



# SENATE BILL No. 610

May 4, 1993, Introduced by Senator SCHWARZ and referred to the Committee on Finance.

A bill to amend sections 11, 16, and 17 of Act No. 197 of the Public Acts of 1975, entitled as amended

"An act to provide for the establishment of a downtown development authority; to prescribe its powers and duties; to correct and prevent deterioration in business districts; to encourage historic preservation; to authorize the acquisition and disposal of interests in real and personal property; to authorize the creation and implementation of development plans in the districts; to promote the economic growth of the districts; to create a board; to prescribe its powers and duties; to authorize the levy and collection of taxes; to authorize the issuance of bonds and other evidences of indebtedness; to authorize the use of tax increment financing; and to prescribe the powers and duties of certain state officials,"

as amended by Act No. 279 of the Public Acts of 1992, being sections 125.1661, 125.1666, and 125.1667 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Section 1. Sections 11, 16, and 17 of Act No. 197 of the  
2 Public Acts of 1975, as amended by Act No. 279 of the Public Acts

1 of 1992, being sections 125.1661, 125.1666, and 125.1667 of the  
2 Michigan Compiled Laws, are amended to read as follows:

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

5       (a) Donations to the authority for the performance of its  
6 functions.

7       (b) Proceeds of a tax imposed pursuant to section 12.

8       (c) Money borrowed and to be repaid as authorized by section  
9 13.

10       (d) Revenues from any property, building, or facility owned,  
11 leased, licensed, or operated by the authority or under its con-  
12 trol, subject to the limitations imposed upon the authority by  
13 trusts or other agreements.

14       (e) Proceeds of a tax increment financing plan, established  
15 under sections 14 to 16.

16       (f) Proceeds from a special assessment district created as  
17 provided by law.

18       (g) Money obtained from other sources approved by the gov-  
19 erning body of the municipality.

20       (h) Revenue from the federal facility development act, ACT  
21 NO. 275 OF THE PUBLIC ACTS OF 1992, BEING SECTIONS 3.931 TO 3.940  
22 OF THE MICHIGAN COMPILED LAWS, or revenue transferred pursuant to  
23 section 11a of chapter 2 of the city income tax act, Act No. 284  
24 of the Public Acts of 1964, being section 141.611a of the  
25 Michigan Compiled Laws.

26       (I) REVENUE FROM THE FEDERAL DATA FACILITY ACT OR REVENUE  
27 TRANSFERRED PURSUANT TO SECTION 11B OF CHAPTER 2 OF THE CITY

1 INCOME TAX ACT, ACT NO. 284 OF THE PUBLIC ACTS OF 1964, BEING  
2 SECTION 141.611B OF THE MICHIGAN COMPILED LAWS.

3 (2) Money received by the authority and not covered under  
4 subsection (1) shall immediately be deposited to the credit of  
5 the authority, subject to disbursement pursuant to this act.  
6 Except as provided in this act, the municipality shall not obli-  
7 gate itself, nor shall it ever be obligated to pay any sums from  
8 public funds, other than money received by the municipality pur-  
9 suant to this section, for or on account of the activities of the  
10 authority.

11 Sec. 16. (1) The municipality may by resolution of its gov-  
12 erning body authorize, issue, and sell general obligation bonds  
13 subject to the limitations set forth in this subsection to  
14 finance the development program of the tax increment financing  
15 plan or to refund bonds issued under this section and shall  
16 pledge its full faith and credit for the payment of the bonds.  
17 The bonds shall mature in not more than 30 years and shall be  
18 subject to the municipal finance act, Act No. 202 of the Public  
19 Acts of 1943, as amended, being sections 131.1 to 139.3 of the  
20 Michigan Compiled Laws. Before the municipality may authorize  
21 the borrowing, the authority shall submit an estimate of the  
22 anticipated tax increment revenue and other revenue available  
23 under section 11(1)(h) AND (I) to be available for payment of  
24 principal and interest on the bonds, to the governing body of the  
25 municipality. This estimate shall be approved by the governing  
26 body of the municipality by resolution adopted by majority vote  
27 of the members of the governing body in the resolution

