

# SENATE BILL NO. 784

March 13, 2024, Introduced by Senators SHINK and CHANG and referred to the Committee on Local Government.

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

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

- 1           Sec. 201. As used in this part:
- 2           (a) "Advance" means a transfer of funds made by a municipality
- 3           to an authority or to another person on behalf of the authority in

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 August 19, 1993.

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

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

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

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

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

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

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

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

1 of the authority and planning of its activities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 obligations.

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

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

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

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

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

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

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

25 (III) Except as otherwise provided in section 203(3), ad  
26 valorem property taxes or specific local taxes attributable to  
27 those ad valorem property taxes levied for a separate millage for  
28 public library purposes approved by the electors after December 31,  
29 2016.

1           **(E) Ad valorem property taxes or specific local taxes**  
 2     **attributable to those ad valorem property taxes levied for a**  
 3     **separate millage for fire department purposes. As used in this sub-**  
 4     **subparagraph, "fire department" means an organized fire department**  
 5     **as that term is defined in section 1 of the fire prevention code,**  
 6     **1941 PA 207, MCL 29.1.**

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

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

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

28           (v) Tax increment revenues include ad valorem property taxes  
 29    and specific local taxes, in an annual amount and for each year

1 approved by the state treasurer, attributable to the levy by this  
 2 state under the state education tax act, 1993 PA 331, MCL 211.901  
 3 to 211.906, and by local or intermediate school districts, ~~upon-on~~  
 4 the captured assessed value of real and personal property in the  
 5 development area of an authority established in a city with a  
 6 population of 600,000 or more to pay for, or reimburse an advance  
 7 for, not more than \$8,000,000.00 for the demolition of buildings or  
 8 structures on public or privately owned property within a  
 9 development area that commences in 2005, or to pay the annual  
 10 principal of or interest on an obligation, the terms of which are  
 11 approved by the state treasurer, issued by an authority, or by a  
 12 city on behalf of an authority, to pay not more than \$8,000,000.00  
 13 of the costs to demolish buildings or structures on public or  
 14 privately owned property within a development area that commences  
 15 in 2005.

16 (vi) Tax increment revenues include ad valorem property taxes  
 17 and specific local taxes attributable to the levy by this state  
 18 under the state education tax act, 1993 PA 331, MCL ~~211.201-211.901~~  
 19 to 211.906, and by local or intermediate school districts ~~which~~  
 20 **that** were levied on or after July 1, 2010, ~~upon-on~~ the captured  
 21 assessed value of real and personal property in the development  
 22 area of an authority established in a city with a population of  
 23 600,000 or more to pay for, or reimburse an advance for, costs  
 24 associated with the land acquisition, preliminary site work, and  
 25 construction of a catalyst development project.

26 Sec. 301. As used in this part:

27 (a) "Advance" means a transfer of funds made by a municipality  
 28 to an authority or to another person on behalf of the authority.  
 29 Evidence of the intent to repay an advance is required and ~~may~~



1 ~~include,~~**includes**, but is not limited to, an executed agreement to  
2 repay, provisions contained in a tax increment financing plan  
3 approved before the advance or before August 14, 1993, or a  
4 resolution of the authority or the municipality.

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

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

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

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

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

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

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

25 (g) "Chief executive officer" means the mayor or city manager  
26 of a city, the president of a village, or the supervisor of a  
27 township.

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

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

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

5 (k) "Development program" means the implementation of the  
6 development plan.

7 (l) "Eligible advance" means an advance made before August 19,  
8 1993.

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

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

29 (ii) For taxes levied after June 30, 2005 and before July 1,

1 2006, \$3,000,000.00.

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

4 (iv) For taxes levied after June 30, 2007 and before July 1,  
5 2008, \$3,000,000.00.

6 (v) For taxes levied after June 30, 2008 and before July 1,  
7 2009, \$3,000,000.00.

8 (vi) For taxes levied after June 30, 2009 and before July 1,  
9 2010, \$3,000,000.00.

10 (vii) For taxes levied after June 30, 2010 and before July 1,  
11 2011, \$2,650,000.00.

12 (viii) For taxes levied after June 30, 2011 and before July 1,  
13 2012, \$2,400,000.00.

14 (ix) For taxes levied after June 30, 2012 and before July 1,  
15 2013, \$2,125,000.00.

16 (x) For taxes levied after June 30, 2013 and before July 1,  
17 2014, \$1,500,000.00.

18 (xi) For taxes levied after June 30, 2014 and before July 1,  
19 2015, \$1,150,000.00.

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

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

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

24 (p) "Initial assessed value" means the assessed value, as  
25 equalized, of all the taxable property within the boundaries of the  
26 development area ~~at the time~~ **when** the resolution establishing the  
27 tax increment financing plan is approved as shown by the most  
28 recent assessment roll of the municipality for which equalization  
29 has been completed ~~at the time~~ **when** the resolution is adopted.

1 Property exempt from taxation ~~at the time of the determination of~~  
 2 **when** the initial assessed value ~~shall-is determined must~~ be  
 3 included as zero. For the purpose of determining initial assessed  
 4 value, property for which a specific local tax is paid in lieu of a  
 5 property tax ~~shall-is~~ not ~~be~~ considered property that is exempt  
 6 from taxation. The initial assessed value of property for which a  
 7 specific tax was paid in lieu of a property tax ~~shall-must~~ be  
 8 determined as provided in subdivision (w).

9 (q) "Municipality" means a city.

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

19 (i) A requirement to pay proceeds derived from ad valorem  
 20 property taxes or taxes levied in lieu of ad valorem property  
 21 taxes.

22 (ii) A management contract or a contract for professional  
 23 services.

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

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

1 (v) A letter of credit, paying agent, transfer agent, bond  
 2 registrar, or trustee fee associated with a contract, agreement,  
 3 bond, or note.

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

15 (i) A reimbursement agreement between the municipality and an  
 16 authority it established.

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

19 (iii) A resolution of the authority agreeing to make payments to  
 20 the incorporating unit.

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

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

24 (i) A qualified refunding obligation issued to refund an  
 25 obligation described in subparagraph (ii) or (iii), an obligation that  
 26 is not a qualified refunding obligation that is issued to refund an  
 27 eligible obligation, or a qualified refunding obligation issued to  
 28 refund an obligation described in this subparagraph.

