

**SUBSTITUTE FOR  
SENATE BILL NO. 623**

A bill to amend 1986 PA 281, entitled  
"The local development financing act,"  
by amending sections 2 and 4 (MCL 125.2152 and 125.2154), section 2  
as amended by 2013 PA 62 and section 4 as amended by 2012 PA 290.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 2. As used in this act:

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  
4       anticipation of repayment by the authority. Evidence of the intent  
5       to repay an advance may include, but is not limited to, an executed  
6       agreement to repay, provisions contained in a tax increment  
7       financing plan approved prior to the advance, or a resolution of  
8       the authority or the municipality.

9       (b) "Alternative energy technology" means equipment, component

1 parts, materials, electronic devices, testing equipment, and  
2 related systems that are specifically designed, specifically  
3 fabricated, and used primarily for 1 or more of the following:

4 (i) The storage, generation, reformation, or distribution of  
5 clean fuels integrated within an alternative energy system or  
6 alternative energy vehicle, not including an anaerobic digester  
7 energy system or a hydroelectric energy system, for use within the  
8 alternative energy system or alternative energy vehicle.

9 (ii) The process of generating and putting into a usable form  
10 the energy generated by an alternative energy system. Alternative  
11 energy technology does not include those component parts of an  
12 alternative energy system that are required regardless of the  
13 energy source.

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

16 (iv) Research, development, and manufacturing of an  
17 alternative energy system.

18 (v) Research, development, and manufacturing of an anaerobic  
19 digester energy system.

20 (vi) Research, development, and manufacturing of a  
21 hydroelectric energy system.

22 (c) "Alternative energy technology business" means a business  
23 engaged in the research, development, or manufacturing of  
24 alternative energy technology or a business located in an authority  
25 district that includes a military installation that was operated by  
26 the United States ~~department of defense~~ **DEPARTMENT OF DEFENSE** and  
27 closed after 1980.

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

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

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

8 (e) "Authority" means a local development finance authority  
9 created pursuant to this act.

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

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

13 (h) "Business development area" means an area designated as a  
14 certified industrial park under this act prior to June 29, 2000, or  
15 an area designated in the tax increment financing plan that meets  
16 all of the following requirements:

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

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

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

22 (i) Is located in a certified technology park or a certified  
23 alternative energy park.

24 (ii) Is subject to an agreement under section 12a or 12c.

25 (iii) Is developed for the primary purpose of attracting 1 or  
26 more owners or tenants who will engage in activities that would  
27 each separately qualify the property as eligible property under

1 subdivision (s) (iii) .

2 (j) "Captured assessed value" means the amount in any 1 year  
3 by which the current assessed value of the eligible property  
4 identified in the tax increment financing plan or, for a certified  
5 technology park, a certified alternative energy park, or a ~~next~~  
6 **NEXT** Michigan development area, the real and personal property  
7 included in the tax increment financing plan, including the current  
8 assessed value of property for which specific local taxes are paid  
9 in lieu of property taxes as determined pursuant to subdivision  
10 (hh), exceeds the initial assessed value. The state tax commission  
11 shall prescribe the method for calculating captured assessed value.  
12 Except as otherwise provided in this act, tax abated property in a  
13 renaissance zone as defined under section 3 of the Michigan  
14 renaissance zone act, 1996 PA 376, MCL 125.2683, shall be excluded  
15 from the calculation of captured assessed value to the extent that  
16 the property is exempt from ad valorem property taxes or specific  
17 local taxes.

18 (k) "Certified alternative energy park" means that portion of  
19 an authority district designated by a written agreement entered  
20 into pursuant to section 12c between the authority, the  
21 municipality or municipalities, and the Michigan economic  
22 development corporation.

23 (l) "Certified business park" means a business development  
24 area that has been designated by the Michigan economic development  
25 corporation as meeting criteria established by the Michigan  
26 economic development corporation. The criteria shall establish  
27 standards for business development areas including, but not limited

1 to, use, types of building materials, landscaping, setbacks,  
2 parking, storage areas, and management.