1 authorizing the bonds. If the bonds are approved by the  
2 department of treasury in those instances in which an exception  
3 to prior approval is not available under section 11 of chapter  
4 III of Act No. 202 of the Public Acts of 1943, being section  
5 133.11 of the Michigan Compiled Laws, or if the governing body of  
6 the municipality adopts the resolution authorizing the bonds and  
7 prior approval of the department of treasury is not required pur-  
8 suant to section 11 of chapter III of Act No. 202 of the Public  
9 Acts of 1943, the estimate of the anticipated tax increment reve-  
10 nue and other revenue available under section 11(1)(h) AND (I) to  
11 be available for payment of principal and interest on the bonds  
12 shall be conclusive for purposes of this section. The total  
13 aggregate amount of borrowing pursuant to this subsection shall  
14 not exceed an amount that the 80% of the estimated tax increment  
15 revenue and other revenue available under section 11(1)(h) AND  
16 (I) that is to be received for each year the bonds are outstand-  
17 ing and available for the financed project will service as to  
18 annual principal and interest requirements. The bonds issued  
19 under this subsection shall be considered a single series for the  
20 purposes of Act No. 202 of the Public Acts of 1943, as amended.

21 (2) By resolution of its governing body, the authority may  
22 authorize, issue, and sell tax increment bonds subject to the  
23 limitations set forth in this subsection to finance the develop-  
24 ment program of the tax increment financing plan or to refund  
25 bonds issued under this section. The tax increment bonds issued  
26 by the authority under this subsection shall pledge solely the  
27 tax increments of a development area in which the project is

1 located or a development area from which tax increments may be  
2 used for this project, or both. In addition or in the alterna-  
3 tive, the bonds issued by the authority pursuant to this subsec-  
4 tion may be secured by any other revenues identified in  
5 section 11 as sources of financing for activities of the author-  
6 ity that the authority shall specifically pledge in the  
7 resolution. However, the full faith and credit of the municipal-  
8 ity shall not be pledged to secure bonds issued pursuant to this  
9 subsection. The bonds shall mature in not more than 30 years and  
10 shall bear interest and be payable upon the terms and conditions  
11 determined by the authority in the resolution approving the bonds  
12 and shall be sold at public or private sale by the authority.  
13 The bond issue may include a sum sufficient to pay interest on  
14 the tax increment bonds until full development of tax increments  
15 from the project and also a sum to provide a reasonable reserve  
16 for payment of principal and interest on the bonds. The resolu-  
17 tion authorizing the bonds shall create a lien on the tax incre-  
18 ments and other revenues pledged by the resolution that shall be  
19 a statutory lien and shall be a first lien subject only to liens  
20 previously created. The resolution may provide the terms upon  
21 which additional bonds may be issued of equal standing and parity  
22 of lien as to the tax increments and other revenues pledged under  
23 the resolution. Except for the requirement of Act No. 202 of the  
24 Public Acts of 1943 that the authority receive the approval or an  
25 exception from approval from the department of treasury prior to  
26 the issuance of bonds under this subsection, the terms of Act  
27 No. 202 of the Public Acts of 1943 shall not apply to bonds

1 issued pursuant to this subsection that pledge revenue received  
2 pursuant to section 11(1)(h) AND (I) for repayment of the bonds.

3       Sec. 17. (1) When a board decides to finance a project in  
4 the downtown district by the use of revenue bonds as authorized  
5 in section 13 or tax increment financing as authorized in sec-  
6 tions 14, 15, and 16, it shall prepare a development plan.

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

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

11       (b) The location and extent of existing streets and other  
12 public facilities within the development area, shall designate  
13 the location, character, and extent of the categories of public  
14 and private land uses then existing and proposed for the develop-  
15 ment area, including residential, recreational, commercial,  
16 industrial, educational, and other uses, and shall include a  
17 legal description of the development area.