29 (ii) An obligation issued or incurred by an authority or by a

1 municipality on behalf of an authority after August 19, 1993, but  
2 before December 31, 1994, to finance a project described in a tax  
3 increment finance plan approved by the municipality in accordance  
4 with this part before December 31, 1993, for which a contract for  
5 final design is entered into by the municipality or authority  
6 before March 1, 1994.

7 (iii) An obligation incurred by an authority or municipality  
8 after August 19, 1993, to reimburse a party to a development  
9 agreement entered into by a municipality or authority before August  
10 19, 1993, for a project described in a tax increment financing plan  
11 approved in accordance with this part before August 19, 1993, and  
12 undertaken and installed by that party in accordance with the  
13 development agreement.

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

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

27 (vi) An obligation issued or incurred by a municipality under a  
28 contract executed on December 19, 1994 as subsequently amended  
29 between the municipality and the authority to implement a project

1 described in a tax increment finance plan approved by the  
2 municipality under this part before August 19, 1993 for which a  
3 contract for final design was entered into by the municipality  
4 before March 1, 1994 ~~provided that~~ **if** final payment by the  
5 municipality is made on or before December 31, 2001.

6 (vii) An obligation issued or incurred by an authority or by a  
7 municipality on behalf of an authority that meets all of the  
8 following qualifications:

9 (A) The obligation is issued or incurred to finance a project  
10 described in a tax increment financing plan approved before August  
11 19, 1993 by a municipality in accordance with this part.

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

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

18 (D) The obligation does not exceed the dollar amount of the  
19 portion of the obligation retired ~~prior to~~ **before** December 31,  
20 1996.

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

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

27 (B) The obligation qualifies as an obligation under  
28 subparagraph (ii). The obligation described in this subparagraph may  
29 be amended to extend cash rental payments for a period not to

1 exceed 30 years through the year 2039. The duration of the  
 2 development plan and tax increment financing plan described in this  
 3 subparagraph is extended to 1 year after the final date that the  
 4 extended cash rental payments are due.

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

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

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

26 (iii) An improvement to a facility used by the public or a  
 27 public facility as those terms are defined in section 1 of 1966 PA  
 28 1, MCL 125.1351, which improvement is made to comply with the  
 29 barrier free design requirements of the state construction code



1 promulgated under the Stille-DeRossett-Hale single state  
 2 construction code act, 1972 PA 230, MCL 125.1501 to 125.1531.

3 (v) "Qualified refunding obligation" means an obligation  
 4 issued or incurred by an authority or by a municipality on behalf  
 5 of an authority to refund an obligation if 1 of the following  
 6 applies:

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

8 (A) The net present value of the principal and interest to be  
 9 paid on the refunding obligation, including the cost of issuance,  
 10 will be less than the net present value of the principal and  
 11 interest to be paid on the obligation being refunded, as calculated  
 12 using a method approved by the department of treasury.

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

21 (ii) The refunding obligation is a tax increment refunding bond  
 22 issued to refund a refunding bond that is an other protected  
 23 obligation issued as a capital appreciation bond delivered to the  
 24 Michigan municipal bond authority on December 21, 1994, or bonds  
 25 issued to refund that bond, and the authority, by resolution of its  
 26 board, authorized issuance of the refunding obligation before  
 27 December 31, 2019 with a final maturity not later than 2039. The  
 28 municipality by majority vote of the members of its governing body  
 29 may pledge its full faith and credit for the payment of the

1 principal of and interest on the refunding obligation. A refunding  
2 obligation issued under this subparagraph is not subject to the  
3 requirements of section 305(2), (3), (5), or (6), 501, 503, or 611  
4 of the revised municipal finance act, 2001 PA 34, MCL 141.2305,  
5 141.2501, 141.2503, and 141.2611. The duration of the development  
6 plan and the tax increment financing plan relating to the refunding  
7 obligations described in this subparagraph is extended to 1 year  
8 after the final date of maturity of the refunding obligation.

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

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

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

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

26 (aa) "Tax increment revenues" means the amount of ad valorem  
27 property taxes and specific local taxes attributable to the  
28 application of the levy of all taxing jurisdictions ~~upon~~ **on** the  
29 captured assessed value of real and personal property in the

1 development area, subject to the following requirements:

2 (i) Tax increment revenues include ad valorem property taxes  
 3 and specific local taxes attributable to the application of the  
 4 levy of all taxing jurisdictions other than ~~the~~**this** state pursuant  
 5 ~~to~~**under** the state education tax act, 1993 PA 331, MCL 211.901 to  
 6 211.906, and local or intermediate school districts ~~upon~~**on** the  
 7 captured assessed value of real and personal property in the  
 8 development area for any purpose authorized by this part.

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

18 (iii) Tax increment revenues do not include any of the  
 19 following:

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

26 (B) Ad valorem property taxes excluded by the tax increment  
 27 financing plan of the authority from the determination of the  
 28 amount of tax increment revenues to be transmitted to the authority  
 29 or specific local taxes attributable to ~~such~~**those** ad valorem

1 property taxes.

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

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

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

9 (III) Except as otherwise provided in section 303(6), ad  
10 valorem property taxes or specific local taxes attributable to  
11 those ad valorem property taxes levied for a separate millage for  
12 public library purposes approved by the electors after December 31,  
13 2016.

14 **(D) Ad valorem property taxes or specific local taxes**  
15 **attributable to those ad valorem property taxes levied for a**  
16 **separate millage for fire department purposes. As used in this sub-**  
17 **subparagraph, "fire department" means an organized fire department**  
18 **as that term is defined in section 1 of the fire prevention code,**  
19 **1941 PA 207, MCL 29.1.**

20 (iv) The amount of tax increment revenues authorized to be  
21 included under subparagraph (ii), and required to be transmitted to  
22 the authority under section 314(1), from ad valorem property taxes  
23 and specific local taxes attributable to the application of the  
24 levy of the state education tax act, 1993 PA 331, MCL 211.901 to  
25 211.906, a local school district or an intermediate school district  
26 ~~upon~~**on** the captured assessed value of real and personal property  
27 in a development area ~~shall~~**must** be determined separately for the  
28 levy by ~~the~~**this** state, each school district, and each intermediate  
29 school district as the product of sub-subparagraphs (A) and (B):

1 (A) The percentage which the total ad valorem taxes and  
 2 specific local taxes available for distribution by law to ~~the~~**this**  
 3 state, **a** local school district, or **an** intermediate school district,  
 4 respectively, bear to the aggregate amount of ad valorem millage  
 5 taxes and specific taxes available for distribution by law to ~~the~~  
 6 **this** state, each local school district, and each intermediate  
 7 school district.

