subparagraph are
4 not subject to the requirements of section 305(2), (3), (5), and
5 (6), 501, 503, or 611 of the revised municipal finance act, 2001 PA
6 34, MCL 141.2305, 141.2501, 141.2503, and 141.2611. The duration of
7 the development program described in the tax increment financing
8 plan relating to the qualified refunding obligations issued under
9 this subparagraph is extended to 1 year after the final date of
10 maturity of the qualified refunding obligations. Revenues described
11 in subdivision (cc) (ii) and distributions made under section 213b in
12 excess of the amount needed for current year debt service on an
13 obligation issued under this subparagraph may be paid to the
14 authority to the extent necessary to pay future years' debt service
15 on the obligation as determined by the board.

16 (z) "Qualified township" means a township that meets all of
17 the following requirements:

18 (i) Was not eligible to create an authority ~~prior to~~ **before**
19 January 3, 2005.

20 (ii) Adjoins a municipality that previously created an
21 authority.

22 (iii) Along with the adjoining municipality that previously
23 created an authority, is a member of the same joint planning
24 commission under the joint municipal planning act, 2003 PA 226, MCL
25 125.131 to 125.143.

26 (aa) "Specific local tax" means a tax levied under 1974 PA
27 198, MCL 207.551 to 207.572, the commercial redevelopment act, 1978
28 PA 255, MCL 207.651 to 207.668, the technology park development
29 act, 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL

1 211.181 to 211.182. The initial assessed value or current assessed
 2 value of property subject to a specific local tax ~~shall be~~ **is** the
 3 quotient of the specific local tax paid divided by the ad valorem
 4 millage rate. However, after 1993, the state tax commission shall
 5 prescribe the method for calculating the initial assessed value and
 6 current assessed value of property for which a specific local tax
 7 was paid in lieu of a property tax.

8 (bb) "State fiscal year" means the annual period commencing
 9 October 1 of each year.

10 (cc) "Tax increment revenues" means the amount of ad valorem
 11 property taxes and specific local taxes attributable to the
 12 application of the levy of all taxing jurisdictions ~~upon~~ **on** the
 13 captured assessed value of real and personal property in the
 14 development area, subject to the following requirements:

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

22 (ii) Tax increment revenues include ad valorem property taxes
 23 and specific local taxes attributable to the application of the
 24 levy of ~~the~~ **this** state pursuant ~~to~~ **under** the state education tax
 25 act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate
 26 school districts ~~upon~~ **on** the captured assessed value of real and
 27 personal property in the development area in an amount equal to the
 28 amount necessary, without regard to subparagraph (i), to repay
 29 eligible advances, eligible obligations, and other protected

1 obligations.

2 (iii) Tax increment revenues do not include any of the
3 following:

4 (A) Ad valorem property taxes attributable either to a portion
5 of the captured assessed value shared with taxing jurisdictions
6 within the jurisdictional area of the authority or to a portion of
7 value of property that may be excluded from captured assessed value
8 or specific local taxes attributable to ~~such~~**those** ad valorem
9 property taxes.

10 (B) Ad valorem property taxes excluded by the tax increment
11 financing plan of the authority from the determination of the
12 amount of tax increment revenues to be transmitted to the authority
13 or specific local taxes attributable to ~~such~~**those** ad valorem
14 property taxes.

15 (C) Ad valorem property taxes exempted from capture under
16 section 203(3) or specific local taxes attributable to ~~such~~**those**
17 ad valorem property taxes.

18 (D) Ad valorem property taxes levied under 1 or more of the
19 following or specific local taxes attributable to those ad valorem
20 property taxes:

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

23 (II) The art institute authorities act, 2010 PA 296, MCL
24 123.1201 to 123.1229.

25 **(III) The history museum authorities act.**

26 **(IV)** ~~(III)~~ Except as otherwise provided in section 203(3), ad
27 valorem property taxes or specific local taxes attributable to
28 those ad valorem property taxes levied for a separate millage for
29 public library purposes approved by the electors after December 31,

1 2016.

2 (iv) The amount of tax increment revenues authorized to be
 3 included under subparagraph (ii) or (v), and required to be
 4 transmitted to the authority under section 214(1), from ad valorem
 5 property taxes and specific local taxes attributable to the
 6 application of the levy of the state education tax act, 1993 PA
 7 331, MCL 211.901 to 211.906, a local school district or an
 8 intermediate school district ~~upon~~**on** the captured assessed value of
 9 real and personal property in a development area ~~shall~~**must** be
 10 determined separately for the levy by ~~the~~**this** state, each school
 11 district, and each intermediate school district as the product of
 12 sub-subparagraphs (A) and (B):

13 (A) The percentage that the total ad valorem taxes and
 14 specific local taxes available for distribution by law to ~~the~~**this**
 15 state, **a** local school district, or **an** intermediate school district,
 16 respectively, bears to the aggregate amount of ad valorem millage
 17 taxes and specific taxes available for distribution by law to ~~the~~
 18 **this** state, each local school district, and each intermediate
 19 school district.

20 (B) The maximum amount of ad valorem property taxes and
 21 specific local taxes considered tax increment revenues under
 22 subparagraph (ii) or (v).

23 (v) Tax increment revenues include ad valorem property taxes
 24 and specific local taxes, in an annual amount and for each year
 25 approved by the state treasurer, attributable to the levy by this
 26 state under the state education tax act, 1993 PA 331, MCL 211.901
 27 to 211.906, and by local or intermediate school districts, ~~upon~~**on**
 28 the captured assessed value of real and personal property in the
 29 development area of an authority established in a city with a

1 population of 600,000 or more to pay for, or reimburse an advance
 2 for, not more than \$8,000,000.00 for the demolition of buildings or
 3 structures on public or privately owned property within a
 4 development area that commences in 2005, or to pay the annual
 5 principal of or interest on an obligation, the terms of which are
 6 approved by the state treasurer, issued by an authority, or by a
 7 city on behalf of an authority, to pay not more than \$8,000,000.00
 8 of the costs to demolish buildings or structures on public or
 9 privately owned property within a development area that commences
 10 in 2005.

11 (vi) Tax increment revenues include ad valorem property taxes
 12 and specific local taxes attributable to the levy by this state
 13 under the state education tax act, 1993 PA 331, MCL ~~211.201-211.901~~
 14 to 211.906, and by local or intermediate school districts ~~which~~
 15 **that** were levied on or after July 1, 2010, ~~upon~~**on** the captured
 16 assessed value of real and personal property in the development
 17 area of an authority established in a city with a population of
 18 600,000 or more to pay for, or reimburse an advance for, costs
 19 associated with the land acquisition, preliminary site work, and
 20 construction of a catalyst development project.

21 Sec. 301. As used in this part:

22 (a) "Advance" means a transfer of funds made by a municipality
 23 to an authority or to another person on behalf of the authority.
 24 Evidence of the intent to repay an advance is required and ~~may~~
 25 ~~include,~~**includes**, but is not limited to, an executed agreement to
 26 repay, provisions contained in a tax increment financing plan
 27 approved before the advance or before August 14, 1993, or a
 28 resolution of the authority or the municipality.

29 (b) "Assessed value" means 1 of the following:

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

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

7 (c) "Authority" means a tax increment finance authority
8 created under this part.

9 (d) "Authority district" means that area within which an
10 authority exercises its powers and within which 1 or more
11 development areas may exist.

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

13 (f) "Captured assessed value" means the amount in any 1 year
14 by which the current assessed value of the development area,
15 including the assessed value of property for which specific local
16 taxes are paid in lieu of property taxes as determined in
17 subdivision (w), exceeds the initial assessed value. The state tax
18 commission shall prescribe the method for calculating captured
19 assessed value.

20 (g) "Chief executive officer" means the mayor or city manager
21 of a city, the president of a village, or the supervisor of a
22 township.

23 (h) "Development area" means that area to which a development
24 plan is applicable.

25 (i) "Development area citizens council" or "council" means
26 that advisory body established ~~pursuant to~~**under** section ~~20-320~~.

