

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 69

A bill to provide for the establishment of a neighborhood improvement authority; to prescribe the powers and duties of the authority; to correct and prevent deterioration in neighborhoods and certain other areas; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans and development areas; to promote residential and economic growth; to create a board; to prescribe the powers and duties of the board; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; to prescribe powers and duties of certain state officials; to provide for rule promulgation; and to provide for enforcement of the act.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "neighborhood improvement authority act".

3 Sec. 2. As used in this act:

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

11 (b) "Assessed value" means the taxable value as determined
12 under section 27a of the general property tax act, 1893 PA 206, MCL
13 211.27a.

14 (c) "Authority" means a neighborhood improvement authority
15 created under this act.

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

17 (e) "Captured assessed value" means the amount in any 1 year
18 by which the current assessed value of the development area,
19 including the assessed value of property for which specific local
20 taxes are paid in lieu of property taxes as determined in section
21 3(d), exceeds the initial assessed value. The state tax commission
22 shall prescribe the method for calculating captured assessed value.

23 (f) "Chief executive officer" means the mayor or city manager
24 of a city or the president or village manager of a village.

25 (g) "Development area" means that area described in section 5
26 to which a development plan is applicable.

1 (h) "Development plan" means that information and those
2 requirements for a development area set forth in section 19.

3 (i) "Development program" means the implementation of the
4 development plan.

5 (j) "Fiscal year" means the fiscal year of the authority.

6 (k) "Governing body" or "governing body of a municipality"
7 means the elected body of a municipality having legislative powers.

8 (l) "Housing" means publicly owned housing, individual or
9 multifamily.

10 (m) "Initial assessed value" means the assessed value of all
11 the taxable property within the boundaries of the development area
12 at the time the ordinance establishing the tax increment financing
13 plan is approved, as shown by the most recent assessment roll of
14 the municipality at the time the resolution is adopted. Property
15 exempt from taxation at the time of the determination of the
16 initial assessed value shall be included as zero. For the purpose
17 of determining initial assessed value, property for which a
18 specific local tax is paid in lieu of a property tax shall not be
19 considered to be property that is exempt from taxation. The initial
20 assessed value of property for which a specific local tax was paid
21 in lieu of a property tax shall be determined as provided in
22 section 3(d).

23 (n) "Land use plan" means a plan prepared under former 1921 PA
24 207 or a site plan under the Michigan zoning enabling act, 2006 PA
25 110, MCL 125.3101 to 125.3702.

26 (o) "Municipality" means a city or a village.

27 Sec. 3. As used in this act:

1 (a) "Operations" means office maintenance, including salaries
2 and expenses of employees, office supplies, consultation fees,
3 design costs, and other expenses incurred in the daily management
4 of the authority and planning of its activities.

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

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

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

22 (e) "Specific local tax" means a tax levied under 1974 PA 198,
23 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA
24 255, MCL 207.651 to 207.668, the technology park development act,
25 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to
26 211.182, the neighborhood enterprise zone act, 1992 PA 147, MCL
27 207.771 to 207.786, or the commercial rehabilitation act, 2005 PA

1 210, MCL 207.841 to 207.856. The initial assessed value or current
2 assessed value of property subject to a specific local tax shall be
3 the quotient of the specific local tax paid divided by the ad
4 valorem millage rate. The state tax commission shall prescribe the
5 method for calculating the initial assessed value and current
6 assessed value of property for which a specific local tax was paid
7 in lieu of a property tax.

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

10 (g) "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 the
13 captured assessed value of real and personal property in the
14 development area. Tax increment revenues do not include any of the
15 following:

16 (i) Taxes under the state education tax act, 1993 PA 331, MCL
17 211.901 to 211.906.

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

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

25 (iv) Ad valorem property taxes excluded by the tax increment
26 financing plan of the authority from the determination of the
27 amount of tax increment revenues to be transmitted to the authority

1 or specific local taxes attributable to the ad valorem property
2 taxes.