8 (B) The maximum amount of ad valorem property taxes and  
 9 specific local taxes considered tax increment revenues under  
 10 subparagraph (ii).

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

16 (cc) "Transit-oriented facility" means a facility that houses  
 17 a transit station in a manner that promotes transit ridership or  
 18 passenger rail use.

19 Sec. 402. As used in this part:

20 (a) "Advance" means a transfer of funds made by a municipality  
 21 to an authority or to another person on behalf of the authority in  
 22 anticipation of repayment by the authority. Evidence of the intent  
 23 to repay an advance includes, but is not limited to, an executed  
 24 agreement to repay, provisions contained in a tax increment  
 25 financing plan approved before the advance, or a resolution of the  
 26 authority or the municipality.

27 (b) "Alternative energy technology" means equipment, component  
 28 parts, materials, electronic devices, testing equipment, and  
 29 related systems that are specifically designed, specifically

1 fabricated, and used primarily for 1 or more of the following:

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

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

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

13 (iv) Research, development, and manufacturing of an alternative  
14 energy system.

15 (v) Research, development, and manufacturing of an anaerobic  
16 digester energy system.

17 (vi) Research, development, and manufacturing of a  
18 hydroelectric energy system.

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

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

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

28 (ii) For valuations made after December 31, 1994, the taxable  
29 value as determined under section 27a of the general property tax

1 act, 1893 PA 206, MCL 211.27a.

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

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

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

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

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

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

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

16 (i) Is located in a certified technology park or a certified  
17 alternative energy park.

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

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

23 (j) "Captured assessed value" means the amount in any 1 year  
24 by which the current assessed value of the eligible property  
25 identified in the tax increment financing plan or, for a certified  
26 technology park, a certified alternative energy park, or a next  
27 Michigan development area, the real and personal property included  
28 in the tax increment financing plan, including the current assessed  
29 value of property for which specific local taxes are paid in lieu

1 of property taxes as determined pursuant to subdivision (hh),  
2 exceeds the initial assessed value. The state tax commission shall  
3 prescribe the method for calculating captured assessed value.  
4 Except as otherwise provided in this part, tax abated property in a  
5 renaissance zone as defined under section 3 of the Michigan  
6 renaissance zone act, 1996 PA 376, MCL 125.2683, must be excluded  
7 from the calculation of captured assessed value to the extent that  
8 the property is exempt from ad valorem property taxes or specific  
9 local taxes.

10 (k) "Certified alternative energy park" means that portion of  
11 an authority district designated by a written agreement entered  
12 into under section 412c between the authority, the municipality or  
13 municipalities, and the Michigan economic development corporation.

14 (l) "Certified business park" means a business development area  
15 that has been designated by the Michigan economic development  
16 corporation as meeting criteria established by the Michigan  
17 economic development corporation. The criteria shall establish  
18 standards for business development areas including, but not limited  
19 to, use, types of building materials, landscaping, setbacks,  
20 parking, storage areas, and management.

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

25 (n) "Chief executive officer" means the mayor or city manager  
26 of a city, the president of a village, or, for other local units of  
27 government or school districts, the person charged by law with the  
28 supervision of the functions of the local unit of government or  
29 school district.



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

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

5 (q) "Eligible advance" means an advance made before August 19,  
6 1993.

7 (r) "Eligible obligation" means an obligation issued or  
8 incurred by an authority or by a municipality on behalf of an  
9 authority before August 19, 1993 and its subsequent refunding by a  
10 qualified refunding obligation. Eligible obligation includes an  
11 authority's written agreement entered into before August 19, 1993  
12 to pay an obligation issued after August 18, 1993 and before  
13 December 31, 1996 by another entity on behalf of the authority.

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

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

22 (ii) Agricultural processing.

23 (iii) A high technology activity.

24 (iv) The production of energy by the processing of goods or  
25 materials by physical or chemical change by a small power  
26 production facility as defined by the Federal Energy Regulatory  
27 Commission under the public utility regulatory policies act of  
28 1978, Public Law 95-617, which facility is fueled primarily by  
29 biomass or wood waste. This part does not affect a person's rights

1 or liabilities under law with respect to groundwater contamination  
2 described in this subparagraph. This subparagraph applies only if  
3 all of the following requirements are met:

4 (A) Tax increment revenues captured from the eligible property  
5 will be used to finance, or will be pledged for debt service on tax  
6 increment bonds used to finance, a public facility in or near the  
7 authority district designed to reduce, eliminate, or prevent the  
8 spread of identified soil and groundwater contamination, pursuant  
9 to law.

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

14 (C) The municipality that created the authority establishes a  
15 special assessment district whereby not less than 50% of the  
16 operating expenses of the public facility described in this  
17 subparagraph will be paid for by special assessments. Not less than  
18 50% of the amount specially assessed against all parcels in the  
19 special assessment district must be assessed against parcels owned  
20 by parties potentially responsible for the identified groundwater  
21 contamination pursuant to law.

22 (v) A business incubator.

23 (vi) An alternative energy technology business.

24 (vii) A transit-oriented facility.

25 (viii) A transit-oriented development.

26 (ix) An eligible next Michigan business, as that term is  
27 defined in section 3 of the Michigan economic growth authority act,  
28 1995 PA 24, MCL 207.803, and other businesses within a next  
29 Michigan development area, but only to the extent designated as

1 eligible property within a development plan approved by a next  
2 Michigan development corporation.

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

4 (u) "Governing body" means, except as otherwise provided in  
5 this subdivision, the elected body having legislative powers of a  
6 municipality creating an authority under this part. For a next  
7 Michigan development corporation, governing body means the  
8 executive committee of the next Michigan development corporation,  
9 unless otherwise provided in the interlocal agreement or articles  
10 of incorporation creating the next Michigan development corporation  
11 or the governing body of an eligible urban entity or its designee  
12 as provided in the next Michigan development act, 2010 PA 275, MCL  
13 125.2951 to 125.2959.

14 (v) "High-technology activity" means that term as defined in  
15 section 3 of the Michigan economic growth authority act, 1995 PA  
16 24, MCL 207.803.

