An Evaluation of Michigan Downtown Development Authorities as Economic and Historic Revitalization Organizations in Small Cities

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AN EVALUATION OF MICHIGAN DOWNTOWN DEVELOPMENT AUTHORITIES AS ECONOMIC AND HISTORIC REVITALIZATION ORGANIZATIONS IN SMALL CITIES

By

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Ever-busy, ever-building, ever-throwing-out the old for the new, we have hardly paused to think about what we are so busy building, and what we have thrown away.

– James Howard Kunstler, *The Geography of Nowhere*

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I wish to express thanks to Mike Herman, City Manager of Howell; Mary Beutell, Community Development Director for the city of Ludington; and Chris Manegold, Economic Developer in the city of Tecumseh, for providing expertise and documentation about the efforts of the Downtown Development Authorities in their respective cities.

Thanks also go to Professor Miriam Rutz for her patience and assistance as I whittled the research down from "the world" to a small corner of it.

ABBREVIATIONS

CRM	Centralized Retail Management
DDA	Downtown Development Authority
HUD	U.S. Department of Housing and Urban Development
ICSC	International Council of Shopping Centers
IDA	International Downtown Association
NTHP	National Trust for Historic Preservation
TIF	Tax Increment Financing
UDAG	Urban Development Action Grant
ULI	Urban Land Institute
UMTA	Urban Mass Transit Association

INTRODUCTION

American downtowns are complex units. Once the center of activity and identity for communities, most have experienced economic and physical decline in the wake of suburbanization. Robertson (1995, 430) notes that "continuous decentralization has shifted downtown functions to the surrounding suburbs, particularly since World War II...In 1954, downtown retail sales still accounted for nearly 20 percent of the nationwide total; by 1977, only 4 percent of metropolitan sales occurred downtown."

With various studies indicating a pattern of migration back to small cities (Tyler 1987, 7-8) and the growth of the National Trust for Historic Preservation's (NTHP) National Main Street Program, which focuses on the revitalization of small town downtowns, there may be reason to believe that the downtowns of small cities are on the rebound. Communities that have succeeded under programs like the Main Street Program have done so only after large scale economic restructuring and preservation of the downtown structures that create a unique sense of community.

Such an effort requires coordinated action. Citizens, merchants, property owners, and public officials must come together within a single organizational structure to set a shared vision and direction for the downtown. Research by the Urban Land Institute (ULI) shows that the successful downtown revitalization organization will have widespread support, management by a body with a full-time staff, and a downtown plan.

Development of this kind of an organization can be particularly challenging in a small city. As Kotval and Mullin (1992, 18) note, "little planning assistance is available to most small communities. A few fortunate ones have a trained professional planner. However, even in this enviable situation, the planning office is usually a one person show:

a long term resident whose hobby is planning and who is doing the best he or she can." As a result, most small towns lack a current master plan with defined community goals, let alone the ability to engage in a complex revitalization effort.

Small cities are not without assistance, though. Downtown Development Authorities (DDAs) are public bodies charged with the role of halting the decline of downtowns. Their goal is to foster economic growth and historic preservation downtown. Legislation such as Public Act 197 of 1975, as amended, the Michigan law enabling the formation of DDAs, is among the tools emerging to help small towns form the organizational structure to engage in and sustain a downtown revitalization.

The objective of this study is to evaluate the extent to which Michigan Downtown Development Authorities (DDAs) in cities with a population of between 5,000 and 10,000 people are able to develop widespread support, management by a full-time staff, and a downtown development plan to engage in an economic and historic revitalization of downtown.

The Study

This study begins with the review of literature, which seeks to relate how Michigan DDAs fit into the context of downtown revitalization in America. The review first relates the forces that have historically impacted downtowns, leading to their decline. This is included because, as Tyler (1987, 5) points out in his study of the health of downtown in eight Michigan cities, planning studies often fail to consider the historical perspective:

> Rather, a study will assume the current status of a downtown as 'ground zero,' without recognizing that that its current state is only one point on a time continuum. A downtown as it now exists is a product of what has happened previously, and is also a precursor of what it will be. Without recognizing this any analysis must be considered deficient.

That is to say that understanding why downtown failed will provide insight into how it may be strengthened and made successful into the future.

The literature review proceeds with a study of two highly successful downtown revitalization strategies – Centralized Retail Management (CRM) and the Main Street Program of the NTHP. This analysis reveals the importance of organization in any revitalization that will include economic restructuring and historic preservation. The combined elements of widespread support, management by one entity with a full-time staff, and a downtown plan, as presented by ULI, establish the criteria by which a such an organization will be evaluated over the course of this study.

The literature review concludes with a discussion of Public Act 197 of 1975, as amended. This discussion considers the procedures for forming a DDA and the structure of the DDA governing body. As well, the revitalization activities allowed under the act and the structure for funding those activities are considered.

The next chapter discusses the research methods employed. The criteria for narrowing potential study cities are revealed, including the rationale for defining a small city as having between 5,000 and 10,000 residents. This is followed by a brief introduction to the three study cities – Howell, Ludington, and Tecumseh. The development of the interview questionnaire, and the rationale behind question selection and ordering, is the final topic covered under the research methods.