27 (j) "Development plan" means that information and those
28 requirements for a development set forth in section ~~16-316~~.

29 (k) "Development program" means the implementation of the

1 development plan.

2 (l) "Eligible advance" means an advance made before August 19,
3 1993.

4 (m) "Eligible obligation" means an obligation issued or
5 incurred by an authority or by a municipality on behalf of an
6 authority before August 19, 1993 and its subsequent refunding by a
7 qualified refunding obligation. Eligible obligation includes an
8 authority's written agreement entered into before August 19, 1993
9 to pay an obligation issued after August 18, 1993 and before
10 December 31, 1996 by another entity on behalf of the authority.
11 Eligible obligation also includes an ongoing management contract or
12 contract for professional services or development services that was
13 entered into by the authority or a municipality on behalf of the
14 authority in 1991, and related similar written agreements executed
15 before 1984, if the 1991 agreement both provides for automatic
16 annual renewal and incorporates by reference the prior related
17 agreements. ~~;~~ ~~however,~~ **However**, receipt by an authority of tax
18 increment revenues authorized under subdivision (aa) ~~(ii) in order to~~
19 pay costs arising under those contracts ~~shall be~~ **is** limited to **the**
20 **following:**

21 (i) For taxes levied before July 1, 2005, the amount permitted
22 to be received by an authority for an eligible obligation as
23 provided in this part.

24 (ii) For taxes levied after June 30, 2005 and before July 1,
25 2006, \$3,000,000.00.

26 (iii) For taxes levied after June 30, 2006 and before July 1,
27 2007, \$3,000,000.00.

28 (iv) For taxes levied after June 30, 2007 and before July 1,
29 2008, \$3,000,000.00.

1 (v) For taxes levied after June 30, 2008 and before July 1,
2 2009, \$3,000,000.00.

3 (vi) For taxes levied after June 30, 2009 and before July 1,
4 2010, \$3,000,000.00.

5 (vii) For taxes levied after June 30, 2010 and before July 1,
6 2011, \$2,650,000.00.

7 (viii) For taxes levied after June 30, 2011 and before July 1,
8 2012, \$2,400,000.00.

9 (ix) For taxes levied after June 30, 2012 and before July 1,
10 2013, \$2,125,000.00.

11 (x) For taxes levied after June 30, 2013 and before July 1,
12 2014, \$1,500,000.00.

13 (xi) For taxes levied after June 30, 2014 and before July 1,
14 2015, \$1,150,000.00.

15 (xii) For taxes levied after June 30, 2015, \$0.00.

16 (n) "Fiscal year" means the fiscal year of the authority.

17 (o) "Governing body" means the elected body of a municipality
18 having legislative powers.

19 (p) "Initial assessed value" means the assessed value, as
20 equalized, of all the taxable property within the boundaries of the
21 development area ~~at the time when~~ the resolution establishing the
22 tax increment financing plan is approved as shown by the most
23 recent assessment roll of the municipality for which equalization
24 has been completed ~~at the time when~~ the resolution is adopted.
25 Property exempt from taxation ~~at the time of the determination of~~
26 **when** the initial assessed value ~~shall~~ **is determined must** be
27 included as zero. For the purpose of determining initial assessed
28 value, property for which a specific local tax is paid in lieu of a
29 property tax ~~shall~~ **is** not ~~be~~ considered property that is exempt

1 from taxation. The initial assessed value of property for which a
 2 specific tax was paid in lieu of a property tax ~~shall~~**must** be
 3 determined as provided in subdivision (w).

4 (q) "Municipality" means a city.

5 (r) "Obligation" means a written promise to pay, whether
 6 evidenced by a contract, agreement, lease, sublease, bond, or note,
 7 or a requirement to pay imposed by law. An obligation does not
 8 include a payment required solely because of default ~~upon~~**on** an
 9 obligation, employee salaries, or consideration paid for the use of
 10 municipal offices. An obligation does not include those bonds that
 11 have been economically defeased by refunding bonds issued under
 12 this part. Obligation includes, but is not limited to, the
 13 following:

14 (i) A requirement to pay proceeds derived from ad valorem
 15 property taxes or taxes levied in lieu of ad valorem property
 16 taxes.

17 (ii) A management contract or a contract for professional
 18 services.

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

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

25 (v) A letter of credit, paying agent, transfer agent, bond
 26 registrar, or trustee fee associated with a contract, agreement,
 27 bond, or note.

28 (s) "On behalf of an authority", in relation to an eligible
 29 advance made by a municipality, or an eligible obligation or other

1 protected obligation issued or incurred by a municipality, means in
 2 anticipation that an authority would transfer tax increment
 3 revenues or reimburse the municipality from tax increment revenues
 4 in an amount sufficient to fully make payment required by the
 5 eligible advance made by a municipality, or the eligible obligation
 6 or other protected obligation issued or incurred by the
 7 municipality, if the anticipation of the transfer or receipt of tax
 8 increment revenues from the authority is pursuant to or evidenced
 9 by 1 or more of the following:

10 (i) A reimbursement agreement between the municipality and an
 11 authority it established.

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

14 (iii) A resolution of the authority agreeing to make payments to
 15 the incorporating unit.

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

18 (t) "Other protected obligation" means **any of the following:**

19 (i) A qualified refunding obligation issued to refund an
 20 obligation described in subparagraph (ii) or (iii), an obligation that
 21 is not a qualified refunding obligation that is issued to refund an
 22 eligible obligation, or a qualified refunding obligation issued to
 23 refund an obligation described in this subparagraph.

24 (ii) An obligation issued or incurred by an authority or by a
 25 municipality on behalf of an authority after August 19, 1993, but
 26 before December 31, 1994, to finance a project described in a tax
 27 increment finance plan approved by the municipality in accordance
 28 with this part before December 31, 1993, for which a contract for
 29 final design is entered into by the municipality or authority

1 before March 1, 1994.

2 (iii) An obligation incurred by an authority or municipality
3 after August 19, 1993, to reimburse a party to a development
4 agreement entered into by a municipality or authority before August
5 19, 1993, for a project described in a tax increment financing plan
6 approved in accordance with this part before August 19, 1993, and
7 undertaken and installed by that party in accordance with the
8 development agreement.

9 (iv) An obligation issued or incurred by an authority or by a
10 municipality on behalf of an authority to implement a project
11 described in a tax increment finance plan approved by the
12 municipality in accordance with this part before August 19, 1993,
13 that is located on land owned by a public university on the date
14 the tax increment financing plan is approved, and for which a
15 contract for final design is entered into before December 31, 1993.

16 (v) An ongoing management or professional services contract
17 with the governing body of a county ~~which-that~~ was entered into
18 before March 1, 1994 and ~~which-that~~ was preceded by a series of
19 limited term management or professional services contracts with the
20 governing body of the county, the last of which was entered into
21 before August 19, 1993.

22 (vi) An obligation issued or incurred by a municipality under a
23 contract executed on December 19, 1994 as subsequently amended
24 between the municipality and the authority to implement a project
25 described in a tax increment finance plan approved by the
26 municipality under this part before August 19, 1993 for which a
27 contract for final design was entered into by the municipality
28 before March 1, 1994 ~~provided that-if~~ final payment by the
29 municipality is made on or before December 31, 2001.

1 (vii) An obligation issued or incurred by an authority or by a
2 municipality on behalf of an authority that meets all of the
3 following qualifications:

4 (A) The obligation is issued or incurred to finance a project
5 described in a tax increment financing plan approved before August
6 19, 1993 by a municipality in accordance with this part.

7 (B) The obligation qualifies as an other protected obligation
8 under subparagraph (ii) and was issued or incurred by the authority
9 before December 31, 1994 for the purpose of financing the project.

10 (C) A portion of the obligation issued or incurred by the
11 authority before December 31, 1994 for the purpose of financing the
12 project was retired ~~prior to~~ **before** December 31, 1996.

13 (D) The obligation does not exceed the dollar amount of the
14 portion of the obligation retired ~~prior to~~ **before** December 31,
15 1996.