3 (m) "Certified technology park" means that portion of the  
4 authority district designated by a written agreement entered into  
5 pursuant to section 12a between the authority, the municipality,  
6 and the Michigan economic development corporation.

7 (n) "Chief executive officer" means the mayor or city manager  
8 of a city, the president of a village, or, for other local units of  
9 government or school districts, the person charged by law with the  
10 supervision of the functions of the local unit of government or  
11 school district.

12 (o) "Development plan" means that information and those  
13 requirements for a development set forth in section 15.

14 (p) "Development program" means the implementation of a  
15 development plan.

16 (q) "Eligible advance" means an advance made before August 19,  
17 1993.

18 (r) "Eligible obligation" means an obligation issued or  
19 incurred by an authority or by a municipality on behalf of an  
20 authority before August 19, 1993 and its subsequent refunding by a  
21 qualified refunding obligation. Eligible obligation includes an  
22 authority's written agreement entered into before August 19, 1993  
23 to pay an obligation issued after August 18, 1993 and before  
24 December 31, 1996 by another entity on behalf of the authority.

25 (s) "Eligible property" means land improvements, buildings,  
26 structures, and other real property, and machinery, equipment,  
27 furniture, and fixtures, or any part or accessory thereof whether

1 completed or in the process of construction comprising an  
2 integrated whole, located within an authority district, of which  
3 the primary purpose and use is or will be 1 of the following:

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

6 (ii) Agricultural processing.

7 (iii) A high technology activity.

8 (iv) The production of energy by the processing of goods or  
9 materials by physical or chemical change by a small power  
10 production facility as defined by the ~~federal energy regulatory~~  
11 ~~commission~~ **FEDERAL ENERGY REGULATORY COMMISSION** pursuant to the  
12 public utility regulatory policies act of 1978, Public Law 95-617,  
13 which facility is fueled primarily by biomass or wood waste. This  
14 act does not affect a person's rights or liabilities under law with  
15 respect to groundwater contamination described in this  
16 subparagraph. This subparagraph applies only if all of the  
17 following requirements are met:

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

24 (B) The board of the authority exercising powers within the  
25 authority district where the eligible property is located adopted  
26 an initial tax increment financing plan between January 1, 1991 and  
27 May 1, 1991.

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

9 (v) A business incubator.

10 (vi) An alternative energy technology business.

11 (vii) A transit-oriented facility.

12 (viii) A transit-oriented development.

13 (ix) An eligible ~~next~~**NEXT** Michigan business, as that term is  
14 defined in section 3 of the Michigan economic growth authority act,  
15 1995 PA 24, MCL 207.803, and other businesses within a ~~next~~**NEXT**  
16 Michigan development area, but only to the extent designated as  
17 eligible property within a development plan approved by a ~~next~~**NEXT**  
18 Michigan development corporation.

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

20 (u) "Governing body" means, except as otherwise provided in  
21 this subdivision, the elected body having legislative powers of a  
22 municipality creating an authority under this act. For a ~~next~~**NEXT**  
23 Michigan development corporation, governing body means the  
24 executive committee of the ~~next~~**NEXT** Michigan development  
25 corporation, unless otherwise provided in the interlocal agreement  
26 or articles of incorporation creating the ~~next~~**NEXT** Michigan  
27 development corporation or the governing body of an eligible urban

1 entity or its designee as provided in the next Michigan development  
2 act, 2010 PA 275, MCL 125.2951 to 125.2959.

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

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



1 interlocal agreement effective April 5, 1999 between local  
2 participating economic development corporations formed under the  
3 economic development corporations act, 1974 PA 338, MCL 125.1601 to  
4 125.1636, and the Michigan strategic fund. If the Michigan economic  
5 development corporation is unable for any reason to perform its  
6 duties under this act, those duties may be exercised by the  
7 Michigan strategic fund.

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

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

15 (aa) "Next Michigan development area" means a portion of an  
16 authority district designated by a ~~next~~**NEXT** Michigan development  
17 corporation under section 12e to which a development plan is  
18 applicable.