A chapter summarizing the questionnaire responses is followed by a summary of the economic and historic revitalization efforts in the three study communities Background research, including information from the downtown plans and telephone interviews, is used to profile the revitalization effort in each city, and to understand the role of the DDA in that effort. These chapters are followed by the summary of findings regarding the capacity of the DDAs to develop widespread support, management by one entity with a full-time staff, and a downtown plan. The conclusion reports that Michigan DDAs in cities of between 5,000 and 10,000 people do have this capacity and suggests directions for future study.

REVIEW OF LITERATURE

Toward the goal of placing the above described objective within the appropriate context, the review of literature has advanced on the following fronts: the impacts of suburbanization on downtown, defining revitalization, the components of organization, and Michigan DDA legislation.

The Impacts of Suburbanization on Downtown

The combined factors of uniform zoning, Federal Housing Administration and Veterans Administration housing programs, and the "millions of additional dollars from Washington [that were] poured into the suburban infrastructures..." drove the physical development in the suburbs following World War II (Gratz 1994, 17; Hall 1988, 291; McBee et al. 1992, 3). It was the 1956 Federal Aid-Highway Act, which pledged $41 billion for the construction of 41,000 miles of new roads, that enabled the movement of the middle-class population to the suburbs (Gratz 1994, 17; Hall 1988, 291; McBee et al. 1992, 3). This effectively dispersed the population from the traditional retail, social, cultural, and entertainment center – the downtown.

The impacts of suburbanization on the traditional small town downtown are summarized by Glisson (1984, 5):

> More than a marketplace, Main Street was the center of civic and social activity, and its buildings reflected not only the town's past but also its pride. In a very real sense, Main Street symbolized the community's identity and embodied its heritage. After World War II, however, suburbanization drastically altered the shape of most towns, scattering homes and businesses to outlying areas. Roads that had once led to the center of town now carried residents and shoppers to commercial strips and regional malls. Throughout the nation, in town after town, the story

> repeated itself. Businesses closed or moved to the mall; shoppers disappeared; property values and sales tax revenues dropped. Some downtowns sank under the weight of their own apathy. Dingy, dilapidated buildings, boarded-up storefronts and empty, trash-strewn streets gradually reinforced the public's perception the nothing was happening downtown, that nothing was worth saving there.

With its predominant retail form being the chain store, and the overwhelming accommodation in its built form to the automobile, the suburb has come to take on a sameness from place to place, lacking the unique identity embodied in the traditional downtown. This suburban condition has been characterized by Kunstler (1993) as "The Geography of Nowhere." In the interest of recapturing place identity and reversing the decline of downtown, revitalization efforts were initiated throughout the United States as early as the 1960s and have gained momentum through to the 1990s.

Defining Revitalization

The term *revitalization* has been used in association with a wide variety of activities and programs directed toward bringing economic growth to declining areas. Some, like the Urban Development Action Grant (UDAG) program developed in the 1970s, have focused on leveraging private investment through public investment. The primary focus of such programs, therefore, is economic growth. Such a singular focus may not be appropriate for the downtown also interested in restoring the architectural and other physical elements which embody the unique identity of the place.

The term revitalization as it is to be applied in this study will be defined by reviewing the structures of two widely successful downtown revitalization programs: CRM and the National Main Street Program of the NTHP. Centralized retail management

has generally been applied in larger cities, such as Orlando, Florida; San Antonio, Texas; and Grand Rapids, Michigan, while the Main Street Program has been designed for implementation in smaller towns. Despite this, the two programs are strikingly similar in their focus on economic and physical revitalization.

Centralized Retail Management (CRM)[1]

In 1985, the U.S. Department of Housing and Urban Development (HUD), the Urban Mass Transportation Administration (UMTA), and the International Downtown Association (IDA), with advice from the International Council of Shopping Centers (ICSC), the Building Owners and Managers Association International, the Urban Land Institute (ULI), and the National Trust for Historic Preservation (NTHP), contracted to develop a new revitalization strategy, with the goal of providing overall management of the downtown. With CRM, a downtown organization coordinates such things as the mix of retail establishments, hours of operation, and the physical identity of downtown so that "'a synergism among competing retailers results in [a downtown in] which the sum is greater than the parts'" (Cloar, Stabler, and DeVito 1990, 3).

A pilot program including eleven cities was launched in 1985.[2] Ongoing evaluation of the demonstration cities and a national conference in 1987 allowed for refinement of the CRM program. By 1989, CRM was organized around the following four principles:

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[1] The information of this section relies heavily on chapter 1 of Cloar, Stabler, and DeVito (1990).
[2] The eleven cities were Eugene, Oregon; Grand Rapids, Michigan; Hartford, Connecticut; Neenah, Wisconsin; Orlando, Florida; Redding, California; San Antonio, Texas; Seattle, Washington; Shelby, North Carolina; Syracuse, New York; and Tulsa, Oklahoma.

- **Market emphasis.** An understanding of the market forces impacting downtown currently and into the future is used in the formulation of the downtown plan and in the implementation of strategies to address the needs of customers.
- **Enlistment of all interested parties.** Retailers and property owners are brought together with other parties, which may include municipal officials and professionals, consultants, engineers, financial institutions, and major employers. Parties come together to form common objectives and advance mutual interests in revitalization.
- **Coordination of both leasing and retail practices.** Often difficult to achieve as it demands detailed organization and coordination, this refers to accomplishing the optimum mix of retailing opportunities and cooperative advertising and promotion.
- **Management and enhancement of the total retail environment.** Overall management must further strategies to advance parking opportunities and the overall design continuity of the downtown (Cloar, Stabler, and DeVito 1990, 5).