3 (v) Ad valorem property taxes exempted from capture under
4 section 14(5) or specific local taxes attributable to those ad
5 valorem property taxes.

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

11 Sec. 4. (1) Except as otherwise provided in this subsection, a
12 municipality may establish multiple authorities. A parcel of
13 property shall not be included in more than 1 authority created
14 under this act.

15 (2) An authority is a public body corporate that may sue and
16 be sued in any court of this state. An authority possesses all the
17 powers necessary to carry out its purpose. The enumeration of a
18 power in this act shall not be construed as a limitation upon the
19 general powers of an authority.

20 Sec. 5. (1) If the governing body of a municipality determines
21 that it is necessary for the best interests of the public to
22 promote residential growth in a residential district and to promote
23 economic growth, the governing body may, by resolution, declare its
24 intention to create and provide for the operation of an authority.

25 (2) In the resolution of intent, the governing body shall set
26 a date for a public hearing on the adoption of a proposed ordinance
27 creating the authority and designating the boundaries of the

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

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

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

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

15 (5) A residential district or development area under this act
16 shall not include an area of a municipality that is part of a
17 residential district or a development area under the historical
18 neighborhood tax increment finance authority act, 2004 PA 530, MCL
19 125.2841 to 125.2866.

20 (6) An authority created under this act shall have a duration
21 of not more than 30 years from the date of the resolution creating
22 the authority. The governing body of a municipality may extend the
23 duration of the authority by resolution if the purposes for which
24 the authority was created still exist.

25 Sec. 6. If a development area is part of an area annexed to or
26 consolidated with another municipality, the authority managing that
27 development area shall become an authority of the annexing or

1 consolidated municipality. Obligations of that authority incurred
2 under a development or tax increment plan, agreements related to a
3 development or tax increment plan, and bonds issued under this act
4 shall remain in effect following the annexation or consolidation.

5 Sec. 7. (1) An authority shall be under the supervision and
6 control of a board consisting of the chief executive officer of the
7 municipality or his or her designee and not less than 5 or more
8 than 9 members as determined by the governing body of the
9 municipality. Members shall be appointed by the chief executive
10 officer of the municipality, subject to approval by the governing
11 body of the municipality. Not less than a majority of the members
12 shall be persons having an ownership or business interest in
13 property located in the development area. At least 1 of the members
14 shall be a resident of the development area or of an area within
15 1/2 mile of any part of the development area. Of the members first
16 appointed, an equal number of the members, as near as is
17 practicable, shall be appointed for 1 year, 2 years, 3 years, and 4
18 years. A member shall hold office until the member's successor is
19 appointed. After the initial appointment, each member shall serve
20 for a term of 4 years. An appointment to fill a vacancy shall be
21 made by the chief executive officer of the municipality for the
22 unexpired term only. Members of the board shall serve without
23 compensation, but shall be reimbursed for actual and necessary
24 expenses. The chairperson of the board shall be elected by the
25 board.

26 (2) Before assuming the duties of office, a member shall
27 qualify by taking and subscribing to the constitutional oath of

1 office.

2 (3) The proceedings and rules of the board are subject to the
3 open meetings act, 1976 PA 267, MCL 15.261 to 15.275. The board
4 shall adopt rules governing its procedure and the holding of
5 regular meetings, subject to the approval of the governing body.
6 Special meetings may be held if called in the manner provided in
7 the rules of the board.

8 (4) After having been given notice and an opportunity to be
9 heard, a member of the board may be removed for cause by the
10 governing body.

11 (5) All expense items of the authority shall be publicized
12 monthly and the financial records shall always be open to the
13 public.

14 (6) A writing prepared, owned, used, in the possession of, or
15 retained by the board in the performance of an official function is
16 subject to the freedom of information act, 1976 PA 442, MCL 15.231
17 to 15.246.