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

22 (cc) "Obligation" means a written promise to pay, whether  
23 evidenced by a contract, agreement, lease, sublease, bond, or note,  
24 or a requirement to pay imposed by law. An obligation does not  
25 include a payment required solely because of default upon an  
26 obligation, employee salaries, or consideration paid for the use of  
27 municipal offices. An obligation does not include those bonds that

1 have been economically defeased by refunding bonds issued under  
2 this act. Obligation includes, but is not limited to, the  
3 following:

4 (i) A requirement to pay proceeds derived from ad valorem  
5 property taxes or taxes levied in lieu of ad valorem property  
6 taxes.

7 (ii) A management contract or a contract for professional  
8 services.

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

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

15 (v) A letter of credit, paying agent, transfer agent, bond  
16 registrar, or trustee fee associated with a contract, agreement,  
17 bond, or note.

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

1 more of the following:

2 (i) A reimbursement agreement between the municipality and an  
3 authority it established.

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

6 (iii) A resolution of the authority agreeing to make payments  
7 to the incorporating unit.

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

10 (ee) "Other protected obligation" means:

11 (i) A qualified refunding obligation issued to refund an  
12 obligation described in subparagraph (ii) or (iii), an obligation  
13 that is not a qualified refunding obligation that is issued to  
14 refund an eligible obligation, or a qualified refunding obligation  
15 issued to refund an obligation described in this subparagraph.

16 (ii) An obligation issued or incurred by an authority or by a  
17 municipality on behalf of an authority after August 19, 1993, but  
18 before December 31, 1994, to finance a project described in a tax  
19 increment finance plan approved by the municipality in accordance  
20 with this act before August 19, 1993, for which a contract for  
21 final design is entered into by the municipality or authority  
22 before March 1, 1994.

23 (iii) An obligation incurred by an authority or municipality  
24 after August 19, 1993, to reimburse a party to a development  
25 agreement entered into by a municipality or authority before August  
26 19, 1993, for a project described in a tax increment financing plan  
27 approved in accordance with this act before August 19, 1993, and

1 undertaken and installed by that party in accordance with the  
2 development agreement.

3 (iv) An ongoing management or professional services contract  
4 with the governing body of a county that was entered into before  
5 March 1, 1994 and that was preceded by a series of limited term  
6 management or professional services contracts with the governing  
7 body of the county, the last of which was entered into before  
8 August 19, 1993.

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

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

1 a public, utility, or transportation easement or right-of-way.

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

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

11 (iv) An improvement to a facility used by the public or a  
12 public facility as those terms are defined in section 1 of 1966 PA  
13 1, MCL 125.1351, which improvement is made to comply with the  
14 barrier free design requirements of the state construction code  
15 promulgated under the Stille-DeRossett-Hale single state  
16 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

17 (v) All of the following costs approved by the Michigan  
18 economic development corporation:

19 (A) Operational costs and the costs related to the  
20 acquisition, improvement, preparation, demolition, disposal,  
21 construction, reconstruction, remediation, rehabilitation,  
22 restoration, preservation, maintenance, repair, furnishing, and  
23 equipping of land and other assets that are or may become eligible  
24 for depreciation under the internal revenue code of 1986 for a  
25 business incubator located in a certified technology park or  
26 certified alternative energy park.

27 (B) 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 for laboratory facilities,  
6 research and development facilities, conference facilities,  
7 teleconference facilities, testing, training facilities, and  
8 quality control facilities that are or that support eligible  
9 property under subdivision (s) (iii), that are owned by a public  
10 entity, and that are located within a certified technology park.

11 (C) Costs related to the acquisition, improvement,  
12 preparation, demolition, disposal, construction, reconstruction,  
13 remediation, rehabilitation, restoration, preservation,  
14 maintenance, repair, furnishing, and equipping of land and other  
15 assets that, if privately owned, would be eligible for depreciation  
16 under the internal revenue code of 1986 for facilities that are or  
17 that will support eligible property under subdivision (s) (vi), that  
18 have been or will be owned by a public entity at the time such  
19 costs are incurred, that are located within a certified alternative  
20 energy park, and that have been or will be conveyed, by gift or  
21 sale, by such public entity to an alternative energy technology  
22 business.