The thrust of CRM and these four principles is that retail and physical cohesiveness and coordinated action in the downtown will bring beneficial returns to individual retailers.

National Main Street Program

The National Main Street Program is sponsored by the NTHP. It was developed with the purpose of providing small cities with the tools to engage in economic development and historic preservation in their downtowns. As it has grown from the original pilot program, tested in three demonstration cities, to a nationally recognized revitalization strategy, the program is said to have "ushered in a new era in small city planning" (Skelcher 1992, 15).

The Main Street Pilot Project was initiated in the cities of Galesburg, Illinois; Madison, Indiana; and Hot Springs, South Dakota in 1977 for a three year period. In addition to their location in the Midwest, these demonstration cities shared populations of between 5,000 and 60,000 people. The program was designed for communities of this size, as these were found to have been "hardest hit by the dynamics of contemporary socioeconomic change" (Skelcher 1990, 5), that is, suburbanization.

The Main Street Program has been called "the nation's first program to explore the relationship between historic preservation and economic development [because it] maintains the individuality that made downtown special while molding a secure financial base by which to sustain it" (Keister 1990, 46). Its strategy, like that of CRM has four elements, and is known as the Four Point Approach:

- **Design**: Enhancing the physical appearance of the commercial district by rehabilitating historic buildings, encouraging supportive new construction, developing sensitive design management systems, and long-term planning.
- **Organization**: Building consensus and cooperation among the many groups and individuals who have a role in the revitalization process.
- **Promotion**: Marketing the traditional commercial district's assets to customers, potential investors, local citizens, and visitors.
- **Economic Restructuring**: Strengthening the district's existing economic base while finding ways to expand it to meet new opportunities – and challenges from outlying development. (National Main Street Center 1997)

So like CRM, the Main Street Program focuses on the historic identity of downtown and coordinated promotion and economic restructuring to enable its economic growth.

With tested success and national recognition, CRM and the Main Street Program establish the standard in downtown revitalization. The two programs share a recognition of the importance of strengthening the market potential while at the same time enhancing

the historic and physical identity of downtown. This concept of economic growth and historic preservation acting in concert to improve downtown will be considered *revitalization* for purposes of this research.

The Components of Organization

As evidenced by the components of CRM and the Main Street Program, downtown revitalization demands sufficient organizational capacity to support the coordinated effort necessary to achieve economic and preservation goals. The study of downtowns across the United States by Palma (1992, 3) supports this finding: "the skillful and professional management of downtowns will continue to be the critical element that determines whether enhancement efforts succeed or fail." Research by the ULI for the *Downtown Development Handbook* (McBee et al. 1992, 14), which includes extensive review of both CRM and the Main Street Program, indicates that "three features are essential components of the organization behind [a] successful downtown revitalization: 1) widespread support, 2) management of the program by one entity with full-time staff, and 3) the downtown plan itself."

The first feature, widespread support, refers to the need for a revitalization to be a collaborative effort, "stress[ing] consensus building and greater community involvement" (Palma 1992, 3). Collaboration allows the opportunity for all those parties, such as local governments, chambers of commerce, property owners, retailers, preservationists, and citizens, with an interest in downtown to be included in setting the policy for its future. Its importance is recognized not only by the ULI, but also in a number of downtown

revitalization studies and programs (Palma 1992; Collins, Waters, and Dotson 1991; National Main Street Center 1997; Cloar, Stabler, DeVito 1990).

A public-private partnership, where the public sector works with the various private interests associated with downtown, is among the principle collaborative models. Both CRM and the Main Street Program emphasize that the likelihood of long term success of a revitalization effort is increased through such a partnership (Cloar, Stabler, and DeVito 1990, 4; National Main Street Center 1997). Palma (1992, 3) goes so far as to say that these partnerships are "essential for success."

Management of the revitalization by one entity with full-time staff helps to assure that the formation and implementation of goals and objectives is coordinated. Palma's research of downtowns found that organizations "must become institutionalized fixtures of the business community...in order to survive" (1992, 4). This level of exposure increases retailers' and property owners' awareness and participation in the organization. Increased participation and awareness helps the organization to fulfill its primary responsibilities: development of a yearly work plan, simplifying the regulatory process for downtown retailers and property owners, management of downtown development projects, and the provision of design and economic technical support (McBee et al. 1992, 18). Where skills or resources are limited, consultants may assist the organization in meeting its responsibilities.

The final feature of the organization, the downtown plan, communicates the shared vision for downtown revitalization. It must "reflect present community values and project future desires, melding the community's cultural, economic, social, architectural, and

geographic conditions and values. While it forecasts the future, however, it should not be unalterable" (McBee et al. 1992, 20).

The ULI, in fact, identifies the minimum five components that should be present in the plan. They are as follows:

- an inventory of existing conditions;
- identification of problems and opportunities, with a market analysis for overcoming problems and taking advantage of opportunities;
- the boundaries of the plan area;
- goals, objectives, and action plans;
- and a description of the management and financing necessary to implement the plan.

The ULI recommends, finally, that the plan be formally adopted by the legislative body of the municipality. This assures that the public will have the opportunity to comment on the plan at public hearings, and that the legislature is on record supporting its implementation (McBee et al. 1992, 20-23).