17 (w) "Initial assessed value" means the assessed value of the  
18 eligible property identified in the tax increment financing plan  
19 or, for a certified technology park, a certified alternative energy  
20 park, or a next Michigan development area, the assessed value of  
21 any real and personal property included in the tax increment  
22 financing plan, when the resolution establishing the tax increment  
23 financing plan is approved as shown by the most recent assessment  
24 roll for which equalization has been completed when the resolution  
25 is adopted or, for property that becomes eligible property in other  
26 than a certified technology park or a certified alternative energy  
27 park after the date the plan is approved, when the property becomes  
28 eligible property. Property exempt from taxation when the initial  
29 assessed value is determined must be included as zero. Property for

1 which a specific local tax is paid in lieu of property tax is not  
2 considered exempt from taxation. The initial assessed value of  
3 property for which a specific local tax was paid in lieu of  
4 property tax is determined as provided in subdivision (hh).

5 (x) "Michigan economic development corporation" means the  
6 public body corporate created under section 28 of article VII of  
7 the state constitution of 1963 and the urban cooperation act of  
8 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512, by a contractual  
9 interlocal agreement effective April 5, 1999 between local  
10 participating economic development corporations formed under the  
11 economic development corporations act, 1974 PA 338, MCL 125.1601 to  
12 125.1636, and the Michigan strategic fund. If the Michigan economic  
13 development corporation is unable for any reason to perform its  
14 duties under this part, those duties may be exercised by the  
15 Michigan strategic fund.

16 (y) "Michigan strategic fund" means the Michigan strategic  
17 fund as described in the Michigan strategic fund act, 1984 PA 270,  
18 MCL 125.2001 to 125.2094.

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

23 (aa) "Next Michigan development area" means a portion of an  
24 authority district designated by a next Michigan development  
25 corporation under section 412e to which a development plan is  
26 applicable.

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

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

10 (i) A requirement to pay proceeds derived from ad valorem  
11 property taxes or taxes levied in lieu of ad valorem property  
12 taxes.

13 (ii) A management contract or a contract for professional  
14 services.

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

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

21 (v) A letter of credit, paying agent, transfer agent, bond  
22 registrar, or trustee fee associated with a contract, agreement,  
23 bond, or note.

24 (dd) "On behalf of an authority", in relation to an eligible  
25 advance made by a municipality or an eligible obligation or other  
26 protected obligation issued or incurred by a municipality, means in  
27 anticipation that an authority would transfer tax increment  
28 revenues or reimburse the municipality from tax increment revenues  
29 in an amount sufficient to fully make payment required by the

1 eligible advance made by a municipality, or eligible obligation or  
2 other protected obligation issued or incurred by the municipality,  
3 if the anticipation of the transfer or receipt of tax increment  
4 revenues from the authority is pursuant to or evidenced by 1 or  
5 more of the following:

6 (i) A reimbursement agreement between the municipality and an  
7 authority it established.

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

10 (iii) A resolution of the authority agreeing to make payments to  
11 the incorporating unit.

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

14 (ee) "Other protected obligation" means:

15 (i) A qualified refunding obligation issued to refund an  
16 obligation described in subparagraph (ii) or (iii), an obligation that  
17 is not a qualified refunding obligation that is issued to refund an  
18 eligible obligation, or a qualified refunding obligation issued to  
19 refund an obligation described in this subparagraph.

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

27 (iii) An obligation incurred by an authority or municipality  
28 after August 19, 1993, to reimburse a party to a development  
29 agreement entered into by a municipality or authority before August

1 19, 1993, for a project described in a tax increment financing plan  
2 approved in accordance with this part before August 19, 1993, and  
3 undertaken and installed by that party in accordance with the  
4 development agreement.

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

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

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

1 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, 26 USC 1  
25 to 9834, for a business incubator located in a certified technology  
26 park or certified alternative energy park.

27 (B) Costs related to the acquisition, improvement,  
28 preparation, demolition, disposal, construction, reconstruction,  
29 remediation, rehabilitation, restoration, preservation,



1 maintenance, repair, furnishing, and equipping of land and other  
2 assets that, if privately owned, would be eligible for depreciation  
3 under the internal revenue code of 1986, 26 USC 1 to 9834, for  
4 laboratory facilities, research and development facilities,  
5 conference facilities, teleconference facilities, testing, training  
6 facilities, and quality control facilities that are or that support  
7 eligible property under subdivision (s) (iii), that are owned by a  
8 public entity, and that are located within a certified technology  
9 park.

10 (C) Costs related to the acquisition, improvement,  
11 preparation, demolition, disposal, construction, reconstruction,  
12 remediation, rehabilitation, restoration, preservation,  
13 maintenance, repair, furnishing, and equipping of land and other  
14 assets that, if privately owned, would be eligible for depreciation  
15 under the internal revenue code of 1986, 26 USC 1 to 9834, for  
16 facilities that are or that will support eligible property under  
17 subdivision (s) (vi), that have been or will be owned by a public  
18 entity when the costs are incurred, that are located within a  
19 certified alternative energy park, and that have been or will be  
20 conveyed, by gift or sale, by the public entity to an alternative  
21 energy technology business.

22 (vi) Operating and planning costs included in a plan under  
23 section 412(1)(f), including costs of marketing property within the  
24 district and attracting development of eligible property within the  
25 district.

26 (gg) "Qualified refunding obligation" means an obligation  
27 issued or incurred by an authority or by a municipality on behalf  
28 of an authority to refund an obligation if the refunding obligation  
29 meets both of the following:

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

6           (ii) The net present value of the sum of the tax increment  
7 revenues described in subdivision (jj) (ii) and the distributions  
8 under section 411a to repay the refunding obligation will not be  
9 greater than the net present value of the sum of the tax increment  
10 revenues described in subdivision (jj) (ii) and the distributions  
11 under section 411a to repay the obligation being refunded, as  
12 calculated using a method approved by the department of treasury.

13           (hh) "Specific local taxes" means a tax levied under 1974 PA  
14 198, MCL 207.551 to 207.572, the obsolete property rehabilitation  
15 act, 2000 PA 146, MCL 125.2781 to 125.2797, the commercial  
16 redevelopment act, 1978 PA 255, MCL 207.651 to 207.668, the  
17 enterprise zone act, 1985 PA 224, MCL 125.2101 to 125.2123, 1953 PA  
18 189, MCL 211.181 to 211.182, and the technology park development  
19 act, 1984 PA 385, MCL 207.701 to 207.718. The initial assessed  
20 value or current assessed value of property subject to a specific  
21 local tax is the quotient of the specific local tax paid divided by  
22 the ad valorem millage rate. However, after 1993, the state tax  
23 commission shall prescribe the method for calculating the initial  
24 assessed value and current assessed value of property for which a  
25 specific local tax was paid in lieu of a property tax.