16 (viii) An obligation incurred by an authority that meets both of
17 the following qualifications:

18 (A) The obligation is a contract of lease originally executed
19 on December 20, 1994 between the municipality and the authority to
20 partially implement the authority's development plan and tax
21 increment financing plan.

22 (B) The obligation qualifies as an obligation under
23 subparagraph (ii). The obligation described in this subparagraph may
24 be amended to extend cash rental payments for a period not to
25 exceed 30 years through the year 2039. The duration of the
26 development plan and tax increment financing plan described in this
27 subparagraph is extended to 1 year after the final date that the
28 extended cash rental payments are due.

29 (u) "Public facility" means 1 or more of the following:

1 (i) A street, plaza, or pedestrian mall, and any improvements
2 to a street, plaza, boulevard, alley, or pedestrian mall, including
3 street furniture and beautification, a park, parking facility,
4 recreation facility, playground, school, library, public
5 institution or administration building, right-of-way, structure,
6 waterway, bridge, lake, pond, canal, utility line or pipeline,
7 transit-oriented development, transit-oriented facility, and other
8 similar facilities and necessary easements of these facilities
9 designed and dedicated to use by the public generally or used by a
10 public agency. As used in this subparagraph, ~~public~~-"**public**
11 institution or administration ~~building~~-**building**" includes, but is
12 not limited to, a police station, fire station, court building, or
13 other public safety facility.

14 (ii) The acquisition and disposal of real and personal property
15 or interests in real and personal property, demolition of
16 structures, site preparation, relocation costs, building
17 rehabilitation, and all associated administrative costs, including,
18 but not limited to, architect's, engineer's, legal, and accounting
19 fees as contained in the resolution establishing the district's
20 development plan.

21 (iii) An improvement to a facility used by the public or a
22 public facility as those terms are defined in section 1 of 1966 PA
23 1, MCL 125.1351, which improvement is made to comply with the
24 barrier free design requirements of the state construction code
25 promulgated under the Stille-DeRossett-Hale single state
26 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

27 (v) "Qualified refunding obligation" means an obligation
28 issued or incurred by an authority or by a municipality on behalf
29 of an authority to refund an obligation if 1 of the following

1 applies:

2 (i) The refunding obligation meets both of the following:

3 (A) 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 (B) The net present value of the sum of the tax increment
9 revenues described in subdivision (aa) (ii) and the distributions
10 under section ~~12a~~**312a** to repay the refunding obligation will not
11 be greater than the net present value of the sum of the tax
12 increment revenues described in subdivision (aa) (ii) and the
13 distributions under section 312a to repay the obligation being
14 refunded, as calculated using a method approved by the department
15 of treasury.

16 (ii) The refunding obligation is a tax increment refunding bond
17 issued to refund a refunding bond that is an other protected
18 obligation issued as a capital appreciation bond delivered to the
19 Michigan municipal bond authority on December 21, 1994, or bonds
20 issued to refund that bond, and the authority, by resolution of its
21 board, authorized issuance of the refunding obligation before
22 December 31, 2019 with a final maturity not later than 2039. The
23 municipality by majority vote of the members of its governing body
24 may pledge its full faith and credit for the payment of the
25 principal of and interest on the refunding obligation. A refunding
26 obligation issued under this subparagraph is not subject to the
27 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611
28 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,
29 141.2501, 141.2503, and 141.2611. The duration of the development

1 plan and the tax increment financing plan relating to the refunding
 2 obligations described in this subparagraph is extended to 1 year
 3 after the final date of maturity of the refunding obligation.

4 (w) "Specific local tax" means a tax levied under 1974 PA 198,
 5 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
 6 255, MCL 207.651 to 207.668, the technology park development act,
 7 1984 PA 385, MCL 207.701 to 207.718, and 1953 PA 189, MCL 211.181
 8 to 211.182. The initial assessed value or current assessed value of
 9 property subject to a specific local tax ~~shall be~~ **is** the quotient
 10 of the specific local tax paid divided by the ad valorem millage
 11 rate. However, after 1993, the state tax commission shall prescribe
 12 the method for calculating the initial assessed value and current
 13 assessed value of property for which a specific local tax was paid
 14 in lieu of a property tax.

15 (x) "State fiscal year" means the annual period commencing
 16 October 1 of each year.

17 (y) "Tax increment district" or "district" means that area to
 18 which the tax increment finance plan pertains.

19 (z) "Tax increment financing plan" means that information and
 20 those requirements set forth in sections 313 to 315.

21 (aa) "Tax increment revenues" means the amount of ad valorem
 22 property taxes and specific local taxes attributable to the
 23 application of the levy of all taxing jurisdictions ~~upon~~ **on** the
 24 captured assessed value of real and personal property in the
 25 development area, subject to the following requirements:

26 (i) Tax increment revenues include ad valorem property taxes
 27 and specific local taxes attributable to the application of the
 28 levy of all taxing jurisdictions other than ~~the~~ **this** state pursuant
 29 ~~to~~ **under** the state education tax act, 1993 PA 331, MCL 211.901 to

1 211.906, and local or intermediate school districts ~~upon~~**on** the
 2 captured assessed value of real and personal property in the
 3 development area for any purpose authorized by this part.

4 (ii) Tax increment revenues include ad valorem property taxes
 5 and specific local taxes attributable to the application of the
 6 levy of ~~the~~**this** state ~~pursuant to~~**under** the state education tax
 7 act, 1993 PA 331, MCL 211.901 to 211.906, and local or intermediate
 8 school districts ~~upon~~**on** the captured assessed value of real and
 9 personal property in the development area in an amount equal to the
 10 amount necessary, without regard to subparagraph (i), to repay
 11 eligible advances, eligible obligations, and other protected
 12 obligations.

13 (iii) Tax increment revenues do not include any of the
 14 following:

15 (A) Ad valorem property taxes attributable either to a portion
 16 of the captured assessed value shared with taxing jurisdictions
 17 within the jurisdictional area of the authority or to a portion of
 18 value of property that may be excluded from captured assessed value
 19 or specific local taxes attributable to ~~such~~**those** ad valorem
 20 property taxes.

21 (B) Ad valorem property taxes excluded by the tax increment
 22 financing plan of the authority from the determination of the
 23 amount of tax increment revenues to be transmitted to the authority
 24 or specific local taxes attributable to ~~such~~**those** ad valorem
 25 property taxes.

26 (C) Ad valorem property taxes levied under 1 or more of the
 27 following or specific local taxes attributable to those ad valorem
 28 property taxes:

29 (I) The zoological authorities act, 2008 PA 49, MCL 123.1161

1 to 123.1183.

2 (II) The art institute authorities act, 2010 PA 296, MCL
3 123.1201 to 123.1229.

4 **(III) The history museum authorities act.**

5 **(IV)** ~~(III)~~—Except as otherwise provided in section 303(6), ad
6 valorem property taxes or specific local taxes attributable to
7 those ad valorem property taxes levied for a separate millage for
8 public library purposes approved by the electors after December 31,
9 2016.

10 (iv) The amount of tax increment revenues authorized to be
11 included under subparagraph (ii), and required to be transmitted to
12 the authority under section 314(1), from ad valorem property taxes
13 and specific local taxes attributable to the application of the
14 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
15 211.906, a local school district or an intermediate school district
16 ~~upon~~ **on** the captured assessed value of real and personal property
17 in a development area ~~shall~~ **must** be determined separately for the
18 levy by ~~the~~ **this** state, each school district, and each intermediate
19 school district as the product of sub-subparagraphs (A) and (B):

20 (A) The percentage which the total ad valorem taxes and
21 specific local taxes available for distribution by law to ~~the~~ **this**
22 state, **a** local school district, or **an** intermediate school district,
23 respectively, bear to the aggregate amount of ad valorem millage
24 taxes and specific taxes available for distribution by law to ~~the~~
25 **this** state, each local school district, and each intermediate
26 school district.

27 (B) The maximum amount of ad valorem property taxes and
28 specific local taxes considered tax increment revenues under
29 subparagraph (ii).