These three requirements, widespread support, management by one entity with full-time staff, and a downtown development plan, form the basis in this study for evaluation of Michigan DDAs as economic and historic revitalization organizations. It is to be determined whether DDAs in small cities have the capacity for meeting these requirements.

Michigan Downtown Development Authority Legislation

A DDA is a public body established by a municipality "with the twin goals to prevent downtown deterioration and promote economic growth and revitalization" (Tyler

1994, 180). Public Act 197 of 1975, as amended is the enabling legislation which governs DDAs and allows for their establishment in Michigan. Section 3(1) of the Act states:

> When the governing body of a municipality determines that it is necessary for the best interests of the public to halt property value deterioration and increase property tax valuation in its business district, to eliminate the causes of that deterioration, and to promote the economic growth, the governing body of that municipality may, by resolution, declare its intention to create and provide for the operation of an authority.

The Act recognizes that not only does economic investment help to halt property value deterioration and promote economic growth, but so does the rehabilitation, restoration, and preservation of buildings, structures, and public facilities in the downtown (PA 197 1975, §7 and §29).

Establishment of a DDA

After designating the boundaries of the downtown district, the municipality must appoint a governing board to supervise and control the authority.[3] The governing board includes the chief executive officer (mayor, township supervisor, etc.) of the municipality and, at the discretion of the governing body of the municipality, between 8 and 12 additional members. Members are appointed by the chief executive officer and approved by the governing body to a term of four years. The act requires that a majority of the board members "be persons having an interest in property located in the downtown district" (PA 197 1975, §4(1)). Clearly, this arrangement of private interests serving on a public body with public officials creates an environment with the potential of widespread support and a public/private partnership.

Activities of the DDA

The activities that the DDA may engage in are listed at length in Section 7 of PA 197. These range from such specific things as acquiring properties and charging rent for their use, and accepting grants and donations to the various activities associated with building a revitalization organization. With regard to revitalization, section 7 of the Act allows the DDA to analyze the economic changes and metropolitan impacts on the downtown district. As well, it allows the DDA to plan and engage in "construction, renovation, repair, remodeling, rehabilitation, restoration, preservation, or reconstruction" projects which the board finds will aid "in the economic growth of the downtown" (PA 197 1975, §7(c)).

Organizationally, the DDA is empowered to develop long range and development plans "and to take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible" (PA 197 1975, §7(e) and §7(f)). These plans are to be developed "in cooperation with the agency which is chiefly responsible for planning in the municipality" (PA 197 1975, §7(e)). In addition, the DDA may enter into contracts related to performing the activities allowed and prescribed in the Act (PA 197 1975, §7(g)).

Financing DDA Activities

The most commonly used means of funding the revitalization activities described in PA 197 is tax increment financing (TIF). With TIF, the value of all property within the

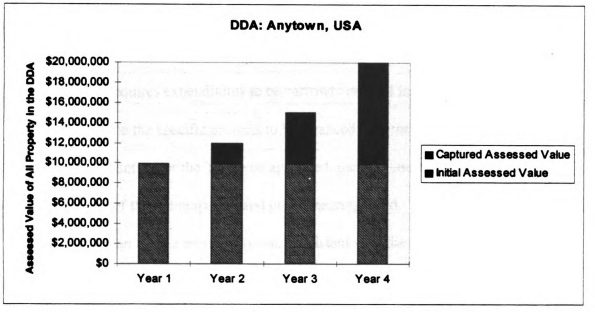
[3] There are, of course, various legal requirements described in the Act, such as public notice and hearing requirements. A copy of the Act can be found in Appendix I of this study.

district, as indicated on the most recent tax assessment roll, is first determined. Throughout the duration of the TIF, the revenue from property taxes paid on this initial assessed value is directed to those bodies having taxing jurisdiction in the municipality (the city, county, airport authority, etc.). In every year after the first, taxes on the property value that exceeds the initial assessed value, or the captured assessed value, are paid to the DDA. Revenues from taxes on this captured assessed value can be used to pay for projects, studies, and the like directly, or to pay back debt from bonds.

Figure 1, below, illustrates the concepts of initial and captured assessed values, with the DDA in Anytown, USA as the example.[4]

[4] The concepts of "initial assessed value" and "captured assessed value" are thoroughly defined in section 1 of PA 197.

Figure 1: Initial and Captured Assessed Values



The assessed value of all property in the DDA in Anytown, USA in year 1 of the TIF was $10 million, as is indicated in Figure 1, above. This $10 million represents the *initial assessed value* of the property in the DDA. This value is indicated by the cross hatching, and remains constant throughout years 2, 3, and 4. In years 2, 3, and 4, the assessed value of all property in the DDA increased to $12, $15, and $20 million, respectively. The value that exceeds this $10 million in each of the three years is the *captured assessed value*. This amount totals $2, $5, and $10 million in years 2, 3, and 4, respectively.

In the example, property taxes would be paid on the $10 million in initial assessed value to those bodies having taxing jurisdiction in the municipality (city, county, airport authority, etc.) during each year of the TIF. Tax revenue on the captured assessed value would be distributed to the DDA. Property owners see no additional property taxes, therefore; a portion of what would ordinarily be paid is simply allocated to the DDA. In

addition, as the DDA generates economic development and increased property values, its funding increases.

Public Act 197 allows TIF revenues to be used toward those activities described previously, but requires expenditures to be narrowly defined in a development plan. The plan must describe the specific projects to be financed, and the estimated cost and duration of the improvements. For the TIF to be approved, the plan must be submitted to the governing body of the municipality, and public hearings held. So long as the governing body finds the plan to be a public purpose, consistent with the considerations in section 19 of PA 197, it may approve the plan by ordinance.