18 Sec. 8. (1) The board may employ and fix the compensation of a
19 director, subject to the approval of the governing body of the
20 municipality. The director shall serve at the pleasure of the
21 board. A member of the board is not eligible to hold the position
22 of director. Before beginning his or her duties, the director shall
23 take and subscribe to the constitutional oath, and furnish bond, by
24 posting a bond in the sum determined in the ordinance establishing
25 the authority payable to the authority for use and benefit of the
26 authority, approved by the board, and filed with the municipal
27 clerk. The premium on the bond shall be considered an operating

1 expense of the authority, payable from funds available to the
2 authority for expenses of operation. The director shall be the
3 chief executive officer of the authority. Subject to the approval
4 of the board, the director shall supervise and be responsible for
5 the preparation of plans and the performance of the functions of
6 the authority in the manner authorized by this act. The director
7 shall attend the meetings of the board and shall provide to the
8 board and to the governing body of the municipality a regular
9 report covering the activities and financial condition of the
10 authority. If the director is absent or disabled, the board may
11 designate a qualified person as acting director to perform the
12 duties of the office. Before beginning his or her duties, the
13 acting director shall take and subscribe to the oath, and furnish
14 bond, as required of the director. The director shall furnish the
15 board with information or reports governing the operation of the
16 authority as the board requires.

17 (2) The board may employ and fix the compensation of a
18 treasurer, who shall keep the financial records of the authority
19 and who, together with the director, shall approve all vouchers for
20 the expenditure of funds of the authority. The treasurer shall
21 perform all duties delegated to him or her by the board and shall
22 furnish bond in an amount prescribed by the board.

23 (3) The board may employ and fix the compensation of a
24 secretary, who shall maintain custody of the official seal and of
25 records, books, documents, or other papers not required to be
26 maintained by the treasurer. The secretary shall attend meetings of
27 the board and keep a record of its proceedings and shall perform

1 other duties delegated by the board.

2 (4) The board may retain legal counsel to advise the board in
3 the proper performance of its duties. The legal counsel shall
4 represent the authority in actions brought by or against the
5 authority.

6 (5) The board may employ other personnel considered necessary
7 by the board.

8 Sec. 9. The employees of an authority shall be eligible to
9 participate in municipal retirement and insurance programs of the
10 municipality as if they were civil service employees except that
11 the employees of an authority are not civil service employees.

12 Sec. 10. The board may do any of the following:

13 (a) Prepare an analysis of economic changes taking place in
14 the development area.

15 (b) Study and analyze the impact of metropolitan growth upon
16 the development area.

17 (c) Plan and propose the construction, renovation, repair,
18 remodeling, rehabilitation, restoration, preservation, or
19 reconstruction of a public facility, an existing building, or a
20 multiple-family dwelling unit which may be necessary or appropriate
21 to the execution of a plan which, in the opinion of the board, aids
22 in the residential growth and economic growth of the development
23 area.

24 (d) Plan, propose, and implement an improvement to a public
25 facility within the development area to comply with the barrier
26 free design requirements of the state construction code promulgated
27 under the Stille-DeRossett-Hale single state construction code act,

1 1972 PA 230, MCL 125.1501 to 125.1531.

2 (e) Develop long-range plans, in cooperation with the agency
3 that is chiefly responsible for planning in the municipality,
4 designed to halt the deterioration of property values in the
5 development area and to promote the residential growth and economic
6 growth of the development area, and take steps as may be necessary
7 to persuade property owners to implement the plans to the fullest
8 extent possible.

9 (f) Implement any plan of development, including housing for
10 low-income individuals, in the development area necessary to
11 achieve the purposes of this act in accordance with the powers of
12 the authority granted by this act.

13 (g) Make and enter into contracts necessary or incidental to
14 the exercise of its powers and the performance of its duties.

15 (h) Acquire by purchase or otherwise, on terms and conditions
16 and in a manner the authority considers proper or own, convey, or
17 otherwise dispose of, or lease as lessor or lessee, land and other
18 property, real or personal, or rights or interests in the property,
19 that the authority determines is reasonably necessary to achieve
20 the purposes of this act, and to grant or acquire licenses,
21 easements, and options.