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

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

9 Sec. 402. As used in this part:

10 (a) "Advance" means a transfer of funds made by a municipality
11 to an authority or to another person on behalf of the authority in
12 anticipation of repayment by the authority. Evidence of the intent
13 to repay an advance includes, but is not limited to, an executed
14 agreement to repay, provisions contained in a tax increment
15 financing plan approved before the advance, or a resolution of the
16 authority or the municipality.

17 (b) "Alternative energy technology" means equipment, component
18 parts, materials, electronic devices, testing equipment, and
19 related systems that are specifically designed, specifically
20 fabricated, and used primarily for 1 or more of the following:

21 (i) The storage, generation, reformation, or distribution of
22 clean fuels integrated within an alternative energy system or
23 alternative energy vehicle, not including an anaerobic digester
24 energy system or a hydroelectric energy system, for use within the
25 alternative energy system or alternative energy vehicle.

26 (ii) The process of generating and putting into a usable form
27 the energy generated by an alternative energy system. Alternative
28 energy technology does not include those component parts of an
29 alternative energy system that are required regardless of the

1 energy source.

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

3 (iv) Research, development, and manufacturing of an alternative
4 energy system.

5 (v) Research, development, and manufacturing of an anaerobic
6 digester energy system.

7 (vi) Research, development, and manufacturing of a
8 hydroelectric energy system.

9 (c) "Alternative energy technology business" means a business
10 engaged in the research, development, or manufacturing of
11 alternative energy technology or a business located in an authority
12 district that includes a military installation that was operated by
13 the United States Department of Defense and closed after 1980.

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

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

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

21 (e) "Authority" means a local development finance authority
22 created under this part.

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

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

26 (h) "Business development area" means an area designated as a
27 certified industrial park under this part before June 29, 2000, or
28 an area designated in the tax increment financing plan that meets
29 all of the following requirements:

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

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

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

6 (i) Is located in a certified technology park or a certified
7 alternative energy park.

8 (ii) Is subject to an agreement under section 412a or 412c.

9 (iii) Is developed for the primary purpose of attracting 1 or
10 more owners or tenants who will engage in activities that would
11 each separately qualify the property as eligible property under
12 subdivision (s) (iii).

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

29 (k) "Certified alternative energy park" means that portion of

1 an authority district designated by a written agreement entered
2 into under section 412c between the authority, the municipality or
3 municipalities, and the Michigan economic development corporation.

4 (l) "Certified business park" means a business development area
5 that has been designated by the Michigan economic development
6 corporation as meeting criteria established by the Michigan
7 economic development corporation. The criteria shall establish
8 standards for business development areas including, but not limited
9 to, use, types of building materials, landscaping, setbacks,
10 parking, storage areas, and management.

11 (m) "Certified technology park" means that portion of the
12 authority district designated by a written agreement entered into
13 under section 412a between the authority, the municipality, and the
14 Michigan economic development corporation.

15 (n) "Chief executive officer" means the mayor or city manager
16 of a city, the president of a village, or, for other local units of
17 government or school districts, the person charged by law with the
18 supervision of the functions of the local unit of government or
19 school district.

20 (o) "Development plan" means that information and those
21 requirements for a development set forth in section 415.

22 (p) "Development program" means the implementation of a
23 development plan.

24 (q) "Eligible advance" means an advance made before August 19,
25 1993.

26 (r) "Eligible obligation" means an obligation issued or
27 incurred by an authority or by a municipality on behalf of an
28 authority before August 19, 1993 and its subsequent refunding by a
29 qualified refunding obligation. Eligible obligation includes an

1 authority's written agreement entered into before August 19, 1993
2 to pay an obligation issued after August 18, 1993 and before
3 December 31, 1996 by another entity on behalf of the authority.

4 (s) "Eligible property" means land improvements, buildings,
5 structures, and other real property, and machinery, equipment,
6 furniture, and fixtures, or any part or accessory of these items
7 whether completed or in the process of construction comprising an
8 integrated whole, located within an authority district, of which
9 the primary purpose and use is or will be 1 of the following:

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

12 (ii) Agricultural processing.

13 (iii) A high technology activity.

14 (iv) The production of energy by the processing of goods or
15 materials by physical or chemical change by a small power
16 production facility as defined by the Federal Energy Regulatory
17 Commission under the public utility regulatory policies act of
18 1978, Public Law 95-617, which facility is fueled primarily by
19 biomass or wood waste. This part does not affect a person's rights
20 or liabilities under law with respect to groundwater contamination
21 described in this subparagraph. This subparagraph applies only if
22 all of the following requirements are met:

23 (A) Tax increment revenues captured from the eligible property
24 will be used to finance, or will be pledged for debt service on tax
25 increment bonds used to finance, a public facility in or near the
26 authority district designed to reduce, eliminate, or prevent the
27 spread of identified soil and groundwater contamination, pursuant
28 to law.

29 (B) The board of the authority exercising powers within the

1 authority district where the eligible property is located adopted
2 an initial tax increment financing plan between January 1, 1991 and
3 May 1, 1991.

4 (C) The municipality that created the authority establishes a
5 special assessment district whereby not less than 50% of the
6 operating expenses of the public facility described in this
7 subparagraph will be paid for by special assessments. Not less than
8 50% of the amount specially assessed against all parcels in the
9 special assessment district must be assessed against parcels owned
10 by parties potentially responsible for the identified groundwater
11 contamination pursuant to law.

12 (v) A business incubator.

13 (vi) An alternative energy technology business.

14 (vii) A transit-oriented facility.

15 (viii) A transit-oriented development.

16 (ix) An eligible next Michigan business, as that term is
17 defined in section 3 of the Michigan economic growth authority act,
18 1995 PA 24, MCL 207.803, and other businesses within a next
19 Michigan development area, but only to the extent designated as
20 eligible property within a development plan approved by a next
21 Michigan development corporation.

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

23 (u) "Governing body" means, except as otherwise provided in
24 this subdivision, the elected body having legislative powers of a
25 municipality creating an authority under this part. For a next
26 Michigan development corporation, governing body means the
27 executive committee of the next Michigan development corporation,
28 unless otherwise provided in the interlocal agreement or articles
29 of incorporation creating the next Michigan development corporation

1 or the governing body of an eligible urban entity or its designee
2 as provided in the next Michigan development act, 2010 PA 275, MCL
3 125.2951 to 125.2959.

4 (v) "High-technology activity" means that term as defined in
5 section 3 of the Michigan economic growth authority act, 1995 PA
6 24, MCL 207.803.

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

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

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

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

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

13 (aa) "Next Michigan development area" means a portion of an
14 authority district designated by a next Michigan development
15 corporation under section 412e to which a development plan is
16 applicable.

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

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

29 (i) A requirement to pay proceeds derived from ad valorem

1 property taxes or taxes levied in lieu of ad valorem property
2 taxes.

3 (ii) A management contract or a contract for professional
4 services.

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

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

11 (v) A letter of credit, paying agent, transfer agent, bond
12 registrar, or trustee fee associated with a contract, agreement,
13 bond, or note.

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

25 (i) A reimbursement agreement between the municipality and an
26 authority it established.

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

29 (iii) A resolution of the authority agreeing to make payments to

1 the incorporating unit.

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

4 (ee) "Other protected obligation" means:

5 (i) A qualified refunding obligation issued to refund an
6 obligation described in subparagraph (ii) or (iii), an obligation that
7 is not a qualified refunding obligation that is issued to refund an
8 eligible obligation, or a qualified refunding obligation issued to
9 refund an obligation described in this subparagraph.

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

17 (iii) An obligation incurred by an authority or municipality
18 after August 19, 1993, to reimburse a party to a development
19 agreement entered into by a municipality or authority before August
20 19, 1993, for a project described in a tax increment financing plan
21 approved in accordance with this part before August 19, 1993, and
22 undertaken and installed by that party in accordance with the
23 development agreement.

24 (iv) An ongoing management or professional services contract
25 with the governing body of a county that was entered into before
26 March 1, 1994 and that was preceded by a series of limited term
27 management or professional services contracts with the governing
28 body of the county, the last of which was entered into before
29 August 19, 1993.