The powers and financing sources described in PA 197 are intended to provide "communities with the necessary legal, monetary, and *organization* tools to *revitalize* downtown districts..." (City of Howell 1991, 1, emphasis added). Certainly, the Act provides the potential for the development of a revitalization organization with widespread support, a full-time staff, and a downtown plan. This study will evaluate the effectiveness of Michigan DDAs as economic and historic revitalization organizations, based on the extent to which they meet these standards.

RESEARCH METHODS

Initial Selection of Cities

As has been stated, the intent of this study is to evaluate DDAs as downtown economic and historic revitalization organizations in small Michigan cities. A representative sample of study communities, therefore, had to be chosen. This process began with a brainstorming session involving Professor Miriam Rutz, Michigan State University faculty advisor, and the author. An initial list of smaller Michigan cities known to have a historic downtown was developed. This list numbered 36.

As the study focuses on small cities, criteria were developed for classifying city size. It was decided that cities under 5,000 residents would generally lack the resources to sustain a viable downtown. A population of 5,000 was determined, therefore, to be the lower threshold of small cities for the purposes of this research. Ten thousand residents was determined to be the upper population limit. This 5,000 to 10,000 range would provide a sufficient sample of cities with the identity and unique sense of place that the study sought to consider.

Additional criteria were considered to further narrow the list and obtain a sample of three small Michigan cities. Cities such as Albion, housing colleges and universities, were eliminated from the list as they would be subject to somewhat unique economic conditions resulting from the student population. Likewise, those cities within the retail trade area of a larger city would not be considered, as the economic activity of an urban center could influence a revitalization effort in ways not possible in a more autonomous

city. It was for this reason that the city of Grand Ledge, for example, was not considered for inclusion even on the initial list.

Next, it was determined which of the remaining thirteen cities currently have or have had DDAs. A search of Michigan city planning documents held in the Charles W. Barr Planning and Design Library at Michigan State University, supplemented by multiple Internet searches, further narrowed the list to those cities whose revitalization efforts included both economic and historic preservation components.

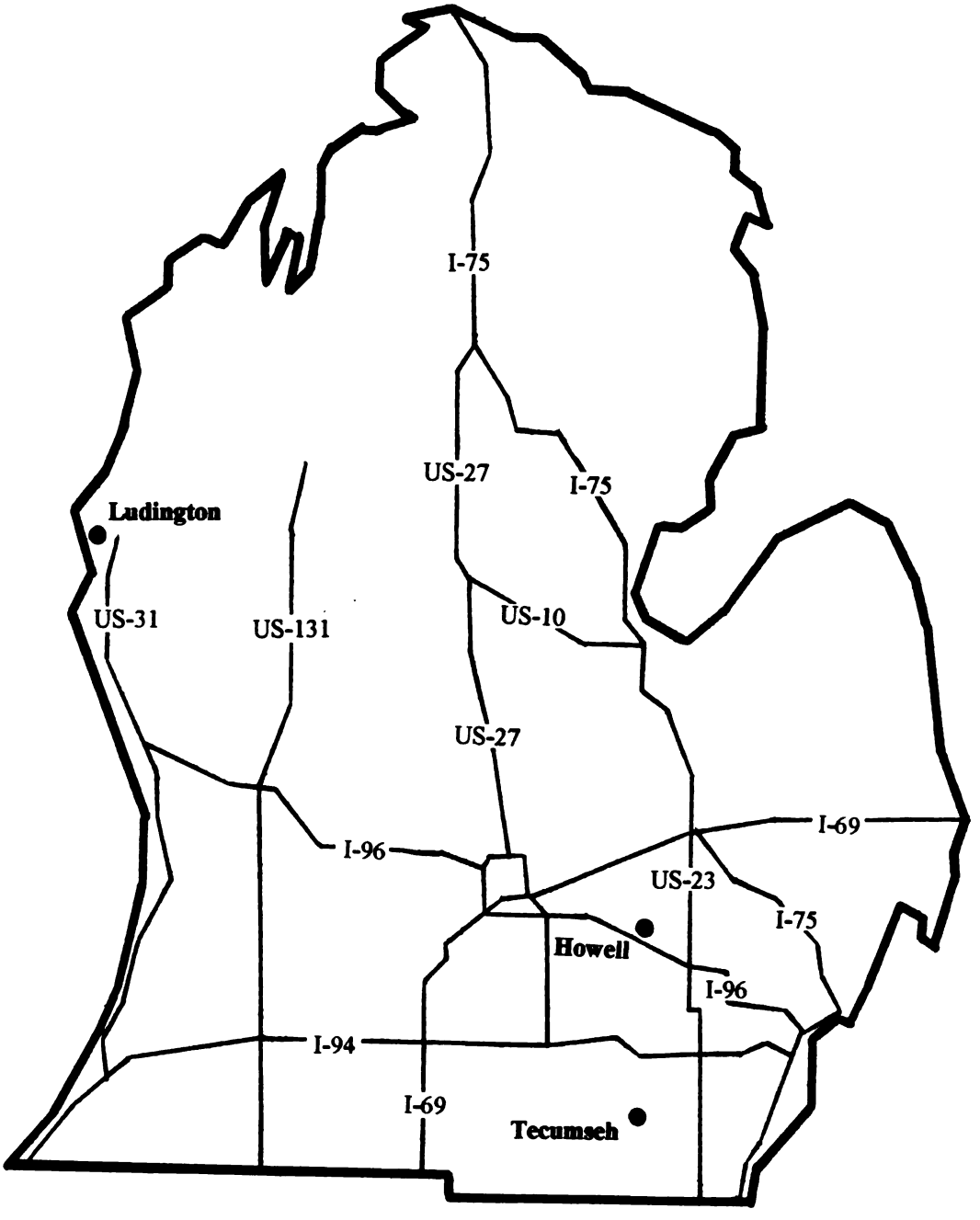
Figure 2 shows the list of 36 Michigan cities. Those shaded in gray are outside of the 5,000 to 10,000 population range. The three in boldface type – Howell, Ludington, and Tecumseh – were the cities selected for study.

