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BILL ANALYSIS



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House Bills 4012, 4013, and 4318 (as passed by the House)  
Sponsor: Representative Tom Meyer  
House Committee: Commerce  
Senate Committee: Economic Development, Small Business and Regulatory Affairs

Date Completed: 3-22-05

### **CONTENT**

**House Bills 4012, 4013 and 4318 would amend the Local Development Financing Act, the Tax Increment Finance Authority Act, and the downtown development authority Act, respectively, to require that notices of hearings be sent to the treasurer, clerk, and chairperson of the board of commissioners of the county in which a proposed authority or development area was located.**

The requirements would apply beginning June 1, 2005.

Under the Acts, the governing body of a municipality may declare by resolution its intention to create and provide for the operation an authority. In the resolution of intent, the governing body must set a date for a public hearing on the adoption of a proposed resolution creating the authority and designating the boundaries of the authority district or districts. At least 20 days before the hearing, the governing body must mail notice of the hearing to the property taxpayers of record in a proposed authority district. The Tax Increment Finance Authority (TIFA) Act and the downtown development authority (DDA) Act also require the governing body to mail notice of the hearing at least 20 days in advance to the governing body of each taxing jurisdiction levying taxes that will be subject to capture if the authority is established and a tax increment financing plan is approved.

All of the Acts also require the governing body to hold a public hearing before approving a development plan or a tax increment financing plan. Under the TIFA and DDA Acts, the governing body must mail notice of this hearing to all property taxpayers in the development area, at least 20 days before the hearing.

Under the bills, a governing body would have to mail notice of a public hearing by certified mail to the treasurer, clerk, and chairperson of the board of commissioners of the county in which an authority district or a proposed development area was located, at least 20 days before the date set for the hearing.

The bills also would require a governing body to hold a public hearing before amending (as well as before approving) a development plan or a tax increment financing plan.

MCL 125.2154 & 125.2166 (H.B. 4012)  
125.1803 & 125.1817 (H.B. 4013)  
125.1653 & 125.1668 (H.B. 4318)

## **BACKGROUND**

The Local Development Financing Act allows tax increment financing to be used for the development of business incubators and businesses engaged in certain high technology activities within an authority district. Under the Tax Increment Finance Authority Act, if a municipality determines that it is in the best interest of the public to halt a decline in property values and promote growth the municipality may create and provide for an authority to use tax increment financing to prevent urban deterioration and encourage economic development. Public Act 197 of 1975, commonly known as the downtown development authority act, allows an authority to use tax increment financing to correct and prevent deterioration of a business district; promote economic growth and revitalization; and encourage historic preservation.

Tax increment financing allows an authority to "capture" and use a portion of the revenue generated in an area. The portion captured is tax revenue attributable to the increase in the assessed value of the area over the value at the time the authority was created.

Legislative Analyst: J.P. Finet

## **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.