22 (i) Improve land and construct, reconstruct, rehabilitate,
23 restore and preserve, equip, clear, improve, maintain, repair, and
24 operate any public facility, building, including multiple-family
25 dwellings, and any necessary or desirable appurtenances to those
26 buildings, within the development area for the use, in whole or in
27 part, of any public or private person or corporation, or a

1 combination thereof.

2 (j) Fix, charge, and collect fees, rents, and charges for the
3 use of any facility, building, or property under its control or any
4 part of the facility, building, or property, and pledge the fees,
5 rents, and charges for the payment of revenue bonds issued by the
6 authority.

7 (k) Lease, in whole or in part, any facility, building, or
8 property under its control.

9 (l) Accept grants and donations of property, labor, or other
10 things of value from a public or private source.

11 (m) Acquire and construct public facilities.

12 Sec. 11. (1) The activities of the authority shall be financed
13 from 1 or more of the following sources:

14 (a) Donations to the authority for the performance of its
15 functions.

16 (b) Money borrowed and to be repaid as authorized by sections
17 12 and 13.

18 (c) Revenues from any property, building, or facility owned,
19 leased, licensed, or operated by the authority or under its
20 control, subject to the limitations imposed upon the authority by
21 trusts or other agreements.

22 (d) Proceeds of a tax increment financing plan established
23 under sections 14 to 16.

24 (e) Proceeds from a special assessment district created as
25 provided by law.

26 (f) Money obtained from other sources approved by the
27 governing body of the municipality or otherwise authorized by law

1 for use by the authority or the municipality to finance a
2 development program.

3 (2) Money received by the authority and not covered under
4 subsection (1) shall immediately be deposited to the credit of the
5 authority, subject to disbursement under this act. Except as
6 provided in this act, the municipality shall not obligate itself,
7 and shall not be obligated, to pay any sums from public funds,
8 other than money received by the municipality under this section,
9 for or on account of the activities of the authority.

10 Sec. 12. The authority may borrow money and issue its
11 negotiable revenue bonds under the revenue bond act of 1933, 1933
12 PA 94, MCL 141.101 to 141.140.

13 Sec. 13. (1) The authority may with approval of the local
14 governing body borrow money and issue its revenue bonds or notes to
15 finance all or part of the costs of acquiring or constructing
16 property in connection with either of the following:

17 (a) The implementation of a development plan in the
18 development area.

19 (b) The refund, or refund in advance, of bonds or notes issued
20 under this section.

21 (2) Any of the following may be financed by the issuance of
22 revenue bonds or notes:

23 (a) The cost of purchasing, acquiring, constructing,
24 improving, enlarging, extending, or repairing property in
25 connection with the implementation of a development plan in the
26 development area.

27 (b) Any engineering, architectural, legal, accounting, or

1 financial expenses.

2 (c) The costs necessary or incidental to the borrowing of
3 money.

4 (d) Interest on the bonds or notes during the period of
5 construction.

6 (e) A reserve for payment of principal and interest on the
7 bonds or notes.

8 (f) A reserve for operation and maintenance until sufficient
9 revenues have developed.

10 (3) The authority may secure the bonds and notes by mortgage,
11 assignment, or pledge of the property and any money, revenues, or
12 income received in connection with the property.

13 (4) A pledge made by the authority is valid and binding from
14 the time the pledge is made. The money or property pledged by the
15 authority immediately is subject to the lien of the pledge without
16 a physical delivery, filing, or further act. The lien of a pledge
17 is valid and binding against parties having claims of any kind in
18 tort, contract, or otherwise, against the authority, whether or not
19 the parties have notice of the lien. Neither the resolution, the
20 trust agreement, nor any other instrument by which a pledge is
21 created must be filed or recorded to be enforceable.

22 (5) Bonds or notes issued under this section are exempt from
23 all taxation in this state except inheritance and transfer taxes,
24 and the interest on the bonds or notes is exempt from all taxation
25 in this state, notwithstanding that the interest may be subject to
26 federal income tax.