Figure 2: Potential Study Cities

					Revitalization Elements			
City	Pop.	DDA?	Within a Metro Area?	College/ University	Preservation Component	Economic Component	Planning Library?	Internet Search?
Albion	9,884			Yes				
Alpena	11,589							
Bay City	36,548							
Benton Harbor	11,824							
Big Rapids	10,471							
Brighton	6,418	Yes						
Caseville	866							
Clarkston	980							
Dowagiac	6,101	Yes						
Gaylord	3,837							
Grand Haven	12,142							
Harrison	2,061							
Hastings	6,349							
Hillsdale	8,252							
Holland	33,247							
Homer	1,865							
Houghton	7,426							
Howell	9,348	Yes			Yes	Yes	Yes	
Jackson	35,899							
Lapeer	8,122	Yes						Yes
Ludington	9,012	Yes			Yes	Yes	Yes	
Mackinaw City	941							
Manistee	6,393	Yes			Yes	Yes		Yes
Marquette	17,016							
Marshall	7,251	Yes						
Monroe	22,563							
Muskegon	39,518							
Plymouth	9,670	Yes	Yes					
Port Huron	32,873							
Reed City	2,395							
Saugatuck	909							
Sault Ste. Marie	15,300							
St. Joseph	8,766							
Tawas City	1,696							
Tecumseh	8,032	Yes			Yes	Yes	Yes	
Traverse City	15,082							

* Note: populations are based on July 1, 1996 U.S. Census Bureau estimates.

Figure 3: Map of the Three Study Cities



Final Selection of the Study Cities

Howell, Ludington, and Tecumseh most closely meet the selection criteria, and on the basis of these criteria alone, the three cities are very similar to one another. A closer look reveals that each varies from the other two somewhat distinctly. The selection of these particular cities, therefore, provides a rather diverse sampling of downtowns in small Michigan cities.

The following represent the more critical distinctions between the three study cities:

- Tecumseh is the only one of the three cities that is not a seat of county government.
- Ludington, being at Lake Michigan, possesses a strong topographic amenity while the other two do not.
- All three downtowns lie along a major roadway, with a U.S. highway passing through downtown Ludington and the Tecumseh and Howell downtowns lying along separate state highways. Howell, however, has the only downtown near an interstate.
- The populations of Tecumseh and Howell have climbed dramatically since 1930, presumably due to the movement of the population in Southeast Michigan out of Detroit. The population of Ludington, on the other hand, has been gradually declining since 1950, despite the fact that the remainder of Mason County has been growing.[5]

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[5] The populations in both Tecumseh and Howell have increased during every Census from 1930 through the 1996 estimates referenced previously. The overall population increase in the two cities is more than 225% and 150%, respectively. The population in Ludington decreased by a little more than 10% between 1950 and 1990, while at the same time, the Mason County population increased by nearly 30%. All population data is based on information from the U.S. Census Bureau.

So while each is similar to the others in terms of current population and a desire for an improved downtown, the three possess unique geographic and demographic characteristics. A more complete discussion of the cities and their respective revitalization efforts follows the summary of questionnaire responses.

The Questionnaire

A questionnaire administered by telephone was the primary means of gathering data for the study. The intent of the questionnaire was to determine from the staff member in each city most familiar with the management and operation of the DDA, its effectiveness in developing widespread support, management with a full-time staff, and a downtown plan. The questionnaire was developed using principles described by Earl Babbie (1995) in *The Practice of Social Research*, 7th ed. It was reviewed by faculty advisor, Professor Miriam Rutz, to clear up ambiguities and refine question order.

The questions are broken into five sections. The first section gathers information about the respondent, including his/her position with the city. It also asks for the relationship of the respondent to the DDA. This is intended to determine whether the respondent provides staff assistance or actually sits on the governing board.

The background section attempts to learn a bit of the history of revitalization in the city. The first two questions ask the respondent to describe the economic and historic preservation achievements of the revitalization effort. These were placed first to get the respondents' impressions of the strengths of the effort absent the bias of this study. This section also tries to get at how the DDA fits into the chronology of revitalization in the downtown.

The remaining three sections ask the respondents to provide information about the capacity of the DDA to develop widespread support, management with a full-time staff, and a downtown plan. The questions are intended to gain an understanding of the role of the DDA relative to other downtown organizations and to detail the means by which the DDA managed to involve all interested parties. Specific questions focus on the importance placed on historic preservation and economic growth during plan development and implementation, to get some indication of the nature of the revitalization effort. A copy of the questionnaire can be found in Appendix III.