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

28           (jj) "Tax increment revenues" means the amount of ad valorem  
29 property taxes and specific local taxes attributable to the

1 application of the levy of all taxing jurisdictions on the captured  
2 assessed value of eligible property within the district or, for  
3 purposes of a certified technology park, a next Michigan  
4 development area, or a certified alternative energy park, real or  
5 personal property that is located within the certified technology  
6 park, a next Michigan development area, or a certified alternative  
7 energy park and included within the tax increment financing plan,  
8 subject to the following requirements:

9 (i) Tax increment revenues include ad valorem property taxes  
10 and specific local taxes attributable to the application of the  
11 levy of all taxing jurisdictions, other than this state under the  
12 state education tax act, 1993 PA 331, MCL 211.901 to 211.906, and  
13 local or intermediate school districts, on the captured assessed  
14 value of real and personal property in the development area for any  
15 purpose authorized by this part.

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

23 (A) To repay eligible advances, eligible obligations, and  
24 other protected obligations.

25 (B) To fund or to repay an advance or obligation issued by or  
26 on behalf of an authority to fund the cost of public facilities  
27 related to or for the benefit of eligible property located within a  
28 certified technology park or a certified alternative energy park to  
29 the extent the public facilities have been included in an agreement

1 under section 412a(3), 412b, or 412c(3), not to exceed 50%, as  
2 determined by the state treasurer, of the amounts levied by this  
3 state under the state education tax act, 1993 PA 331, MCL 211.901  
4 to 211.906, and local and intermediate school districts for a  
5 period, except as otherwise provided in this sub-subparagraph, not  
6 to exceed 15 years, as determined by the state treasurer, if the  
7 state treasurer determines that the capture under this sub-  
8 subparagraph is necessary to reduce unemployment, promote economic  
9 growth, and increase capital investment in the municipality.  
10 However, if approved by the state treasurer and the president of  
11 the Michigan economic development corporation, a certified  
12 technology park may capture under this sub-subparagraph for an  
13 additional period of 5 years if, before that capture, the authority  
14 agrees to additional reporting requirements and modifies its tax  
15 increment financing plan to include regional collaboration as  
16 determined by the state treasurer and the president of the Michigan  
17 economic development corporation. The retroactive approval of an  
18 additional period of 5 years may occur after a capture under this  
19 sub-subparagraph for that additional period, if the other  
20 requirements of this sub-subparagraph are satisfied. In addition,  
21 on approval of the state treasurer and the president of the  
22 Michigan economic development corporation, if a municipality that  
23 has created a certified technology park that has entered into an  
24 agreement with another authority that does not contain a certified  
25 technology park to designate a distinct geographic area under  
26 section 412b, that authority that has created the certified  
27 technology park and the associated distinct geographic area may  
28 both capture under this sub-subparagraph for an additional period  
29 of 15 years as determined by the state treasurer and the president

1 of the Michigan economic development corporation.

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

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

15 (A) Ad valorem property taxes or specific local taxes that are  
16 excluded from and not made part of the tax increment financing  
17 plan. Ad valorem personal property taxes or specific local taxes  
18 associated with personal property may be excluded from and may not  
19 be part of the tax increment financing plan.

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

25 (C) Ad valorem property taxes exempted from capture under  
26 section 404(3) or specific local taxes attributable to those ad  
27 valorem property taxes.

28 (D) Ad valorem property taxes specifically levied for the  
29 payment of principal and interest of obligations approved by the

1 electors or obligations pledging the unlimited taxing power of the  
2 local governmental unit or specific local taxes attributable to  
3 those ad valorem property taxes.

4 (E) The amount of ad valorem property taxes or specific taxes  
5 captured by a downtown development authority under part 2, tax  
6 increment finance authority under part 3, or brownfield  
7 redevelopment authority under the brownfield redevelopment  
8 financing act, 1996 PA 381, MCL 125.2651 to 125.2670, if those  
9 taxes were captured by these other authorities on the date that the  
10 initial assessed value of a parcel of property was established  
11 under this part.

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

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

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

19 (III) Except as otherwise provided in section 404(3), ad  
20 valorem property taxes or specific local taxes attributable to  
21 those ad valorem property taxes levied for a separate millage for  
22 public library purposes approved by the electors after December 31,  
23 2016.

24 **(G) Ad valorem property taxes or specific local taxes**  
25 **attributable to those ad valorem property taxes levied for a**  
26 **separate millage for fire department purposes. As used in this sub-**  
27 **subparagraph, "fire department" means an organized fire department**  
28 **as that term is defined in section 1 of the fire prevention code,**  
29 **1941 PA 207, MCL 29.1.**

1           (iv) The amount of tax increment revenues authorized to be  
2 included under subparagraph (ii), and required to be transmitted to  
3 the authority under section 413(1), from ad valorem property taxes  
4 and specific local taxes attributable to the application of the  
5 levy of the state education tax act, 1993 PA 331, MCL 211.901 to  
6 211.906, or a local school district or an intermediate school  
7 district on the captured assessed value of real and personal  
8 property in a development area must be determined separately for  
9 the levy by this state, each school district, and each intermediate  
10 school district as the product of sub-subparagraphs (A) and (B):

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

18           (B) The maximum amount of ad valorem property taxes and  
19 specific local taxes considered tax increment revenues under  
20 subparagraph (ii).

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

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

29           (mm) "Urban township" means a township that meets 1 or more of

1 the following:

2 (i) Meets all of the following requirements:

3 (A) Has a population of 20,000 or more, or has a population of  
4 10,000 or more but is located in a county with a population of  
5 400,000 or more.