23 (vi) Operating and planning costs included in a plan pursuant  
24 to section 12(1) (f), including costs of marketing property within  
25 the district and attracting development of eligible property within  
26 the district.

27 (gg) "Qualified refunding obligation" means an obligation

1 issued or incurred by an authority or by a municipality on behalf  
2 of an authority to refund an obligation if the refunding obligation  
3 meets both of the following:

4 (i) The net present value of the principal and interest to be  
5 paid on the refunding obligation, including the cost of issuance,  
6 will be less than the net present value of the principal and  
7 interest to be paid on the obligation being refunded, as calculated  
8 using a method approved by the department of treasury.

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

16 (hh) "Specific local taxes" means a tax levied under 1974 PA  
17 198, MCL 207.551 to 207.572, the obsolete property rehabilitation  
18 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial  
19 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the  
20 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA  
21 189, MCL 211.181 to 211.182, and the technology park development  
22 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed  
23 value or current assessed value of property subject to a specific  
24 local tax is the quotient of the specific local tax paid divided by  
25 the ad valorem millage rate. However, after 1993, the state tax  
26 commission shall prescribe the method for calculating the initial  
27 assessed value and current assessed value of property for which a

1 specific local tax was paid in lieu of a property tax.

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

4 (jj) "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 the  
7 captured assessed value of eligible property within the district  
8 or, for purposes of a certified technology park, a ~~next~~**NEXT**  
9 Michigan development area, or a certified alternative energy park,  
10 real or personal property that is located within the certified  
11 technology park, a ~~next~~**NEXT** Michigan development area, or a  
12 certified alternative energy park and included within the tax  
13 increment financing plan, subject to the following requirements:

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

21 (ii) Tax increment revenues include ad valorem property taxes  
22 and specific local taxes attributable to the application of the  
23 levy of the state pursuant to the state education tax act, 1993 PA  
24 331, MCL 211.901 to 211.906, and local or intermediate school  
25 districts upon the captured assessed value of real and personal  
26 property in the development area in an amount equal to the amount  
27 necessary, without regard to subparagraph (i), for the following



1 purposes:

2 (A) To repay eligible advances, eligible obligations, and  
3 other protected obligations.

4 (B) To fund or to repay an advance or obligation issued by or  
5 on behalf of an authority to fund the cost of public facilities  
6 related to or for the benefit of eligible property located within a  
7 certified technology park or a certified alternative energy park to  
8 the extent the public facilities have been included in an agreement  
9 under section 12a(3), 12b, or 12c(3), not to exceed 50%, as  
10 determined by the state treasurer, of the amounts levied by the  
11 state pursuant to the state education tax act, 1993 PA 331, MCL  
12 211.901 to 211.906, and local and intermediate school districts for  
13 a period, except as otherwise provided in this sub-subparagraph,  
14 not to exceed 15 years, as determined by the state treasurer, if  
15 the state treasurer determines that the capture under this sub-  
16 subparagraph is necessary to reduce unemployment, promote economic  
17 growth, and increase capital investment in the municipality.  
18 However, upon approval of the state treasurer and the president of  
19 the Michigan economic development corporation, a certified  
20 technology park may capture under this sub-subparagraph for an  
21 additional period of 5 years if the authority agrees to additional  
22 reporting requirements and modifies its tax increment financing  
23 plan to include regional collaboration as determined by the state  
24 treasurer and the president of the Michigan economic development  
25 corporation. In addition, upon approval of the state treasurer and  
26 the president of the Michigan economic development corporation, if  
27 a municipality that has created a certified technology park that

1 has entered into an agreement with another authority that does not  
2 contain a certified technology park to designate a distinct  
3 geographic area under section 12b, that authority that has created  
4 the certified technology park and the associated distinct  
5 geographic area may both capture under this sub-subparagraph for an  
6 additional period of 15 years as determined by the state treasurer  
7 and the president of the Michigan economic development corporation.