SUMMARY OF QUESTIONNAIRE RESPONSES

Mike Herman, the City Manager of Howell; Mary Beutell, the Community Development Director for Ludington; and Chris Manegold, the Economic Development Director for Tecumseh, were kind enough to offer responses to the interview questionnaire. Each of them provides staff assistance to the DDA in their respective cities. Herman is also an appointed member of the Howell DDA board, while Manegold serves as the manager of the Tecumseh DDA. What follows is a summary to their responses to the questionnaire, grouped under the following questionnaire headings: Background, Widespread Support, Management, and Downtown Plan.

Background

When asked about the major economic achievements of the revitalization effort, all three respondents referred to the accomplishments of the TIF program in their city. The projects are all fairly typical streetscape improvement projects involving the installation of streetlighting, landscaping, and sidewalk improvements. All three cities have also been involved in parking improvements, including the elimination of meters downtown and the installation of additional parking lots.

In terms of historic preservation accomplishments, the respondents referenced facade improvement programs. Each DDA has established some form of revolving loan or grant program to help property owners preserve and rehabilitate their building facades. Although the programs have been well received and widely utilized in Howell and

Tecumseh, Beutell reports that there has been, to this date, considerable resistance to preservation in Ludington.

Revitalization efforts in the three cities began between the mid-1980s and early 1990s. In two of the cities, the DDA was involved in initiating the revitalization effort. In Howell, however, the effort began as a citizen's movement to preserve the Livingston County Courthouse in the late 1980s. Following that successful preservation effort, the revitalization spread throughout the downtown. The DDA was formed in the early 1990s to help facilitate efforts.

The revitalization effort in Ludington is currently struggling to find the necessary funding to complete the streetscape and parking improvements. The DDA is working with the chamber of commerce to develop support for the effort among the downtown business and property owners. The other cities are moving into marketing phases, with Howell looking to reverse the recent growth of office and other non-retail uses in the downtown through retail recruitment, and with Tecumseh attempting to expand its trade area beyond the limits of the city.

Widespread Support

All three respondents reported that the support of DDA members, government officials, and downtown business owners (via the respective chambers of commerce) had been sought during the revitalization effort. In Tecumseh, the input of a citizens' advisory board had also been requested during planning and implementation. The DDA in Tecumseh was the only one of the three to request the participation of the general city population.

Management

The governing boards of the three DDAs are fairly similar in terms of membership. The majority of members in each city are downtown business and property owners. The Howell board is nine members and includes the director of the Howell Area Chamber of Commerce. The other two cities have twelve member boards, allowing the opportunity for financial and legal professionals to serve.

The questionnaire responses indicate that the similarity in management across the three DDAs probably ends with the boards. The authorities in Howell and Tecumseh are similar in that the DDA acts as a facilitator between the various downtown business associations and government officials. The DDAs in these cities have acted to coordinate the efforts of the individual parities throughout the respective revitalizations. As well, the DDA in each city is staffed by at least a part-time manager to keep the effort on schedule and on budget. The part-time DDA manager position in Howell is made possible by funding from the chamber of commerce. Manegold and his part-time assistant, who are both members of city staff, have management of the Tecumseh DDA as their primary responsibility.

The management of the Ludington DDA sharply contrasts these. The DDA has been the organization responsible for sustaining the revitalization effort in the downtown. Although they are seeking assistance from the chamber of commerce to gain support from business and property owners, the DDA has generated most of the ideas and plans for downtown. While city staff is able to provide a limited amount of assistance, the DDA is not able to fund even a part-time manager to provide leadership and to keep the revitalization on schedule.

Downtown Plan

Each of the respondents was able to supply a copy of the downtown historic and economic revitalization plan. The respondents reported that plan development was generally the same in each of the three cities with business and property owners coming together to set goals and strategies. The notable exception was Tecumseh, where a citizens' advisory board was formed to get input from the city population living outside of downtown.

Manegold also reported that the Tecumseh plan also included a somewhat unique implementation strategy. Responsibilities were assigned to the various downtown organizations: the Central Business Association, the Chamber of Commerce, the Historic Preservation Commission, and the DDA. Manegold and his assistant, as a part of their management duties, must see that each group is fulfilling its responsibilities on schedule.

The DDAs have generally implemented their downtown plans as written. Minor scheduling changes were required in Ludington where the effort has slowed due to limited funding.

With regard to plan development, the three respondents were asked how much importance, on a scale of 1 to 10 (with 1 being very little and 10 being very much) they felt had been placed on historic preservation and economic growth. They responded as follows:

Figure 4: Question #14 Responses

Respondent	Historic Preservation	Economic Growth
Herman (Howell)	10	6-7
Beutell (Ludington)	5	7
Manegold (Tecumseh)	6-7	10+

Interestingly, all three respondents reported that preservation was a greater priority during implementation of the plan than it was when the goals were set. Beutell reported that this was even true in Ludington, where a historic district study committee is recommending against the formation of a historic district downtown because of resistance from property owners.[6] The respondents stated that the business and property owners in each of the downtowns recognize that the historic buildings provide a unique identity for downtown. Howell and Ludington are now able to market this identity to potential retailers as well as customers to further the economic growth of downtown.

[6] Property owners apparently fear that the designation would limit their control over the design and materials of their storefronts.