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

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

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

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

1 (iv) An improvement to a facility used by the public or a
2 public facility as those terms are defined in section 1 of 1966 PA
3 1, MCL 125.1351, which improvement is made to comply with the
4 barrier free design requirements of the state construction code
5 promulgated under the Stille-DeRossett-Hale single state
6 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

7 (v) All of the following costs approved by the Michigan
8 economic development corporation:

9 (A) Operational costs and the costs related to the
10 acquisition, improvement, preparation, demolition, disposal,
11 construction, reconstruction, remediation, rehabilitation,
12 restoration, preservation, maintenance, repair, furnishing, and
13 equipping of land and other assets that are or may become eligible
14 for depreciation under the internal revenue code of 1986, 26 USC 1
15 to 9834, for a business incubator located in a certified technology
16 park or certified alternative energy park.

17 (B) Costs related to the acquisition, improvement,
18 preparation, demolition, disposal, construction, reconstruction,
19 remediation, rehabilitation, restoration, preservation,
20 maintenance, repair, furnishing, and equipping of land and other
21 assets that, if privately owned, would be eligible for depreciation
22 under the internal revenue code of 1986, 26 USC 1 to 9834, for
23 laboratory facilities, research and development facilities,
24 conference facilities, teleconference facilities, testing, training
25 facilities, and quality control facilities that are or that support
26 eligible property under subdivision (s) (iii), that are owned by a
27 public entity, and that are located within a certified technology
28 park.

29 (C) Costs related to the acquisition, improvement,

1 preparation, demolition, disposal, construction, reconstruction,
2 remediation, rehabilitation, restoration, preservation,
3 maintenance, repair, furnishing, and equipping of land and other
4 assets that, if privately owned, would be eligible for depreciation
5 under the internal revenue code of 1986, 26 USC 1 to 9834, for
6 facilities that are or that will support eligible property under
7 subdivision (s) (vi), that have been or will be owned by a public
8 entity when the costs are incurred, that are located within a
9 certified alternative energy park, and that have been or will be
10 conveyed, by gift or sale, by the public entity to an alternative
11 energy technology business.

12 (vi) Operating and planning costs included in a plan under
13 section 412(1) (f), including costs of marketing property within the
14 district and attracting development of eligible property within the
15 district.

16 (gg) "Qualified refunding obligation" means an obligation
17 issued or incurred by an authority or by a municipality on behalf
18 of an authority to refund an obligation if the refunding obligation
19 meets both of the following:

20 (i) The net present value of the principal and interest to be
21 paid on the refunding obligation, including the cost of issuance,
22 will be less than the net present value of the principal and
23 interest to be paid on the obligation being refunded, as calculated
24 using a method approved by the department of treasury.

25 (ii) The net present value of the sum of the tax increment
26 revenues described in subdivision (jj) (ii) and the distributions
27 under section 411a to repay the refunding obligation will not be
28 greater than the net present value of the sum of the tax increment
29 revenues described in subdivision (jj) (ii) and the distributions

1 under section 411a to repay the obligation being refunded, as
2 calculated using a method approved by the department of treasury.

3 (hh) "Specific local taxes" means a tax levied under 1974 PA
4 198, MCL 207.551 to 207.572, the obsolete property rehabilitation
5 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial
6 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the
7 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA
8 189, MCL 211.181 to 211.182, and the technology park development
9 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed
10 value or current assessed value of property subject to a specific
11 local tax is the quotient of the specific local tax paid divided by
12 the ad valorem millage rate. However, after 1993, the state tax
13 commission shall prescribe the method for calculating the initial
14 assessed value and current assessed value of property for which a
15 specific local tax was paid in lieu of a property tax.

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

18 (jj) "Tax increment revenues" means the amount of ad valorem
19 property taxes and specific local taxes attributable to the
20 application of the levy of all taxing jurisdictions on the captured
21 assessed value of eligible property within the district or, for
22 purposes of a certified technology park, a next Michigan
23 development area, or a certified alternative energy park, real or
24 personal property that is located within the certified technology
25 park, a next Michigan development area, or a certified alternative
26 energy park and included within the tax increment financing plan,
27 subject to the following requirements:

28 (i) Tax increment revenues include ad valorem property taxes
29 and specific local taxes attributable to the application of the

1 levy of all taxing jurisdictions, other than this state under the
2 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and
3 local or intermediate school districts, on the captured assessed
4 value of real and personal property in the development area for any
5 purpose authorized by this part.

6 (ii) Tax increment revenues include ad valorem property taxes
7 and specific local taxes attributable to the application of the
8 levy of this state under the state education tax act, 1993 PA 331,
9 MCL 211.901 to 211.906, and local or intermediate school districts
10 on the captured assessed value of real and personal property in the
11 development area in an amount equal to the amount necessary,
12 without regard to subparagraph (i), for the following purposes:

13 (A) To repay eligible advances, eligible obligations, and
14 other protected obligations.

15 (B) To fund or to repay an advance or obligation issued by or
16 on behalf of an authority to fund the cost of public facilities
17 related to or for the benefit of eligible property located within a
18 certified technology park or a certified alternative energy park to
19 the extent the public facilities have been included in an agreement
20 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as
21 determined by the state treasurer, of the amounts levied by this
22 state under the state education tax act, 1993 PA 331, MCL 211.901
23 to 211.906, and local and intermediate school districts for a
24 period, except as otherwise provided in this sub-subparagraph, not
25 to exceed 15 years, as determined by the state treasurer, if the
26 state treasurer determines that the capture under this sub-
27 subparagraph is necessary to reduce unemployment, promote economic
28 growth, and increase capital investment in the municipality.
29 However, if approved by the state treasurer and the president of

1 the Michigan economic development corporation, a certified
2 technology park may capture under this sub-subparagraph for an
3 additional period of 5 years if, before that capture, the authority
4 agrees to additional reporting requirements and modifies its tax
5 increment financing plan to include regional collaboration as
6 determined by the state treasurer and the president of the Michigan
7 economic development corporation. The retroactive approval of an
8 additional period of 5 years may occur after a capture under this
9 sub-subparagraph for that additional period, if the other
10 requirements of this sub-subparagraph are satisfied. In addition,
11 on approval of the state treasurer and the president of the
12 Michigan economic development corporation, if a municipality that
13 has created a certified technology park that has entered into an
14 agreement with another authority that does not contain a certified
15 technology park to designate a distinct geographic area under
16 section 412b, that authority that has created the certified
17 technology park and the associated distinct geographic area may
18 both capture under this sub-subparagraph for an additional period
19 of 15 years as determined by the state treasurer and the president
20 of the Michigan economic development corporation.

21 (C) To fund the cost of public facilities related to or for
22 the benefit of eligible property located within a next Michigan
23 development area to the extent that the public facilities have been
24 included in a development plan, not to exceed 50%, as determined by
25 the state treasurer, of the amounts levied by this state under the
26 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and
27 local and intermediate school districts for a period not to exceed
28 15 years, as determined by the state treasurer, if the state
29 treasurer determines that the capture under this sub-subparagraph

1 is necessary to reduce unemployment, promote economic growth, and
2 increase capital investment in the authority district.

3 (iii) Tax increment revenues do not include any of the
4 following:

5 (A) Ad valorem property taxes or specific local taxes that are
6 excluded from and not made part of the tax increment financing
7 plan. Ad valorem personal property taxes or specific local taxes
8 associated with personal property may be excluded from and may not
9 be part of the tax increment financing plan.

10 (B) Ad valorem property taxes and specific local taxes
11 attributable to ad valorem property taxes excluded by the tax
12 increment financing plan of the authority from the determination of
13 the amount of tax increment revenues to be transmitted to the
14 authority.

15 (C) Ad valorem property taxes exempted from capture under
16 section 404(3) or specific local taxes attributable to those ad
17 valorem property taxes.