8 (C) To fund the cost of public facilities related to or for  
9 the benefit of eligible property located within a ~~next~~**NEXT**  
10 Michigan development area to the extent that the public facilities  
11 have been included in a development plan, not to exceed 50%, as  
12 determined by the state treasurer, of the amounts levied by the  
13 state pursuant to the state education tax act, 1993 PA 331, MCL  
14 211.901 to 211.906, and local and intermediate school districts for  
15 a period not to exceed 15 years, as determined by the state  
16 treasurer, if the state treasurer determines that the capture under  
17 this sub-subparagraph is necessary to reduce unemployment, promote  
18 economic growth, and increase capital investment in the authority  
19 district.

20 (iii) Tax increment revenues do not include any of the  
21 following:

22 (A) Ad valorem property taxes or specific local taxes that are  
23 excluded from and not made part of the tax increment financing  
24 plan. Ad valorem personal property taxes or specific local taxes  
25 associated with personal property may be excluded from and may not  
26 be part of the tax increment financing plan.

27 (B) Ad valorem property taxes and specific local taxes

1 attributable to ad valorem property taxes excluded by the tax  
2 increment financing plan of the authority from the determination of  
3 the amount of tax increment revenues to be transmitted to the  
4 authority.

5 (C) Ad valorem property taxes exempted from capture under  
6 section 4(3) or specific local taxes attributable to such ad  
7 valorem property taxes.

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

13 (E) The amount of ad valorem property taxes or specific taxes  
14 captured by a downtown development authority under 1975 PA 197, MCL  
15 125.1651 to 125.1681, tax increment financing authority under the  
16 tax increment finance authority act, 1980 PA 450, MCL 125.1801 to  
17 125.1830, or brownfield redevelopment authority under the  
18 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
19 to 125.2672, if those taxes were captured by these other  
20 authorities on the date that the initial assessed value of a parcel  
21 of property was established under this act.

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

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

27 (II) The art institute authorities act, 2010 PA 296, MCL

1 123.1201 to 123.1229.

2 (III) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4(3), AD VALOREM  
3 PROPERTY TAXES OR SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD  
4 VALOREM PROPERTY TAXES LEVIED FOR A SEPARATE MILLAGE FOR PUBLIC  
5 LIBRARY PURPOSES APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2015.

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

16 (A) The percentage that the total ad valorem taxes and  
17 specific local taxes available for distribution by law to the  
18 state, local school district, or intermediate school district,  
19 respectively, bears to the aggregate amount of ad valorem millage  
20 taxes and specific taxes available for distribution by law to the  
21 state, each local school district, and each intermediate school  
22 district.

23 (B) The maximum amount of ad valorem property taxes and  
24 specific local taxes considered tax increment revenues under  
25 subparagraph (ii).

26 (kk) "Transit-oriented development" means infrastructure  
27 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 (ll) "Transit-oriented facility" means a facility that houses  
5 a transit station in a manner that promotes transit ridership or  
6 passenger rail use.

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

9 (i) Meets all of the following requirements:

10 (A) Has a population of 20,000 or more, or has a population of  
11 10,000 or more but is located in a county with a population of  
12 400,000 or more.

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

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

16 (ii) Meets all of the following requirements:

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

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

21 (C) Has within its boundaries a parcel of property under  
22 common ownership that is 800 acres or larger and is capable of  
23 being served by a railroad, and located within 3 miles of a limited  
24 access highway.

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

26 (iii) Meets all of the following requirements:

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

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

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

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

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

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

11 (iv) Meets all of the following requirements:

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

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

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

16 (v) Meets all of the following requirements:

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

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

22 (C) Has a master plan in effect.

23 (vi) Meets all of the following requirements:

24 (A) Has a population of less than 10,000.

25 (B) Has a state equalized valuation for all real and personal  
26 property located in the township of more than \$280,000,000.00.

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

1 (D) Has within its boundaries a combination of parcels under  
2 common ownership that is 199 acres or larger, is located within 1  
3 mile of a limited access highway, and is located within 1 mile of  
4 an existing sewer line.

5 (E) Has rail service.

6 (F) Establishes an authority before May 7, 2009.

7 (vii) Has joined an authority under section 3(2) which is  
8 seeking or has entered into an agreement for a certified technology  
9 park.