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

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

9 (ii) Meets all of the following requirements:

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

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

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

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

19 (iii) Meets all of the following requirements:

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

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

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

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

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



- 1 (F) Establishes an authority before March 1, 1999.
- 2 (iv) Meets all of the following requirements:
- 3 (A) Has a population of 13,000 or more.
- 4 (B) Is located in a county with a population of 150,000 or
- 5 more.
- 6 (C) Adopted a master zoning plan before February 1, 1987.
- 7 (v) Meets all of the following requirements:
- 8 (A) Is located in a county with a population of 1,000,000 or
- 9 more.
- 10 (B) Has a written agreement with an adjoining township to
- 11 develop 1 or more public facilities on contiguous property located
- 12 in both townships.
- 13 (C) Has a master plan in effect.
- 14 (vi) Meets all of the following requirements:
- 15 (A) Has a population of less than 10,000.
- 16 (B) Has a state equalized valuation for all real and personal
- 17 property located in the township of more than \$280,000,000.00.
- 18 (C) Adopted a master zoning plan before February 1, 1987.
- 19 (D) Has within its boundaries a combination of parcels under
- 20 common ownership that is 199 acres or larger, is located within 1
- 21 mile of a limited access highway, and is located within 1 mile of
- 22 an existing sewer line.
- 23 (E) Has rail service.
- 24 (F) Establishes an authority before May 7, 2009.
- 25 (vii) Has joined an authority under section 403(2) that is
- 26 seeking or has entered into an agreement for a certified technology
- 27 park.
- 28 (viii) Has established an authority that is seeking or has
- 29 entered into an agreement for a certified alternative energy park.

1           Sec. 523. (1) At the request of a street railway, and with the  
2 consent of the department, a city, village, or township in which a  
3 street railway system is located may establish a transit operations  
4 finance zone for a street railway system if the city, village, or  
5 township and the department determine that it is necessary for the  
6 best interests of the public to promote and finance transit  
7 operations in a zone. A parcel ~~shall~~**must** not be included in more  
8 than 1 zone created under this section.

9           (2) The boundaries of a zone shall be established by the city,  
10 village, or township and may include parcels that are in whole or  
11 in part up to 1/4 mile in distance from the street railway system.  
12 Before establishing a zone, the city, village, or township shall  
13 consult with the street railway, the department, affected taxing  
14 jurisdictions, and any other person or entity that the city,  
15 village, or township considers necessary. The city, village, or  
16 township may conduct a planning study and may designate a zone  
17 before implementation of street railway system service within the  
18 zone.

19           (3) If the city, village, or township and the department  
20 determine that it is necessary for the best interests of the public  
21 to promote and finance transit operations in a zone under  
22 subsection (1), the city, village, or township shall enter into an  
23 agreement with the street railway and the department for the  
24 creation of a zone. The agreement ~~shall~~**must** include, but **is** not ~~be~~  
25 limited to, all of the following:

26           (a) The geographic boundaries of the zone, including both of  
27 the following:

28           (i) The designation of boundaries of the zone in relation to  
29 highways, streets, streams, lakes, other bodies of water, or

1 otherwise.

2 (ii) The location and extent of existing streets and other  
 3 public facilities within the zone, designating the location,  
 4 character, and extent of the categories of public and private land  
 5 uses then existing in the zone, including residential,  
 6 recreational, commercial, industrial, educational, and other uses,  
 7 and including a legal description of the zone.

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

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

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

15 (e) Any other material that the city, village, or township,  
 16 the department, or the street railway consider necessary or  
 17 appropriate.

18 (4) A tax increment financing plan for a zone established  
 19 under this section ~~shall~~**must** include a description of the tax  
 20 increment financing procedure, the distribution of tax increment  
 21 financing revenue to the street railway, and a statement of the  
 22 estimated impact of tax increment financing on the assessed value  
 23 of property in each taxing jurisdiction in the zone. The plan may  
 24 exclude from captured assessed value growth in property value  
 25 resulting solely from inflation and, if so, ~~shall~~**must** include the  
 26 method for excluding that growth. The plan ~~shall~~**must** require that  
 27 tax increment revenue received by a street railway under the plan  
 28 be used only for the expenses of operating the street railway  
 29 system. If the street railway subject to an agreement designating a

1 zone under this section ceases to operate a street railway system  
2 in the city, village, or township that established the zone, the  
3 plan ~~shall terminate~~ **terminates** and the zone ~~shall be~~ **is** abolished.  
4 The plan ~~shall~~ **must** restrict the revenue distributed to a street  
5 railway for any tax year to the lesser of 25% of any operating  
6 deficit of the street railway for the prior fiscal year or  
7 \$4,000,000.00. Before including a tax increment financing plan in  
8 an agreement, the city, village, or township shall provide taxing  
9 jurisdictions in the zone levying taxes subject to capture under  
10 the plan an opportunity to meet with the city, village, or  
11 township. The city, village, or township shall fully inform the  
12 taxing jurisdictions of the fiscal and economic implications of the  
13 plan and the taxing jurisdictions may present recommendations to  
14 the city, village, or township on the tax increment financing plan.

15 (5) Before entering into an agreement for the creation of a  
16 zone under this section, the city, village, or township ~~shall~~ **must**  
17 conduct a public hearing on the proposed agreement. Notice of the  
18 public hearing ~~shall~~ **must** be published twice in a newspaper of  
19 general circulation in the city, village, or township, not less  
20 than 20 or more than 40 days before the date of the hearing. The  
21 notice ~~shall~~ **must** state the date, time, and place of the hearing  
22 and ~~shall~~ **must** describe the proposed boundaries of the zone. A  
23 citizen, taxpayer, or property owner of the city, village, or  
24 township, or an official from a taxing jurisdiction within the zone  
25 has the right to be heard on the agreement and the proposed  
26 boundaries of the zone. The agreement ~~shall~~ **must** not include in the  
27 zone land not included in the description contained in the notice  
28 of public hearing, but the agreement may exclude described land  
29 from the zone in the final determination of the boundaries of the

1 zone. A city, village, or township shall not execute an agreement  
2 for the creation of a zone under this section unless the city,  
3 village, or township finds that it is necessary for the best  
4 interests of the public to promote and finance transit operations  
5 in a zone.

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

10 (7) The municipal and county treasurers shall transmit tax  
11 increment revenues to the treasurer for the city, village, or  
12 township in which the street railway system is located for  
13 distribution to the street railway according to the tax increment  
14 financing plan and the agreement. The street railway shall expend  
15 the tax increment revenues only under the terms of the tax  
16 increment financing plan and the agreement under this section.  
17 Unused funds ~~shall~~ revert proportionately to the respective taxing  
18 jurisdictions. Tax increment revenues ~~shall~~**must** not be used to  
19 circumvent existing property tax limitations. The city, village, or  
20 township and the department may abolish the zone if the city,  
21 village, or township and the department find that the purposes for  
22 which the zone was established are accomplished. Annually, the  
23 city, village, or township, with assistance from the street  
24 railway, shall submit to the department and the state tax  
25 commission a report on the status of the tax increment financing  
26 revenue. The report ~~shall~~**must** include all of the following:

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

29 (b) The amount and purpose of expenditures from tax increment

1 revenue.