27 (6) The municipality is not liable on bonds or notes of the

1 authority issued under this section, and the bonds or notes are not
2 a debt of the municipality. The bonds or notes shall contain on
3 their face a statement to that effect.

4 (7) The bonds and notes of the authority may be invested in by
5 all public officers, state agencies and political subdivisions,
6 insurance companies, banks, savings and loan associations,
7 investment companies, and fiduciaries and trustees, and may be
8 deposited with and received by all public officers and the agencies
9 and political subdivisions of this state for any purpose for which
10 the deposit of bonds is authorized.

11 Sec. 14. (1) If the authority determines that it is necessary
12 for the achievement of the purposes of this act, the authority
13 shall prepare and submit a tax increment financing plan to the
14 governing body of the municipality. The plan shall include a
15 development plan as provided in section 16, a detailed explanation
16 of the tax increment procedure, the maximum amount of bonded
17 indebtedness to be incurred, and the duration of the program, and
18 shall be in compliance with section 15. The plan shall contain a
19 statement of the estimated impact of tax increment financing on the
20 assessed values of all taxing jurisdictions in which the
21 development area is located. The plan may provide for the use of
22 part or all of the captured assessed value, but the portion
23 intended to be used by the authority shall be clearly stated in the
24 tax increment financing plan. The authority or municipality may
25 exclude from captured assessed value growth in property value
26 resulting solely from inflation. The plan shall set forth the
27 method for excluding growth in property value resulting solely from

1 inflation.

2 (2) Approval of the tax increment financing plan shall comply
3 with the notice, hearing, and disclosure provisions of section 18.
4 If the development plan is part of the tax increment financing
5 plan, only 1 hearing and approval procedure is required for the 2
6 plans together.

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

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

22 (5) Not more than 60 days after the public hearing, the
23 governing body in a taxing jurisdiction levying ad valorem property
24 taxes that would otherwise be subject to capture may exempt its
25 taxes from capture by adopting a resolution to that effect and
26 filing a copy with the clerk of the municipality proposing to
27 create the authority. In the event that the governing body levies a

1 separate millage for public library purposes, at the request of the
2 public library board, that separate millage shall be exempt from
3 the capture. The resolution shall take effect when filed with the
4 clerk and remains effective until a copy of a resolution rescinding
5 that resolution is filed with that clerk.

6 Sec. 15. (1) The municipal and county treasurers shall
7 transmit tax increment revenues to the authority.

8 (2) The authority shall expend the tax increment revenues
9 received for the development program only under the terms of the
10 tax increment financing plan. Unused funds shall revert
11 proportionately to the respective taxing bodies. Tax increment
12 revenues shall not be used to circumvent existing property tax
13 limitations. The governing body of the municipality may abolish the
14 tax increment financing plan if it finds that the purposes for
15 which it was established are accomplished. However, the tax
16 increment financing plan shall not be abolished until the principal
17 of, and interest on, bonds issued under section 16 have been paid
18 or funds sufficient to make the payment have been segregated.

19 (3) Annually the authority shall submit to the governing body
20 of the municipality and the state tax commission a report on the
21 status of the tax increment financing account. The report shall
22 include the following:

23 (a) The amount and source of revenue in the account.

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

25 (c) The amount and purpose of expenditures from the account.

26 (d) The amount of principal and interest on any outstanding
27 bonded indebtedness.

1 (e) The initial assessed value of the project area.

2 (f) The captured assessed value retained by the authority.

3 (g) The tax increment revenues received.

4 (h) The number of public facilities developed.

5 (i) The amount of public housing created or improved.

6 (j) The number of jobs created as a result of the
7 implementation of the tax increment financing plan.

8 (k) Any additional information the governing body considers
9 necessary.

