

SENATE BILL No. 588

June 13, 2007, Introduced by Senator THOMAS and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 2005 PA 280, entitled "Corridor improvement authority act," by amending sections 3, 5, 11, 17, and 18 (MCL 125.2873, 125.2875, 125.2881, 125.2887, and 125.2888) and by adding section 29.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

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

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

8 (c) "Public facility" means a street, plaza, pedestrian mall,
9 and any improvements to a street, plaza, or pedestrian mall

1 including street furniture and beautification, sidewalk, trail,
 2 lighting, traffic flow modification, park, parking facility,
 3 recreational facility, right-of-way, structure, waterway, bridge,
 4 lake, pond, canal, utility line or pipe, or building, including
 5 access routes, **THAT ARE EITHER** designed and dedicated to use by the
 6 public generally ~~—~~or used by a public agency, **OR THAT ARE LOCATED**
 7 **IN A QUALIFIED DEVELOPMENT AREA AND ARE FOR THE BENEFIT OF OR FOR**
 8 **THE PROTECTION OF THE HEALTH, WELFARE, OR SAFETY OF THE PUBLIC**
 9 **GENERALLY, WHETHER OR NOT USED BY 1 OR MORE BUSINESS ENTITIES,**
 10 **PROVIDED THAT ANY ROAD, STREET, OR BRIDGE SHALL BE CONTINUOUSLY**
 11 **OPEN TO PUBLIC ACCESS AND THAT OTHER PROPERTY SHALL BE LOCATED IN**
 12 **PUBLIC EASEMENTS OR RIGHTS-OF-WAY AND DESIGNED TO ACCOMMODATE**
 13 **FORESEEABLE DEVELOPMENT OF PUBLIC FACILITIES IN ADJOINING AREAS.**
 14 Public facility includes an improvement to a facility used by the
 15 public or a public facility as those terms are defined in section 1
 16 of 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) "QUALIFIED DEVELOPMENT AREA" MEANS A DEVELOPMENT AREA THAT
 21 MEETS ALL OF THE FOLLOWING:

22 (i) IS LOCATED WITHIN A CITY WITH A POPULATION OF 700,000 OR
 23 MORE.

24 (ii) CONTAINS AT LEAST 30 CONTIGUOUS ACRES.

25 (iii) WAS OWNED BY THIS STATE ON DECEMBER 31, 2003 AND WAS
 26 CONVEYED TO A PRIVATE OWNER BEFORE JUNE 30, 2004.

27 (iv) IS ZONED TO ALLOW FOR MIXED USE THAT INCLUDES COMMERCIAL

1 USE AND THAT MAY INCLUDE RESIDENTIAL USE.

2 (v) OTHERWISE COMPLIES WITH THE REQUIREMENTS OF SECTION 5(A),
3 (D), (E) AND (G).

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

15 (F) ~~(e)~~—"State fiscal year" means the annual period commencing
16 October 1 of each year.

17 (G) ~~(f)~~—"Tax increment revenues" means the amount of ad
18 valorem property taxes and specific local taxes attributable to the
19 application of the levy of all taxing jurisdictions upon the
20 captured assessed value of real and personal property in the
21 development area. ~~Tax~~—**EXCEPT AS OTHERWISE PROVIDED IN SECTION 29,**
22 **TAX** increment revenues do not include any of the following:

23 (i) Taxes under the state education tax act, 1993 PA 331, MCL
24 211.901 to 211.906.

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

26 (iii) Ad valorem property taxes attributable either to a portion
27 of the captured assessed value shared with taxing jurisdictions

1 within the jurisdictional area of the authority or to a portion of
2 value of property that may be excluded from captured assessed value
3 or specific local taxes attributable to the ad valorem property
4 taxes.

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

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

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

18 Sec. 5. A development area shall only be established in a
19 municipality and, **EXCEPT FOR A DEVELOPMENT AREA LOCATED IN A**
20 **QUALIFIED DEVELOPMENT AREA**, shall comply with all of the following
21 criteria:

22 (a) Be adjacent to a road classified as an arterial or
23 collector according to the federal highway administration manual
24 "Highway Functional Classification - Concepts, Criteria and
25 Procedures".

26 (b) Contain at least 10 contiguous parcels or at least 5
27 contiguous acres.

1 (c) More than 1/2 of the existing ground floor square footage
2 in the development area is classified as commercial real property
3 under section 34c of the general property tax act, 1893 PA 206, MCL
4 211.34c.

5 (d) Residential use, commercial use, or industrial use has
6 been allowed and conducted under the zoning ordinance or conducted
7 in the entire development area, for the immediately preceding 30
8 years.

9 (e) Is presently served by municipal water and sewer.

10 (f) Zoned to allow for mixed use that includes high-density
11 residential use.