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

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

4 (e) A description of operating expenditures of the street  
5 railway.

6 (8) The state tax commission may institute proceedings to  
7 compel enforcement of this section. The state tax commission may  
8 promulgate rules necessary for the administration of this section  
9 under the administrative procedures act of 1969, 1969 PA 306, MCL  
10 24.201 to 24.328.

11 (9) As used in this section:

12 (a) "Assessed value" means the taxable value as determined  
13 under section 27a of the general property tax act, 1893 PA 206, MCL  
14 211.27a.

15 (b) "Captured assessed value" means the amount in any 1 year  
16 by which the current assessed value of a zone, including the  
17 assessed value of property for which specific local taxes are paid  
18 in lieu of property taxes, exceeds the initial assessed value. The  
19 state tax commission shall prescribe the method for calculating  
20 captured assessed value.

21 (c) "Initial assessed value" means the assessed value of all  
22 the taxable property within the boundaries of a zone ~~at the time~~  
23 **when** the tax increment financing plan is approved, as shown by the  
24 most recent equalized assessment roll of the city, village, or  
25 township ~~at the time~~ **when** an agreement is approved under this  
26 section. Property exempt from taxation ~~at the time of the~~  
27 ~~determination of~~ **when** the initial assessed value ~~shall is~~  
28 **determined must** be included as zero. For the purpose of determining  
29 initial assessed value, property for which a specific local tax is

1 paid in lieu of a property tax ~~shall~~**is** not ~~be~~ considered to be  
2 property that is exempt from taxation.

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

5 (e) "Specific local tax" means a tax levied under 1974 PA 198,  
6 ~~1976 PA 430~~, MCL 207.551 to 207.572, the commercial redevelopment  
7 act, 1978 PA 255, MCL 207.651 to 207.668, the technology park  
8 development act, 1984 PA 385, MCL 207.701 to 207.718, the  
9 commercial rehabilitation act, 2005 PA 210, MCL 207.841 to 207.856,  
10 the neighborhood enterprise zone act, 1992 PA 147, MCL 207.771 to  
11 207.786, the obsolete property rehabilitation act, 2000 PA 146, MCL  
12 125.2781 to 125.2797, or 1953 PA 189, MCL 211.181 to 211.182. The  
13 initial assessed value or current assessed value of property  
14 subject to a specific local tax ~~shall be~~**is** the quotient of the  
15 specific local tax paid divided by the ad valorem millage rate. The  
16 state tax commission shall prescribe the method for calculating the  
17 initial assessed value and current assessed value of property for  
18 which a specific local tax was paid in lieu of a property tax.

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

24 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
25 211.901 to 211.906.

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

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

28 (iv) Ad valorem property taxes attributable either to a portion  
29 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 (v) 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 (vi) Ad valorem property taxes exempted from capture under this  
 11 section or specific local taxes attributable to the ad valorem  
 12 property taxes.

13 (vii) 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 (viii) Ad valorem taxes captured on property in a zone by any of  
 19 the following authorities if the taxes were captured on the date  
 20 that the property became subject to a tax increment financing plan  
 21 under this section by any of the following authorities:

22 (A) A downtown development authority ~~created under 1975 PA~~  
 23 ~~197, MCL 125.1651 to 125.1681.~~**under part 2.**

24 (B) A water resource improvement tax increment finance  
 25 authority ~~created under the water resource improvement tax~~  
 26 ~~increment finance authority act, 2008 PA 94, MCL 125.1771 to~~  
 27 ~~125.1794.~~**under part 7.**

28 (C) A tax increment finance authority under ~~the tax increment~~  
 29 ~~finance authority act, 1980 PA 450, MCL 125.1801 to 125.1830.~~**part**



1 3.

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

5 (E) A brownfield redevelopment finance authority created under  
 6 the brownfield redevelopment financing act, 1996 PA 381, MCL  
 7 125.2651 to ~~125.2672.~~ **125.2670.**

8 (F) A historical neighborhood tax increment finance authority  
 9 ~~created under the historical neighborhood tax increment finance~~  
 10 ~~authority act, under former~~ 2004 PA 530. ~~, MCL 125.2841 to~~  
 11 ~~125.2866.~~

12 (G) A corridor improvement authority ~~created under the~~  
 13 ~~corridor improvement authority act, 2005 PA 280, MCL 125.2871 to~~  
 14 ~~125.2899.~~ **under part 6.**

15 (H) A neighborhood improvement authority ~~created under the~~  
 16 ~~neighborhood improvement authority act, 2007 PA 61, MCL 125.2911 to~~  
 17 ~~125.2932.~~ **under part 8.**

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

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

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

25 (x) **Ad valorem property taxes or specific local taxes**  
 26 **attributable to those ad valorem property taxes levied for a**  
 27 **separate millage for fire department purposes. As used in this**  
 28 **subparagraph, "fire department" means an organized fire department**  
 29 **as that term is defined in section 1 of the fire prevention code,**

1 1941 PA 207, MCL 29.1.

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

4 Sec. 603. As used in this part:

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

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

11 (c) "Public facility" means a street, plaza, pedestrian mall,  
12 and any improvements to a street, plaza, or pedestrian mall  
13 including street furniture and beautification, sidewalk, trail,  
14 lighting, traffic flow modification, park, parking facility,  
15 recreational facility, right-of-way, structure, waterway, bridge,  
16 lake, pond, canal, utility line or pipe, transit-oriented  
17 development, transit-oriented facility, or building, including  
18 access routes, that are either designed and dedicated to use by the  
19 public generally or used by a public agency, or that are located in  
20 a qualified development area and are for the benefit of or for the  
21 protection of the health, welfare, or safety of the public  
22 generally, whether or not used by 1 or more business entities,  
23 ~~provided that if~~ any road, street, or bridge ~~shall be~~ **is**  
24 continuously open to public access and ~~that other property shall be~~  
25 **is** located in public easements or rights-of-way and designed to  
26 accommodate foreseeable development of public facilities in  
27 adjoining areas. Public facility includes an improvement to a  
28 facility used by the public or a public facility as those terms are  
29 defined in section 1 of 1966 PA 1, MCL 125.1351, if the improvement

1 complies with the barrier-free design requirements of the state  
2 construction code promulgated under the Stille-DeRossett-Hale  
3 single state construction code act, 1972 PA 230, MCL 125.1501 to  
4 125.1531.