10 Sec. 16. (1) By resolution of its governing body, the
11 authority may authorize, issue, and sell tax increment bonds
12 subject to the limitations set forth in this subsection to finance
13 the development program of the tax increment financing plan. The
14 tax increment bonds issued by the authority under this subsection
15 shall pledge solely the tax increment revenues of a development
16 area in which the project is located or a development area from
17 which tax increment revenues may be used for this project, or both.
18 In addition or in the alternative, the bonds issued by the
19 authority under this subsection may be secured by any other
20 revenues identified in section 11 as sources of financing for
21 activities of the authority that the authority shall specifically
22 pledge in the resolution. However, except as otherwise provided in
23 this section, the full faith and credit of the municipality shall
24 not be pledged to secure bonds issued under this subsection. The
25 bond issue may include a sum sufficient to pay interest on the tax
26 increment bonds until full development of tax increment revenues
27 from the project and also a sum to provide a reasonable reserve for

1 payment of principal and interest on the bonds. The resolution
2 authorizing the bonds shall create a lien on the tax increment
3 revenues and other revenues pledged by the resolution that shall be
4 a statutory lien and shall be a first lien subject only to liens
5 previously created. The resolution may provide the terms upon which
6 additional bonds may be issued of equal standing and parity of lien
7 as to the tax increment revenues and other revenues pledged under
8 the resolution. Bonds issued under this subsection are subject to
9 the revised municipal finance act, 2001 PA 34, MCL 141.2101 to
10 141.2821.

11 (2) The municipality, by majority vote of the members of its
12 governing body, may make a limited tax pledge to support the
13 authority's tax increment bonds or notes or, if authorized by the
14 voters of the municipality, may pledge its unlimited tax full faith
15 and credit for the payment of the principal of and interest on the
16 authority's tax increment bonds or notes.

17 Sec. 17. (1) If a board decides to finance a project in a
18 development area by the use of revenue bonds as authorized in
19 section 12 or tax increment financing as authorized in sections 14,
20 15, and 16, it shall prepare a development plan.

21 (2) The development plan shall contain all of the following:

22 (a) The designation of boundaries of the development area in
23 relation to highways, streets, streams, or otherwise.

24 (b) The location and extent of existing streets and other
25 public facilities within the development area, designating the
26 location, character, and extent of the categories of public and
27 private land uses then existing and proposed for the development

1 area, including residential, recreational, commercial, industrial,
2 educational, and other uses, and including a legal description of
3 the development area.

4 (c) A description of existing improvements in the development
5 area to be demolished, repaired, or altered, a description of any
6 repairs and alterations, and an estimate of the time required for
7 completion.

8 (d) The location, extent, character, and estimated cost of the
9 improvements including rehabilitation contemplated for the
10 development area and an estimate of the time required for
11 completion.

12 (e) A statement of the construction or stages of construction
13 planned, and the estimated time of completion of each stage.

14 (f) A description of any parts of the development area to be
15 left as open space and the use contemplated for the space.

16 (g) A description of any portions of the development area that
17 the authority desires to sell, donate, exchange, or lease to or
18 from the municipality and the proposed terms.

19 (h) A description of desired zoning changes and changes in
20 streets, street levels, intersections, or utilities.

21 (i) An estimate of the cost of the development, a statement of
22 the proposed method of financing the development, and the ability
23 of the authority to arrange the financing.

24 (j) Designation of the person or persons, natural or
25 corporate, to whom all or a portion of the development is to be
26 leased, sold, or conveyed in any manner and for whose benefit the
27 project is being undertaken if that information is available to the

1 authority.

2 (k) The procedures for bidding for the leasing, purchasing, or
3 conveying in any manner of all or a portion of the development upon
4 its completion, if there is no express or implied agreement between
5 the authority and persons, natural or corporate, that all or a
6 portion of the development will be leased, sold, or conveyed in any
7 manner to those persons.

8 (l) The requirement that amendments to an approved development
9 plan or tax increment plan must be submitted by the authority to
10 the governing body for approval or rejection.

11 (m) Other material that the authority, local public agency, or
12 governing body considers pertinent.