10 (viii) Has established an authority which is seeking or has  
11 entered into an agreement for a certified alternative energy park.

12 Sec. 4. (1) The governing body of a municipality may declare  
13 by resolution adopted by a majority of its members elected and  
14 serving its intention to create and provide for the operation of an  
15 authority.

16 (2) In the resolution of intent, the governing body proposing  
17 to create the authority shall set a date for holding a public  
18 hearing on the adoption of a proposed resolution creating the  
19 authority and designating the boundaries of the authority district  
20 or districts. Notice of the public hearing shall be published twice  
21 in a newspaper of general circulation in the municipality, not less  
22 than 20 nor more than 40 days before the date of the hearing.  
23 Except as otherwise provided in subsection (8), not less than 20  
24 days before the hearing, the governing body proposing to create the  
25 authority shall also mail notice of the hearing to the property  
26 taxpayers of record in a proposed authority district and, for a  
27 public hearing to be held after February 15, 1994, to the governing

1 body of each taxing jurisdiction levying taxes that would be  
2 subject to capture if the authority is established and a tax  
3 increment financing plan is approved. Beginning June 1, 2005, the  
4 notice of hearing within the time frame described in this  
5 subsection shall be mailed by certified mail to the governing body  
6 of each taxing jurisdiction levying taxes that would be subject to  
7 capture if the authority is established and a tax increment  
8 financing plan is approved. Failure of a property taxpayer to  
9 receive the notice shall not invalidate these proceedings. The  
10 notice shall state the date, time, and place of the hearing, and  
11 shall describe the boundaries of the proposed authority district or  
12 districts. At that hearing, a resident, taxpayer, or property owner  
13 from a taxing jurisdiction in which the proposed district is  
14 located or an official from a taxing jurisdiction with millage that  
15 would be subject to capture has the right to be heard in regard to  
16 the establishment of the authority and the boundaries of that  
17 proposed authority district. The governing body of the municipality  
18 in which a proposed district is to be located shall not incorporate  
19 land into an authority district not included in the description  
20 contained in the notice of public hearing, but it may eliminate  
21 lands described in the notice of public hearing from an authority  
22 district in the final determination of the boundaries.

23 (3) Except as otherwise provided in subsection (8), not more  
24 than 60 days after a public hearing held after February 15, 1994,  
25 the governing body of a taxing jurisdiction with millage that would  
26 otherwise be subject to capture may exempt its taxes from capture  
27 by adopting a resolution to that effect and filing a copy with the



1 clerk of the municipality proposing to create the authority.  
2 However, a resolution by a governing body of a taxing jurisdiction  
3 to exempt its taxes from capture is not effective for the capture  
4 of taxes that are used for a certified technology park or a  
5 certified alternative energy park. The resolution takes effect when  
6 filed with that clerk and remains effective until a copy of a  
7 resolution rescinding that resolution is filed with that clerk. **IF**  
8 **A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES WAS LEVIED BEFORE**  
9 **JANUARY 1, 2016, AND ALL OBLIGATIONS AND OTHER PROTECTED**  
10 **OBLIGATIONS OF THE AUTHORITY ARE PAID OR DEFEASED, THEN THE LEVY IS**  
11 **EXEMPT FROM CAPTURE UNDER THIS ACT, UNLESS THE LIBRARY BOARD OR**  
12 **COMMISSION ALLOWS ALL OR A PORTION OF ITS TAXES LEVIED TO BE**  
13 **INCLUDED AS TAX INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER**  
14 **THIS ACT UNDER THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY**  
15 **BOARD OR COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL**  
16 **BE FILED WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF A SEPARATE**  
17 **MILLAGE FOR PUBLIC LIBRARY PURPOSES WAS LEVIED BEFORE JANUARY 1,**  
18 **2016, AND THE AUTHORITY ALTERS OR AMENDS THE BOUNDARIES OF THE**  
19 **AUTHORITY DISTRICT OR EXTENDS THE DURATION OF THE EXISTING FINANCE**  
20 **PLAN, THEN THE LIBRARY BOARD OR COMMISSION MAY, NOT LATER THAN 60**  
21 **DAYS AFTER A PUBLIC HEARING IS HELD UNDER THIS SUBSECTION, EXEMPT**  
22 **ALL OR A PORTION OF ITS TAXES FROM CAPTURE BY ADOPTING A RESOLUTION**  
23 **TO THAT EFFECT AND FILING A COPY WITH THE CLERK OF THE MUNICIPALITY**  
24 **THAT CREATED THE AUTHORITY. FOR AD VALOREM PROPERTY TAXES OR**  
25 **SPECIFIC LOCAL TAXES ATTRIBUTABLE TO THOSE AD VALOREM PROPERTY**  
26 **TAXES LEVIED FOR A SEPARATE MILLAGE FOR PUBLIC LIBRARY PURPOSES**  
27 **APPROVED BY THE ELECTORS AFTER DECEMBER 31, 2015, A LIBRARY BOARD**