12 (g) The municipality agrees to all of the following:

13 (i) To expedite the local permitting and inspection process in
14 the development area.

15 (ii) To modify its master plan to provide for walkable
16 nonmotorized interconnections, including sidewalks and streetscapes
17 throughout the development area.

18 Sec. 11. (1) The board may do any of the following:

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

21 (b) Study and analyze the impact of metropolitan growth upon
22 the development area.

23 (c) Plan and propose the construction, renovation, repair,
24 remodeling, rehabilitation, restoration, preservation, or
25 reconstruction of a public facility, an existing building, or a
26 multiple-family dwelling unit which may be necessary or appropriate
27 to the execution of a plan which, in the opinion of the board, aids

1 in the economic growth of the development area.

2 (d) Plan, propose, and implement an improvement to a public
3 facility within the development area to comply with the barrier
4 free design requirements of the state construction code promulgated
5 under the Stille-DeRossett-Hale single state construction code act,
6 1972 PA 230, MCL 125.1501 to 125.1531.

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

14 (f) Implement any plan of development in the development area
15 necessary to achieve the purposes of this act in accordance with
16 the powers of the authority granted by this act.

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

19 (h) ~~Acquire by purchase or otherwise, on~~ **ON** terms and
20 conditions and in a manner **AND FOR CONSIDERATION** the authority
21 considers proper **OR FOR NO CONSIDERATION, ACQUIRE BY PURCHASE OR**
22 **OTHERWISE**, or own, convey, or otherwise dispose of, or lease as
23 lessor or lessee, land and other property, real or personal, or
24 rights or interests in the property, that the authority determines
25 is reasonably necessary to achieve the purposes of this act, and to
26 grant or acquire licenses, easements, and options.

27 (i) Improve land and construct, reconstruct, rehabilitate,

1 restore and preserve, equip, improve, maintain, repair, and operate
2 any building, including multiple-family dwellings, and any
3 necessary or desirable appurtenances to those buildings, within the
4 development area for the use, in whole or in part, of any public or
5 private person or corporation, or a combination thereof.

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

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

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

15 (m) Acquire and construct public facilities.

16 (n) Conduct market research and public relations campaigns,
17 develop, coordinate, and conduct retail and institutional
18 promotions, and sponsor special events and related activities.

19 (o) Contract for broadband service and wireless technology
20 service in a development area.

21 **(2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, IN A**
22 **QUALIFIED DEVELOPMENT AREA THE BOARD MAY, IN ADDITION TO THE POWERS**
23 **ENUMERATED IN SUBSECTION (1), DO 1 OR MORE OF THE FOLLOWING:**

24 **(A) PERFORM ANY NECESSARY OR DESIRABLE SITE IMPROVEMENTS TO**
25 **THE LAND, INCLUDING, BUT NOT LIMITED TO, INSTALLATION OF TEMPORARY**
26 **OR PERMANENT UTILITIES, TEMPORARY OR PERMANENT ROADS AND DRIVEWAYS,**
27 **SILT FENCES, PERIMETER CONSTRUCTION FENCES, CURBS AND GUTTERS,**

1 SIDEWALKS, PAVEMENT MARKINGS, WATER SYSTEMS, GAS DISTRIBUTION
2 LINES, CONCRETE, INCLUDING, BUT NOT LIMITED TO, BUILDING PADS,
3 STORM DRAINAGE SYSTEMS, SANITARY SEWER SYSTEMS, PARKING LOT PAVING
4 AND LIGHT FIXTURES, ELECTRICAL SERVICE, COMMUNICATIONS SYSTEMS,
5 SITE SIGNAGE, AND EXCAVATION, BACKFILL, GRADING OF SITE,
6 LANDSCAPING AND IRRIGATION, WITHIN THE DEVELOPMENT AREA FOR THE
7 USE, IN WHOLE OR IN PART, OF ANY PUBLIC OR PRIVATE PERSON OR
8 BUSINESS ENTITY, OR A COMBINATION OF THESE.

9 (B) INCUR EXPENSES AND EXPEND FUNDS TO PAY OR REIMBURSE A
10 PUBLIC OR PRIVATE PERSON FOR COSTS ASSOCIATED WITH ANY OF THE
11 IMPROVEMENTS DESCRIBED IN SUBDIVISION (A).

12 (C) MAKE AND ENTER INTO FINANCING ARRANGEMENTS WITH A PUBLIC
13 OR PRIVATE PERSON FOR THE PURPOSES OF IMPLEMENTING THE BOARD'S
14 POWERS DESCRIBED IN THIS SECTION, INCLUDING, BUT NOT LIMITED TO,
15 LEASE PURCHASE AGREEMENTS, LAND CONTRACTS, INSTALLMENT SALES
16 AGREEMENTS, SALE LEASEBACK AGREEMENTS, AND LOAN AGREEMENTS.