18       (c) A description of existing improvements in the develop-  
19 ment area to be demolished, repaired, or altered, a description  
20 of any repairs and alterations, and an estimate of the time  
21 required for completion.

22       (d) The location, extent, character, and estimated cost of  
23 the improvements including rehabilitation contemplated for the  
24 development area and an estimate of the time required for  
25 completion.

1 (e) A statement of the construction or stages of  
2 construction planned, and the estimated time of completion of  
3 each stage.

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

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

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

11 (i) An estimate of the cost of the development, a statement  
12 of the proposed method of financing the development, and the  
13 ability of the authority to arrange the financing.

14 (j) Designation of the person or persons, natural or corpo-  
15 rate, to whom all or a portion of the development is to be  
16 leased, sold, or conveyed in any manner and for whose benefit the  
17 project is being undertaken if that information is available to  
18 the authority.

19 (k) The procedures for bidding for the leasing, purchasing,  
20 or conveying in any manner of all or a portion of the development  
21 upon its completion, if there is no express or implied agreement  
22 between the authority and persons, natural or corporate, that all  
23 or a portion of the development will be leased, sold, or conveyed  
24 in any manner to those persons.

25 (l) Estimates of the number of persons residing in the  
26 development area and the number of families and individuals to be  
27 displaced. If occupied residences are designated for acquisition

1 and clearance by the authority, a development plan shall include  
2 a survey of the families and individuals to be displaced, includ-  
3 ing their income and racial composition, a statistical descrip-  
4 tion of the housing supply in the community, including the number  
5 of private and public units in existence or under construction,  
6 the condition of those units in existence, the number of  
7 owner-occupied and renter-occupied units, the annual rate of  
8 turnover of the various types of housing and the range of rents  
9 and sale prices, an estimate of the total demand for housing in  
10 the community, and the estimated capacity of private and public  
11 housing available to displaced families and individuals.

12 (m) A plan for establishing priority for the relocation of  
13 persons displaced by the development in any new housing in the  
14 development area.

15 (n) Provision for the costs of relocating persons displaced  
16 by the development and financial assistance and reimbursement of  
17 expenses, including litigation expenses and expenses incident to  
18 the transfer of title, in accordance with the standards and pro-  
19 visions of the federal uniform relocation assistance and real  
20 property acquisition policies act of 1970, being Public Law  
21 91-646, 42 U.S.C. sections 4601, et seq.

22 (o) A plan for compliance with Act No. 227 of the Public  
23 Acts of 1972, being sections 213.321 to 213.332 of the Michigan  
24 Compiled Laws.

25 (p) Other material that the authority, local public agency,  
26 or governing body considers pertinent.



1       (3) A development plan may provide for improvements related  
2 to a qualified facility, as defined in the federal facility  
3 development act, ACT NO. 275 OF THE PUBLIC ACTS OF 1992, BEING  
4 SECTIONS 3.931 TO 3.940 OF THE MICHIGAN COMPILED LAWS, that is  
5 located outside of the boundaries of the development area but  
6 within the district, including the cost of construction, renova-  
7 tion, rehabilitation, or acquisition of that qualified facility  
8 or of public facilities and improvements related to that quali-  
9 fied facility.

10       (4) A DEVELOPMENT PLAN MAY PROVIDE FOR IMPROVEMENTS RELATED  
11 TO A QUALIFIED FACILITY, AS DEFINED IN THE FEDERAL DATA FACILITY  
12 ACT, THAT IS LOCATED OUTSIDE OF THE BOUNDARIES OF THE DEVELOPMENT  
13 AREA BUT WITHIN THE DISTRICT, INCLUDING THE COST OF CONSTRUCTION,  
14 RENOVATION, REHABILITATION, OR ACQUISITION OF THAT QUALIFIED  
15 FACILITY OR OF PUBLIC FACILITIES AND IMPROVEMENTS RELATED TO THAT  
16 QUALIFIED FACILITY.