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

7 (i) All of the following:

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

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

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

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

15 (E) Otherwise complies with the requirements of section  
16 605(a), (d), (e), and (g).

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

20 (G) Is located in a distressed area.

21 (ii) Contains transit-oriented development or a transit-  
22 oriented facility.

23 (e) "Specific local tax" means a tax levied under 1974 PA 198,  
24 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
25 255, MCL 207.651 to 207.668, the technology park development act,  
26 1984 PA 385, MCL 207.701 to 207.718, or 1953 PA 189, MCL 211.181 to  
27 211.182. The initial assessed value or current assessed value of  
28 property subject to a specific local tax ~~shall be~~ **is** the quotient  
29 of the specific local tax paid divided by the ad valorem millage

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

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

7 (g) "Tax increment revenues" means the amount of ad valorem  
 8 property taxes and specific local taxes attributable to the  
 9 application of the levy of all taxing jurisdictions ~~upon~~<sup>on</sup> the  
 10 captured assessed value of real and personal property in the  
 11 development area. Except as otherwise provided in section ~~29,~~<sup>629,</sup>  
 12 tax increment revenues do not include any of the following:

13 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
 14 211.901 to 211.906.

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

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

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

27 (v) Ad valorem property taxes exempted from capture under  
 28 section 618(5) or specific local taxes attributable to the ad  
 29 valorem property taxes.

1           (vi) Ad valorem property taxes specifically levied for the  
2 payment of principal and interest of obligations approved by the  
3 electors or obligations pledging the unlimited taxing power of the  
4 local governmental unit or specific taxes attributable to those ad  
5 valorem property taxes.

6           (vii) Ad valorem property taxes levied under 1 or more of the  
7 following or specific local taxes attributable to those ad valorem  
8 property taxes:

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

11           (B) The art institute authorities act, 2010 PA 296, MCL  
12 123.1201 to 123.1229.

13           (C) Except as otherwise provided in section 618(5), ad valorem  
14 property taxes or specific local taxes attributable to those ad  
15 valorem property taxes levied for a separate millage for public  
16 library purposes approved by the electors after December 31, 2016.

17           **(viii) Ad valorem property taxes or specific local taxes**  
18 **attributable to those ad valorem property taxes levied for a**  
19 **separate millage for fire department purposes. As used in this**  
20 **subparagraph, "fire department" means an organized fire department**  
21 **as that term is defined in section 1 of the fire prevention code,**  
22 **1941 PA 207, MCL 29.1.**

23           (h) "Transit-oriented development" means infrastructural  
24 improvements that are located within 1/2 mile of a transit station  
25 or transit-oriented facility that promotes transit ridership or  
26 passenger rail use as determined by the board and approved by the  
27 municipality in which it is located.

28           (i) "Transit-oriented facility" means a facility that houses a  
29 transit station in a manner that promotes transit ridership or

1 passenger rail use.

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

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

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

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

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

12 (v) Has had an unemployment rate higher than the statewide  
13 average.

14 Sec. 703. As used in this part:

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

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

21 (c) "Public facility" means a street, and any improvements to  
22 a street, including street furniture and beautification, park,  
23 parking facility, recreational facility, right-of-way, structure,  
24 waterway, bridge, lake, pond, canal, utility line or pipe, or  
25 building, including access routes designed and dedicated to use by  
26 the public generally, or used by a public agency, that is related  
27 to access to inland lakes or a water resource improvement, or means  
28 a water resource improvement. Public facility includes an  
29 improvement to a facility used by the public or a public facility

1 as those terms are defined in section 1 of 1966 PA 1, MCL 125.1351,  
2 if the improvement complies with the barrier free design  
3 requirements of the state construction code promulgated under the  
4 Stille-DeRossett-Hale single state construction code act, 1972 PA  
5 230, MCL 125.1501 to 125.1531.

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

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

19 (f) "Tax increment revenues" means the amount of ad valorem  
20 property taxes and specific local taxes attributable to the  
21 application of the levy of all taxing jurisdictions ~~upon~~ **on** the  
22 captured assessed value of real and personal property in the  
23 development area. Tax increment revenues do not include any of the  
24 following:

25 (i) Taxes under the state education tax act, 1993 PA 331, MCL  
26 211.901 to 211.906.

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

28 (iii) Ad valorem property taxes attributable either to a portion  
29 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 ~~815(5)~~ **715(5)** or specific local taxes attributable to the  
 12 ad 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 (vii) Ad valorem property taxes levied under 1 or more of the  
 19 following or specific local taxes attributable to those ad valorem  
 20 property taxes:

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

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

25 (C) Except as otherwise provided in section 715(5), ad valorem  
 26 property taxes or specific local taxes attributable to those ad  
 27 valorem property taxes levied for a separate millage for public  
 28 library purposes approved by the electors after December 31, 2016.

29 **(viii) Ad valorem property taxes or specific local taxes**



1 attributable to those ad valorem property taxes levied for a  
2 separate millage for fire department purposes. As used in this  
3 subparagraph, "fire department" means an organized fire department  
4 as that term is defined in section 1 of the fire prevention code,  
5 1941 PA 207, MCL 29.1.

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

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

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

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

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

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

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

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

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

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

29 (B) A tributary to that Great Lake harbor up to 5 miles

1 upstream from the shoreline of the Great Lake harbor.

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

4 Sec. 803. As used in this part:

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

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

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

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

26 (e) "Specific local tax" means a tax levied under 1974 PA 198,  
27 MCL 207.551 to 207.572, the commercial redevelopment act, 1978 PA  
28 255, MCL 207.651 to 207.668, the technology park development act,  
29 1984 PA 385, MCL 207.701 to 207.718, 1953 PA 189, MCL 211.181 to

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

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

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

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

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

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

27 (iv) Ad valorem property taxes excluded by the tax increment  
28 financing plan of the authority from the determination of the  
29 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 814(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 (vii) Ad valorem property taxes levied under 1 or more of the  
12 following or specific local taxes attributable to those ad valorem  
13 property taxes:

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

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

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

22 **(viii) Ad valorem property taxes or specific local taxes**  
23 **attributable to those ad valorem property taxes levied for a**  
24 **separate millage for fire department purposes. As used in this**  
25 **subparagraph, "fire department" means an organized fire department**  
26 **as that term is defined in section 1 of the fire prevention code,**  
27 **1941 PA 207, MCL 29.1.**