17 Sec. 17. (1) The authority may with approval of the local
18 governing body borrow money and issue its revenue bonds or notes to
19 finance all or part of the costs of acquiring or constructing OR
20 CAUSING TO BE CONSTRUCTED property in connection with either of the
21 following:

22 (a) The implementation of a development plan in the
23 development area.

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

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

1 (a) The cost of purchasing, acquiring, constructing,
2 improving, enlarging, extending, or repairing property in
3 connection with the implementation of a development plan in the
4 development area, **AND, FOR THE IMPLEMENTATION OF THE DEVELOPMENT**
5 **PLAN IN A QUALIFIED DEVELOPMENT AREA, THE COST OF REIMBURSING A**
6 **PUBLIC OR PRIVATE PERSON FOR ANY OF THOSE COSTS.**

7 (b) Any engineering, architectural, legal, accounting, or
8 financial expenses.

9 (c) The costs necessary or incidental to the borrowing of
10 money.

11 (d) Interest on the bonds or notes during the period of
12 construction.

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

15 (f) A reserve for operation and maintenance until sufficient
16 revenues have developed.

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

20 (4) A pledge made by the authority is valid and binding from
21 the time the pledge is made. The money or property pledged by the
22 authority immediately is subject to the lien of the pledge without
23 a physical delivery, filing, or further act. The lien of a pledge
24 is valid and binding against parties having claims of any kind in
25 tort, contract, or otherwise, against the authority, whether or not
26 the parties have notice of the lien. Neither the resolution, the
27 trust agreement, nor any other instrument by which a pledge is

1 created must be filed or recorded to be enforceable.

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

7 (6) The municipality is not liable on bonds or notes of the
8 authority issued under this section, and the bonds or notes are not
9 a debt of the municipality. The bonds or notes shall contain on
10 their face a statement to that effect.

11 (7) The bonds and notes of the authority may be invested in by
12 all public officers, state agencies and political subdivisions,
13 insurance companies, banks, savings and loan associations,
14 investment companies, and fiduciaries and trustees, and may be
15 deposited with and received by all public officers and the agencies
16 and political subdivisions of this state for any purpose for which
17 the deposit of bonds is authorized.

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

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

9 (2) Approval of the tax increment financing plan shall comply
10 with the notice, hearing, and disclosure provisions of section 22.
11 If the development plan is part of the tax increment financing
12 plan, only 1 hearing and approval procedure is required for the 2
13 plans together.

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

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

1 of the original plan.

2 (5) ~~Not~~ EXCEPT FOR A DEVELOPMENT AREA LOCATED IN A QUALIFIED
3 DEVELOPMENT AREA, NOT more than 60 days after the public hearing,
4 the governing body in a taxing jurisdiction levying ad valorem
5 property taxes that would otherwise be subject to capture may
6 exempt its taxes from capture by adopting a resolution to that
7 effect and filing a copy with the clerk of the municipality
8 proposing to create the authority. The resolution shall take effect
9 when filed with the clerk and remains effective until a copy of a
10 resolution rescinding that resolution is filed with that clerk.

11 SEC. 29. (1) SUBJECT TO THE REQUIREMENTS OF SUBSECTION (2),
12 WITHIN 60 DAYS AFTER A DEVELOPMENT PLAN FOR A QUALIFIED DEVELOPMENT
13 AREA HAS BEEN APPROVED UNDER SECTION 18, UPON WRITTEN REQUEST FROM
14 THE AUTHORITY THE MICHIGAN ECONOMIC GROWTH AUTHORITY UNDER THE
15 MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO
16 207.810, MAY INCLUDE THE FOLLOWING WITHIN THE DEFINITION OF TAX
17 INCREMENT REVENUES UNDER SECTION 3(G):

18 (A) TAXES UNDER THE STATE EDUCATION TAX ACT, 1933 PA 331, MCL
19 211.901 TO 211.906.

20 (B) TAXES LEVIED BY LOCAL OR INTERMEDIATE SCHOOL DISTRICTS
21 UNDER THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO 380.1852.

22 (2) THE MICHIGAN ECONOMIC GROWTH AUTHORITY MAY ONLY ALLOW
23 INCLUSION OF THE TAXES DESCRIBED IN SUBSECTION (1) IN THE
24 DEFINITION OF TAX INCREMENT REVENUES IF THE MICHIGAN ECONOMIC
25 GROWTH AUTHORITY UNDER THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT,
26 1995 PA 24, MCL 207.801 TO 207.810, DETERMINES THAT THE INCLUSION
27 IS NECESSARY TO REDUCE UNEMPLOYMENT, PROMOTE ECONOMIC GROWTH, AND

1 INCREASE CAPITAL INVESTMENT IN A QUALIFIED DEVELOPMENT AREA.