1 OR COMMISSION MAY ALLOW ALL OR A PORTION OF ITS TAXES LEVIED TO BE  
2 INCLUDED AS TAX INCREMENT REVENUES AND SUBJECT TO CAPTURE UNDER  
3 THIS ACT UNDER THE TERMS OF A WRITTEN AGREEMENT BETWEEN THE LIBRARY  
4 BOARD OR COMMISSION AND THE AUTHORITY. THE WRITTEN AGREEMENT SHALL  
5 BE FILED WITH THE CLERK OF THE MUNICIPALITY. HOWEVER, IF THE  
6 LIBRARY WAS CREATED UNDER SECTION 1 OR 10A OF 1877 PA 164, MCL  
7 397.201 AND 397.210A, THEN ANY ACTION OF THE LIBRARY BOARD OR  
8 COMMISSION UNDER THIS SUBSECTION SHALL HAVE THE CONCURRENCE OF THE  
9 CHIEF EXECUTIVE OFFICER OF THE CITY THAT CREATED THE LIBRARY TO BE  
10 EFFECTIVE.

11 (4) Except as otherwise provided in subsection (8), not less  
12 than 60 days after the public hearing or a shorter period as  
13 determined by the governing body for a certified technology park or  
14 a certified alternative energy park, if the governing body creating  
15 the authority intends to proceed with the establishment of the  
16 authority, it shall adopt, by majority vote of its members elected  
17 and serving, a resolution establishing the authority and  
18 designating the boundaries of the authority district or districts  
19 within which the authority shall exercise its powers. The adoption  
20 of the resolution is subject to any applicable statutory or charter  
21 provisions with respect to the approval or disapproval of  
22 resolutions by the chief executive officer of the municipality and  
23 the adoption of a resolution over his or her veto. This resolution  
24 shall be filed with the secretary of state promptly after its  
25 adoption and shall be published at least once in a newspaper of  
26 general circulation in the municipality.

27 (5) The governing body may alter or amend the boundaries of an

1 authority district to include or exclude lands from that authority  
2 district or create new authority districts pursuant to the same  
3 requirements prescribed for adopting the resolution creating the  
4 authority.

5 (6) The validity of the proceedings establishing an authority  
6 shall be conclusive unless contested in a court of competent  
7 jurisdiction within 60 days after the last of the following takes  
8 place:

9 (a) Publication of the resolution creating the authority as  
10 adopted.

11 (b) Filing of the resolution creating the authority with the  
12 secretary of state.

13 (7) Except as otherwise provided by this subsection, if 2 or  
14 more municipalities desire to establish an authority under section  
15 3(2), each municipality in which the authority district will be  
16 located shall comply with the procedures prescribed by this act.  
17 The notice required by subsection (2) may be published jointly by  
18 the municipalities establishing the authority. The resolutions  
19 establishing the authority shall include, or shall approve an  
20 agreement including, provisions governing the number of members on  
21 the board, the method of appointment, the members to be represented  
22 by governmental units or agencies, the terms of initial and  
23 subsequent appointments to the board, the manner in which a member  
24 of the board may be removed for cause before the expiration of his  
25 or her term, the manner in which the authority may be dissolved,  
26 and the disposition of assets upon dissolution. An authority  
27 described in this subsection shall not be considered established

1 unless all of the following conditions are satisfied:

2 (a) A resolution is approved and filed with the secretary of  
3 state by each municipality in which the authority district will be  
4 located.