13 Sec. 18. (1) The governing body, before adoption of an
14 ordinance approving a development plan or tax increment financing
15 plan, shall hold a public hearing on the development plan. Notice
16 of the time and place of the hearing shall be given by publication
17 twice in a newspaper of general circulation designated by the
18 municipality, the first of which shall be not less than 20 days
19 before the date set for the hearing. Notice of the hearing shall be
20 posted in at least 20 conspicuous and public places in the
21 development area not less than 20 days before the hearing. Notice
22 shall also be mailed to all property taxpayers of record in the
23 development area and to the governing body of each taxing
24 jurisdiction levying taxes that would be subject to capture if the
25 tax increment financing plan is approved not less than 20 days
26 before the hearing.

27 (2) Notice of the time and place of hearing on a development

1 plan shall contain all of the following:

2 (a) A description of the proposed development area in relation
3 to highways, streets, streams, or otherwise.

4 (b) A statement that maps, plats, and a description of the
5 development plan, including the method of relocating families and
6 individuals who may be displaced from the area, if any, are
7 available for public inspection at a place designated in the
8 notice.

9 (c) A statement that all aspects of the development plan will
10 be open for discussion at the public hearing.

11 (d) Other information that the governing body considers
12 appropriate.

13 (3) At the time set for the hearing, the governing body shall
14 provide an opportunity for interested persons to speak and shall
15 receive and consider communications in writing. The hearing shall
16 provide the fullest opportunity for expression of opinion, for
17 argument on the merits, and for consideration of documentary
18 evidence pertinent to the development plan. The governing body
19 shall make and preserve a record of the public hearing, including
20 all data presented at the hearing.

21 Sec. 19. The governing body after a public hearing on the
22 development plan or the tax increment financing plan, or both, with
23 notice given under section 18, shall determine whether the
24 development plan or tax increment financing plan constitutes a
25 public purpose. If it determines that the development plan or tax
26 increment financing plan constitutes a public purpose, it shall by
27 ordinance approve or reject the plan, or approve it with

1 modification, based on the following considerations:

2 (a) The plan meets the requirements under section 17(2).

3 (b) The proposed method of financing the development is
4 feasible and the authority has the ability to arrange the
5 financing.

6 (c) The development is reasonable and necessary to carry out
7 the purposes of this act.

8 (d) The land included within the development area to be
9 acquired is reasonably necessary to carry out the purposes of the
10 plan and of this act in an efficient and economically satisfactory
11 manner.

12 (e) The development plan is in reasonable accord with the land
13 use plan of the municipality.

14 (f) Public services, such as fire and police protection and
15 utilities, are or will be adequate to service the project area.

16 (g) Changes in zoning, streets, street levels, intersections,
17 and utilities are reasonably necessary for the project and for the
18 municipality.

19 Sec. 20. (1) The director of the authority shall submit a
20 budget to the board for the operation of the authority for each
21 fiscal year before the beginning of the fiscal year. The budget
22 shall be prepared in the manner and contain the information
23 required of municipal departments. After review by the board, the
24 budget shall be submitted to the governing body. The governing body
25 must approve the budget before the board may adopt the budget.
26 Unless authorized by the governing body or this act, funds of the
27 municipality shall not be included in the budget of the authority.

1 (2) The governing body of the municipality may assess a
2 reasonable pro rata share of the funds for the cost of handling and
3 auditing the funds against the funds of the authority, other than
4 those committed, which shall be paid annually by the board pursuant
5 to an appropriate item in its budget.

6 Sec. 21. An authority that has completed the purposes for
7 which it was organized shall be dissolved by ordinance of the
8 governing body. The property and assets of the authority remaining
9 after the satisfaction of the obligations of the authority belong
10 to the municipality.

11 Sec. 22. (1) The state tax commission may institute
12 proceedings to compel enforcement of this act.

13 (2) The state tax commission may promulgate rules necessary
14 for the administration of this act under the administrative
15 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.