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

23 (E) The amount of ad valorem property taxes or specific taxes
24 captured by a downtown development authority under part 2, tax
25 increment finance authority under part 3, or brownfield
26 redevelopment authority under the brownfield redevelopment
27 financing act, 1996 PA 381, MCL 125.2651 to 125.2670, if those
28 taxes were captured by these other authorities on the date that the
29 initial assessed value of a parcel of property was established

1 under this part.

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

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

7 (II) The art institute authorities act, 2010 PA 296, MCL
8 123.1201 to 123.1229.

9 **(III) The history museum authorities act.**

10 **(IV) ~~(III)~~** Except as otherwise provided in section 404(3), ad
11 valorem property taxes or specific local taxes attributable to
12 those ad valorem property taxes levied for a separate millage for
13 public library purposes approved by the electors after December 31,
14 2016.

15 (iv) The amount of tax increment revenues authorized to be
16 included under subparagraph (ii), and required to be transmitted to
17 the authority under section 413(1), from ad valorem property taxes
18 and specific local taxes attributable to the application of the
19 levy of the state education tax act, 1993 PA 331, MCL 211.901 to
20 211.906, or a local school district or an intermediate school
21 district on the captured assessed value of real and personal
22 property in a development area must be determined separately for
23 the levy by this state, each school district, and each intermediate
24 school district as the product of sub-subparagraphs (A) and (B):

25 (A) The percentage that the total ad valorem taxes and
26 specific local taxes available for distribution by law to this
27 state, a local school district, or an intermediate school district,
28 respectively, bears to the aggregate amount of ad valorem millage
29 taxes and specific taxes available for distribution by law to this

1 state, each local school district, and each intermediate school
2 district.

3 (B) The maximum amount of ad valorem property taxes and
4 specific local taxes considered tax increment revenues under
5 subparagraph (ii).

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

11 (ll) "Transit-oriented facility" means a facility that houses a
12 transit station in a manner that promotes transit ridership or
13 passenger rail use.

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

16 (i) Meets all of the following requirements:

17 (A) Has a population of 20,000 or more, or has a population of
18 10,000 or more but is located in a county with a population of
19 400,000 or more.

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

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

23 (ii) Meets all of the following requirements:

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

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

28 (C) Has within its boundaries a parcel of property under
29 common ownership that is 800 acres or larger and is capable of

1 being served by a railroad, and located within 3 miles of a limited
2 access highway.

3 (D) Establishes an authority before December 31, 1998.

4 (iii) Meets all of the following requirements:

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

6 (B) Has a state equalized valuation for all real and personal
7 property located in the township of more than \$200,000,000.00.

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

9 (D) Is a charter township under the charter township act, 1947
10 PA 359, MCL 42.1 to 42.34.

11 (E) Has within its boundaries a combination of parcels under
12 common ownership that is 800 acres or larger, is immediately
13 adjacent to a limited access highway, is capable of being served by
14 a railroad, and is immediately adjacent to an existing sewer line.

15 (F) Establishes an authority before March 1, 1999.

16 (iv) Meets all of the following requirements:

17 (A) Has a population of 13,000 or more.

18 (B) Is located in a county with a population of 150,000 or
19 more.

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

21 (v) Meets all of the following requirements:

22 (A) Is located in a county with a population of 1,000,000 or
23 more.

24 (B) Has a written agreement with an adjoining township to
25 develop 1 or more public facilities on contiguous property located
26 in both townships.

27 (C) Has a master plan in effect.

28 (vi) Meets all of the following requirements:

29 (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 403(2) that is
11 seeking or has entered into an agreement for a certified technology
12 park.

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

15 Sec. 523. (1) At the request of a street railway, and with the
16 consent of the department, a city, village, or township in which a
17 street railway system is located may establish a transit operations
18 finance zone for a street railway system if the city, village, or
19 township and the department determine that it is necessary for the
20 best interests of the public to promote and finance transit
21 operations in a zone. A parcel ~~shall~~**must** not be included in more
22 than 1 zone created under this section.

23 (2) The boundaries of a zone shall be established by the city,
24 village, or township and may include parcels that are in whole or
25 in part up to 1/4 mile in distance from the street railway system.
26 Before establishing a zone, the city, village, or township shall
27 consult with the street railway, the department, affected taxing
28 jurisdictions, and any other person or entity that the city,
29 village, or township considers necessary. The city, village, or

1 township may conduct a planning study and may designate a zone
2 before implementation of street railway system service within the
3 zone.

4 (3) If the city, village, or township and the department
5 determine that it is necessary for the best interests of the public
6 to promote and finance transit operations in a zone under
7 subsection (1), the city, village, or township shall enter into an
8 agreement with the street railway and the department for the
9 creation of a zone. The agreement ~~shall~~**must** include, but **is** not ~~be~~
10 limited to, all of the following:

11 (a) The geographic boundaries of the zone, including both of
12 the following:

13 (i) The designation of boundaries of the zone in relation to
14 highways, streets, streams, lakes, other bodies of water, or
15 otherwise.

16 (ii) The location and extent of existing streets and other
17 public facilities within the zone, designating the location,
18 character, and extent of the categories of public and private land
19 uses then existing in the zone, including residential,
20 recreational, commercial, industrial, educational, and other uses,
21 and including a legal description of the zone.

22 (b) A tax increment financing plan for the zone as provided
23 under subsection (4).

24 (c) A description of specific actions to be taken by the
25 parties under the agreement to help establish the zone.

26 (d) The requirement that amendments to the agreement must be
27 approved by the city, village, or township, the department, and the
28 street railway.

29 (e) Any other material that the city, village, or township,

1 the department, or the street railway consider necessary or
2 appropriate.

3 (4) A tax increment financing plan for a zone established
4 under this section ~~shall~~**must** include a description of the tax
5 increment financing procedure, the distribution of tax increment
6 financing revenue to the street railway, and a statement of the
7 estimated impact of tax increment financing on the assessed value
8 of property in each taxing jurisdiction in the zone. The plan may
9 exclude from captured assessed value growth in property value
10 resulting solely from inflation and, if so, ~~shall~~**must** include the
11 method for excluding that growth. The plan ~~shall~~**must** require that
12 tax increment revenue received by a street railway under the plan
13 be used only for the expenses of operating the street railway
14 system. If the street railway subject to an agreement designating a
15 zone under this section ceases to operate a street railway system
16 in the city, village, or township that established the zone, the
17 plan ~~shall terminate~~**terminates** and the zone ~~shall be~~**is** abolished.
18 The plan ~~shall~~**must** restrict the revenue distributed to a street
19 railway for any tax year to the lesser of 25% of any operating
20 deficit of the street railway for the prior fiscal year or
21 \$4,000,000.00. Before including a tax increment financing plan in
22 an agreement, the city, village, or township shall provide taxing
23 jurisdictions in the zone levying taxes subject to capture under
24 the plan an opportunity to meet with the city, village, or
25 township. The city, village, or township shall fully inform the
26 taxing jurisdictions of the fiscal and economic implications of the
27 plan and the taxing jurisdictions may present recommendations to
28 the city, village, or township on the tax increment financing plan.

29 (5) Before entering into an agreement for the creation of a

1 zone under this section, the city, village, or township ~~shall~~**must**
2 conduct a public hearing on the proposed agreement. Notice of the
3 public hearing ~~shall~~**must** be published twice in a newspaper of
4 general circulation in the city, village, or township, not less
5 than 20 or more than 40 days before the date of the hearing. The
6 notice ~~shall~~**must** state the date, time, and place of the hearing
7 and ~~shall~~**must** describe the proposed boundaries of the zone. A
8 citizen, taxpayer, or property owner of the city, village, or
9 township, or an official from a taxing jurisdiction within the zone
10 has the right to be heard on the agreement and the proposed
11 boundaries of the zone. The agreement ~~shall~~**must** not include in the
12 zone land not included in the description contained in the notice
13 of public hearing, but the agreement may exclude described land
14 from the zone in the final determination of the boundaries of the
15 zone. A city, village, or township shall not execute an agreement
16 for the creation of a zone under this section unless the city,
17 village, or township finds that it is necessary for the best
18 interests of the public to promote and finance transit operations
19 in a zone.