5 (b) The same boundaries have been approved for the authority  
6 district by the governing body of each municipality in which the  
7 authority district will be located.

8 (c) The governing body of the county in which a majority of  
9 the authority district will be located has approved by resolution  
10 the creation of the authority.

11 (8) For an authority created under section 3(3), except as  
12 otherwise provided by this subsection, the ~~next~~**NEXT** Michigan  
13 development corporation shall comply with the procedures prescribed  
14 for a municipality by subsections (1) and (2) and this subsection.  
15 The provisions of subsections (3) and (4) shall not apply to an  
16 authority exercising its powers under section 3(3). The notice  
17 required by subsection (2) may be published by the ~~next~~**NEXT**  
18 Michigan development corporation in a newspaper or newspapers of  
19 general circulation within the municipalities which are constituent  
20 members of the ~~next~~**NEXT** Michigan development corporation, and  
21 notice shall not be required to be mailed to the property taxpayers  
22 of record in the proposed authority district. The governing body of  
23 the ~~next~~**NEXT** Michigan development corporation shall be the  
24 governing body of the authority. A taxing jurisdiction levying ad  
25 valorem taxes within the authority district that would otherwise be  
26 subject to capture which is not a party to the intergovernmental  
27 agreement may exempt its taxes from capture by adopting a

1 resolution to that effect and filing a copy not more than 60 days  
2 after the public hearing with the recording officer of the ~~next~~  
3 **NEXT** Michigan development corporation. The ~~next~~**NEXT** Michigan  
4 development corporation shall mail notice of the public hearing to  
5 the governing body of each taxing jurisdiction which is not a party  
6 to the intergovernmental agreement not less than 20 days before the  
7 hearing. Following the public hearing, the governing body of the  
8 ~~next~~**NEXT** Michigan development corporation shall adopt a resolution  
9 designating the boundaries of the authority district within which  
10 the authority shall exercise its powers, which may include any  
11 certified technology park within the proposed authority district in  
12 accordance with this subsection and may include property adjacent  
13 to or within 1,500 feet of a road classified as an arterial or  
14 collector according to the ~~federal highway administration~~**FEDERAL**  
15 **HIGHWAY ADMINISTRATION** manual "Highway Functional Classification -  
16 Concepts, Criteria and Procedures" or of another road in the  
17 discretion of the ~~next~~**NEXT** Michigan development corporation, and  
18 property adjacent to that property within the territory of the ~~next~~  
19 **NEXT** Michigan development corporation, as provided in the  
20 resolution. The resolution shall be effective when adopted, shall  
21 be filed with the secretary of state and the president of the  
22 Michigan strategic fund promptly after its adoption, and shall be  
23 published at least once in a newspaper of general circulation in  
24 the territory of the ~~next~~**NEXT** Michigan development corporation. If  
25 an authority district designated under this subsection or  
26 subsequently amended includes a certified technology park which is  
27 within the authority district of another authority and which is

1 subject to an existing development plan or tax increment financing  
2 plan, then that certified technology park may be considered to be  
3 under the jurisdiction of the authority established under section  
4 3(3) if so provided in a resolution of the authority established  
5 under section 3(3) and if approved by resolution of the governing  
6 body of the municipality which created the other authority, and by  
7 the president of the Michigan strategic fund. If so provided and  
8 approved, then the development plan and tax increment financing  
9 plan applicable to the certified technology park, including all  
10 assets and obligations under the plans, shall be considered  
11 assigned and transferred from the other authority to the authority  
12 created under section 3(3), and the initial assessed value of the  
13 certified technology park prior to the transfer shall remain the  
14 initial assessed value of the certified technology park following  
15 the transfer. The transfer shall be effective as of the later of  
16 the effective date of the resolution of the authority established  
17 under section 3(3), the resolution approved by the governing body  
18 of the municipality which created the other authority, and the  
19 approval of the president of the Michigan strategic fund.