20 (6) An agreement designating a zone and establishing its
21 boundaries under this section and any amendments to the agreement
22 ~~shall~~**must** be filed by the city, village, or township with the
23 secretary of state.

24 (7) The municipal and county treasurers shall transmit tax
25 increment revenues to the treasurer for the city, village, or
26 township in which the street railway system is located for
27 distribution to the street railway according to the tax increment
28 financing plan and the agreement. The street railway shall expend
29 the tax increment revenues only under the terms of the tax

1 increment financing plan and the agreement under this section.
2 Unused funds ~~shall~~ revert proportionately to the respective taxing
3 jurisdictions. Tax increment revenues ~~shall~~**must** not be used to
4 circumvent existing property tax limitations. The city, village, or
5 township and the department may abolish the zone if the city,
6 village, or township and the department find that the purposes for
7 which the zone was established are accomplished. Annually, the
8 city, village, or township, with assistance from the street
9 railway, shall submit to the department and the state tax
10 commission a report on the status of the tax increment financing
11 revenue. The report ~~shall~~**must** include all of the following:

12 (a) The amount and source of tax increment revenue received by
13 the street railway.

14 (b) The amount and purpose of expenditures from tax increment
15 revenue.

16 (c) The initial assessed value of the zone.

17 (d) The captured assessed value retained within the zone.

18 (e) A description of operating expenditures of the street
19 railway.

20 (8) The state tax commission may institute proceedings to
21 compel enforcement of this section. The state tax commission may
22 promulgate rules necessary for the administration of this section
23 under the administrative procedures act of 1969, 1969 PA 306, MCL
24 24.201 to 24.328.

25 (9) As used in this section:

26 (a) "Assessed value" means the taxable value as determined
27 under section 27a of the general property tax act, 1893 PA 206, MCL
28 211.27a.

29 (b) "Captured assessed value" means the amount in any 1 year

1 by which the current assessed value of a zone, including the
 2 assessed value of property for which specific local taxes are paid
 3 in lieu of property taxes, exceeds the initial assessed value. The
 4 state tax commission shall prescribe the method for calculating
 5 captured assessed value.

6 (c) "Initial assessed value" means the assessed value of all
 7 the taxable property within the boundaries of a zone ~~at the time~~
 8 **when** the tax increment financing plan is approved, as shown by the
 9 most recent equalized assessment roll of the city, village, or
 10 township ~~at the time when~~ an agreement is approved under this
 11 section. Property exempt from taxation ~~at the time of the~~
 12 ~~determination of when~~ the initial assessed value ~~shall is~~
 13 **determined must** be included as zero. For the purpose of determining
 14 initial assessed value, property for which a specific local tax is
 15 paid in lieu of a property tax ~~shall is~~ not ~~be~~ considered to be
 16 property that is exempt from taxation.

17 (d) "Parcel" means an identifiable unit of land that is
 18 treated as separate for valuation or zoning purposes.

19 (e) "Specific local tax" means a tax levied under 1974 PA 198,
 20 ~~1976 PA 430, MCL 207.551 to 207.572,~~ the commercial redevelopment
 21 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park
 22 development act, 1984 PA 385, MCL 207.701 to 207.718, the
 23 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,
 24 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to
 25 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL
 26 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The
 27 initial assessed value or current assessed value of property
 28 subject to a specific local tax ~~shall be is~~ the quotient of the
 29 specific local tax paid divided by the ad valorem millage rate. The

1 state tax commission shall prescribe the method for calculating the
2 initial assessed value and current assessed value of property for
3 which a specific local tax was paid in lieu of a property tax.

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

9 (i) Taxes under the state education tax act, 1993 PA 331, MCL
10 211.901 to 211.906.

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

12 (iii) Taxes levied by a library established by 1901 LA 359.

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

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

24 (vi) Ad valorem property taxes exempted from capture under this
25 section or specific local taxes attributable to the ad valorem
26 property taxes.

27 (vii) Ad valorem property taxes specifically levied for the
28 payment of principal and interest of obligations approved by the
29 electors or obligations pledging the unlimited taxing power of the

1 local governmental unit or specific taxes attributable to those ad
2 valorem property taxes.

3 (viii) Ad valorem taxes captured on property in a zone by any of
4 the following authorities if the taxes were captured on the date
5 that the property became subject to a tax increment financing plan
6 under this section by any of the following authorities:

7 (A) A downtown development authority ~~created under 1975 PA~~
8 ~~197, MCL 125.1651 to 125.1681.~~**under part 2.**

9 (B) A water resource improvement tax increment finance
10 authority ~~created under the water resource improvement tax~~
11 ~~increment finance authority act, 2008 PA 94, MCL 125.1771 to~~
12 ~~125.1794.~~**under part 7.**

13 (C) A tax increment finance authority under ~~the tax increment~~
14 ~~finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.~~**part**
15 **3.**

16 (D) A local development finance authority ~~created under the~~
17 ~~local development finance authority act, 1986 PA 281, MCL 125.2151~~
18 ~~to 125.2174.~~**under part 4.**

19 (E) A brownfield redevelopment finance authority created under
20 the brownfield redevelopment financing act, 1996 PA 381, MCL
21 125.2651 to ~~125.2672.~~**125.2670.**

22 (F) A historical neighborhood tax increment finance authority
23 ~~created under the historical neighborhood tax increment finance~~
24 ~~authority act, **under former** 2004 PA 530. , MCL 125.2841 to~~
25 ~~125.2866.~~

26 (G) A corridor improvement authority ~~created under the~~
27 ~~corridor improvement authority act, 2005 PA 280, MCL 125.2871 to~~
28 ~~125.2899.~~**under part 6.**

29 (H) A neighborhood improvement authority ~~created under the~~

1 ~~neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to~~
 2 ~~125.2932.~~ **under part 8.**

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

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

8 (B) The art institute authorities act, 2010 PA 296, MCL
 9 123.1201 to 123.1229.

10 **(C) The history museum authorities act.**

11 (g) "Zone" means a transit operations finance zone established
 12 under this section.

13 Sec. 603. As used in this part:

14 (a) "Operations" means office maintenance, including salaries
 15 and expenses of employees, office supplies, consultation fees,
 16 design costs, and other expenses incurred in the daily management
 17 of the authority and planning of its activities.

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

20 (c) "Public facility" means a street, plaza, pedestrian mall,
 21 and any improvements to a street, plaza, or pedestrian mall
 22 including street furniture and beautification, sidewalk, trail,
 23 lighting, traffic flow modification, park, parking facility,
 24 recreational facility, right-of-way, structure, waterway, bridge,
 25 lake, pond, canal, utility line or pipe, transit-oriented
 26 development, transit-oriented facility, or building, including
 27 access routes, that are either designed and dedicated to use by the
 28 public generally or used by a public agency, or that are located in
 29 a qualified development area and are for the benefit of or for the

1 protection of the health, welfare, or safety of the public
2 generally, whether or not used by 1 or more business entities,
3 ~~provided that if~~ any road, street, or bridge ~~shall be~~ **is**
4 continuously open to public access and ~~that other property shall be~~
5 **is** located in public easements or rights-of-way and designed to
6 accommodate foreseeable development of public facilities in
7 adjoining areas. Public facility includes an improvement to a
8 facility used by the public or a public facility as those terms are
9 defined in section 1 of 1966 PA 1, MCL 125.1351, if the improvement
10 complies with the barrier-free design requirements of the state
11 construction code promulgated under the Stille-DeRossett-Hale
12 single state construction code act, 1972 PA 230, MCL 125.1501 to
13 125.1531.

14 (d) "Qualified development area" means a development area that
15 meets 1 of the following:

16 (i) All of the following:

17 (A) Is located within a city with a population of 700,000 or
18 more.

19 (B) Contains ~~at least~~ **not less than** 30 contiguous acres.

20 (C) Was owned by this state on December 31, 2003 and was
21 conveyed to a private owner before June 30, 2004.

22 (D) Is zoned to allow for mixed use that includes commercial
23 use and that may include residential use.

24 (E) Otherwise complies with the requirements of section
25 605(a), (d), (e), and (g).

26 (F) Construction within the qualified development area begins
27 on or before the date 2 years after the effective date of the
28 amendatory act that added this subdivision.

29 (G) Is located in a distressed area.

1 (ii) Contains transit-oriented development or a transit-
2 oriented facility.

3 (e) "Specific local tax" means a tax levied under 1974 PA 198,
4 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
5 255, MCL 207.651 to 207.668, the technology park development act,
6 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
7 211.182. The initial assessed value or current assessed value of
8 property subject to a specific local tax ~~shall be~~ **is** the quotient
9 of the specific local tax paid divided by the ad valorem millage
10 rate. The state tax commission shall prescribe the method for
11 calculating the initial assessed value and current assessed value
12 of property for which a specific local tax was paid in lieu of a
13 property tax.

14 (f) "State fiscal year" means the annual period commencing
15 October 1 of each year.

16 (g) "Tax increment revenues" means the amount of ad valorem
17 property taxes and specific local taxes attributable to the
18 application of the levy of all taxing jurisdictions ~~upon~~ **on** the
19 captured assessed value of real and personal property in the
20 development area. Except as otherwise provided in section ~~29,~~ **629,**
21 tax increment revenues do not include any of the following:

22 (i) Taxes under the state education tax act, 1993 PA 331, MCL
23 211.901 to 211.906.

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

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

1 taxes.

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

7 (v) Ad valorem property taxes exempted from capture under
8 section 618(5) or specific local taxes attributable to the ad
9 valorem property taxes.

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

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

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

20 (B) The art institute authorities act, 2010 PA 296, MCL
21 123.1201 to 123.1229.

22 **(C) The history museum authorities act.**

23 **(D) ~~(C)~~**—Except as otherwise provided in section 618(5), ad
24 valorem property taxes or specific local taxes attributable to
25 those ad valorem property taxes levied for a separate millage for
26 public library purposes approved by the electors after December 31,
27 2016.

28 (h) "Transit-oriented development" means infrastructural
29 improvements that are located within 1/2 mile of a transit station

1 or transit-oriented facility that promotes transit ridership or
2 passenger rail use as determined by the board and approved by the
3 municipality in which it is located.

4 (i) "Transit-oriented facility" means a facility that houses a
5 transit station in a manner that promotes transit ridership or
6 passenger rail use.

7 (j) "Distressed area" means a local governmental unit that
8 meets all of the following:

9 (i) Has a population of 700,000 or more.

10 (ii) Shows a negative population change from 1970 to the date
11 of the most recent federal decennial census.

12 (iii) Shows an overall increase in the state equalized value of
13 real and personal property of less than the statewide average
14 increase since 1972.

15 (iv) Has a poverty rate, as defined by the most recent federal
16 decennial census, greater than the statewide average.

17 (v) Has had an unemployment rate higher than the statewide
18 average.

19 Sec. 703. As used in this part:

20 (a) "Operations" means office maintenance, including salaries
21 and expenses of employees, office supplies, consultation fees,
22 design costs, and other expenses incurred in the daily management
23 of the authority and planning of its activities.

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

26 (c) "Public facility" means a street, and any improvements to
27 a street, including street furniture and beautification, park,
28 parking facility, recreational facility, right-of-way, structure,
29 waterway, bridge, lake, pond, canal, utility line or pipe, or

1 building, including access routes designed and dedicated to use by
2 the public generally, or used by a public agency, that is related
3 to access to inland lakes or a water resource improvement, or means
4 a water resource improvement. Public facility includes an
5 improvement to a facility used by the public or a public facility
6 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,
7 if the improvement complies with the barrier free design
8 requirements of the state construction code promulgated under the
9 Stille-DeRossett-Hale single state construction code act, 1972 PA
10 230, MCL 125.1501 to 125.1531.

11 (d) "Specific local tax" means a tax levied under 1974 PA 198,
12 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
13 255, MCL 207.651 to 207.668, the technology park development act,
14 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to
15 211.182. The initial assessed value or current assessed value of
16 property subject to a specific local tax ~~shall be~~ **is** the quotient
17 of the specific local tax paid divided by the ad valorem millage
18 rate. The state tax commission shall prescribe the method for
19 calculating the initial assessed value and current assessed value
20 of property for which a specific local tax was paid in lieu of a
21 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~~ **on** the
27 captured assessed value of real and personal property in the
28 development area. Tax increment revenues do not include any of the
29 following:

1 (i) Taxes under the state education tax act, 1993 PA 331, MCL
2 211.901 to 211.906.

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

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

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

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

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

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

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

28 (B) The art institute authorities act, 2010 PA 296, MCL
29 123.1201 to 123.1229.

1 **(C) The history museum authorities act.**

2 **(D)** ~~(C)~~—Except as otherwise provided in section 715(5), ad
3 valorem property taxes or specific local taxes attributable to
4 those ad valorem property taxes levied for a separate millage for
5 public library purposes approved by the electors after December 31,
6 2016.

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

10 (i) The elimination of the causes and the proliferation of
11 aquatic nuisance species, as defined in section 3101 of the natural
12 resources and environmental protection act, 1994 PA 451, MCL
13 324.3101.

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

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

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

19 (h) "Water resource improvement district" or "district" means
20 1 or more of the following:

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

24 (ii) An inland body of water and parcels of land that are
25 contiguous to the shoreline of an inland lake that does not contain
26 a public access point.

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

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

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

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

5 Sec. 803. As used in this part:

6 (a) "Operations" means office maintenance, including salaries
7 and expenses of employees, office supplies, consultation fees,
8 design costs, and other expenses incurred in the daily management
9 of the authority and planning of its activities.

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

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

25 (d) "Residential district" means an area of a municipality
26 where 75% or more of the area is zoned for residential housing.

27 (e) "Specific local tax" means a tax levied under 1974 PA 198,
28 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
29 255, MCL 207.651 to 207.668, the technology park development act,

1 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
 2 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
 3 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA
 4 210, MCL 207.841 to 207.856. The initial assessed value or current
 5 assessed value of property subject to a specific local tax ~~shall be~~
 6 **is** the quotient of the specific local tax paid divided by the ad
 7 valorem millage rate. The state tax commission shall prescribe the
 8 method for calculating the initial assessed value and current
 9 assessed value of property for which a specific local tax was paid
 10 in lieu of a property tax.

11 (f) "State fiscal year" means the annual period commencing
 12 October 1 of each year.

13 (g) "Tax increment revenues" means the amount of ad valorem
 14 property taxes and specific local taxes attributable to the
 15 application of the levy of all taxing jurisdictions ~~upon~~**on** the
 16 captured assessed value of real and personal property in the
 17 development area. Tax increment revenues do not include any of the
 18 following:

19 (i) Taxes under the state education tax act, 1993 PA 331, MCL
 20 211.901 to 211.906.

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

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

28 (iv) Ad valorem property taxes excluded by the tax increment
 29 financing plan of the authority from the determination of the

1 amount of tax increment revenues to be transmitted to the authority
2 or specific local taxes attributable to the ad valorem property
3 taxes.

4 (v) Ad valorem property taxes exempted from capture under
5 section 814(5) or specific local taxes attributable to those ad
6 valorem property taxes.

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

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

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

17 (B) The art institute authorities act, 2010 PA 296, MCL
18 123.1201 to 123.1229.

19 **(C) The history museum authorities act.**

20 (D) ~~(C)~~—Except as otherwise provided in section 814(5), ad
21 valorem property taxes or specific local taxes attributable to
22 those ad valorem property taxes levied for a separate millage for
23 public library purposes approved by the electors after December 31,
24 2016.

25 Enacting section 1. This amendatory act does not take effect
26 unless all of the following bills of the 102nd Legislature are
27 enacted into law:

28 (a) House Bill No. 4177.

29 (b) Senate Bill No. ____ or House Bill No. 5818 (request no.

1 06310'24).