PROFILES OF THE REVITALIZATION EFFORTS

Having considered the questionnaire responses for Howell, Ludington, and Tecumseh in the aggregate, this chapter provides a summary of the revitalization efforts in each of the three cities. The profiles are based both on the responses to the questionnaire and the respective downtown plans. They are intended to provide contrast and to distinguish the economic and historic revitalization efforts from one another.[7]

Howell

According to Mike Herman, Howell City Manager and an appointed member of the DDA governing board, the beginning of the revitalization effort in downtown Howell predated the formation of the DDA in early 1991. In the late 1980s, the citizens of Howell initiated an effort to preserve the Livingston County courthouse. This successful effort sparked much interest in preservation of the downtown and several property owners initiated privately funded efforts to rehabilitate their storefronts.

To facilitate these efforts, the DDA contracted with a planning consultant firm in 1991 to develop a revitalization strategy for downtown. The Howell Area Chamber of Commerce, downtown business owners, and the city came together during the development of this strategy to set the vision for downtown. This vision has included the installation of decorative street lighting and the institution of a grant that has funded the renovation of three building facades.

[7] Maps of the downtown district in each of the three study cities can be found in Appendix II of this study.

The DDA developed the revitalization strategy not only to address the physical improvement of downtown and to maintain a cohesive identity, but also to consider some of the economic constraints there. While the downtown currently experiences few vacancies, retailing has, in recent years, given way to an increasing number of office uses. In an effort to overcome the obstacles to retailing, the DDA has recently completed some parking improvements and is funding studies to consider strategies for increased marketability of the downtown.

Also toward this end, a DDA manager has been hired to work on attracting and maintaining more retail uses downtown. This individual is employed on a part-time basis by the Howell Area Chamber of Commerce and contracted to implement the DDA goals.

This relationship with the Chamber of Commerce is indicative of the role of the DDA in the revitalization in Howell. Herman characterizes the DDA as a facilitator and liaison between the Chamber and the business and property owners it represents, and the city and county governments and the assistance that they are able to provide. In fact, the Director of the Chamber and downtown business and property owners hold seven of the nine memberships on the DDA governing board. In this regard, the Howell DDA has served to create a real public-private partnership in the downtown.

Ludington

The TIF Plan for the Ludington DDA (1989) reports that the downtown suffered a rather significant blow in the early 1980s when Montgomery Ward & Company left the downtown. While the prime space was refilled by other businesses, only one major retailer remained in the downtown following the company's leaving. Many of the replacement

businesses have been of a very different character, directing their attention toward the seasonal tourism market. Even with these retailers, there were 18 vacancies at the time the TIF plan was written, and according to Mary Beutell, Community Development Director for the City of Ludington, a high vacancy rate continues to be the primary concern in the downtown.

Unlike the DDA in Howell, the Ludington DDA has been the group primarily responsible for leading the revitalization effort and generating plans for downtown since it was formed in 1984. That effort has involved two major streetscaping projects that were funded using TIF money. These projects focused on landscaping and brickwork along the sidewalks, the installation of streetlights, and parking lot improvements in the downtown. The DDA also started a loan fund to pay for facade renovations.

Beutell stated, however, that historic preservation was a very low priority throughout the development of the revitalization effort. She referenced the report recently completed by the historic district study committee recommending against designating a historic district downtown. Resistance by downtown business and property owners, due apparently to the perceived design limitations that a historic district might impose, was cited among the reasons for recommending against the designation.

Despite this, Beutell reported that preservation is becoming much more of a priority downtown. Retailers are realizing the character and sense of place that the downtown buildings provide, and many see them as a tool for attracting major retailers back. Given the resistance to historic district designation, any preservation efforts would presumably be initiated by individual retailers and property owners.

The Central Business District Master Plan recognized the lack of coordinated action downtown: "Like the community at-large, the business community in Ludington has also struggled to find common goals and agree on the means to achieve them. Store hours, for example, lack any consistency from one business to another. Storefront design also reflects a lack of harmony" (City of Ludington 1986, 12). The plan recommended that a staff person be hired to manage the coordination of activities in the downtown as a remedy. This is not likely to occur soon as, according to Beutell, the DDA is currently struggling to find adequate funds for its activities downtown. In addition, she and the other city staff are only able to assist the DDA on a limited basis.

Tecumseh

Chris Manegold, Economic Development Specialist for the City of Tecumseh, and his three-quarter-time assistant make up the management team for the Tecumseh DDA. While they do have other responsibilities, he says that the downtown is their primary focus. In particular, it is Manegold's responsibility to see that the *Economic Enhancement Strategy 1995* (HyettPalma, Inc. 1995) plan stays on schedule.

On July 1, 1998 the DDA will enter the third year of that plan. Unlike those in Howell and Ludington, the Tecumseh plan was developed with input from an advisory board that included not only downtown retailers and property owners, but also city residents. Representatives of HyettPalma, Inc., the consulting firm that developed the plan, interviewed members of this board to develop a set of shared goals and objectives. The consultants then developed an implementation strategy that divided responsibilities between the Central Business Association, the Chamber of Commerce, the Historic

Preservation Commission, and the DDA. The DDA retains the primary role, as it provides funds through TIF.

Having completed $900,000 in streetscape improvements, including the installation of streetlights, benches, landscaping and planters, and sidewalk improvements within the four-block downtown area, the effort is now looking at parking. Meters have been removed downtown; parking lots are going to be improved and directional signage installed. The current budget is also looking at maintenance of the improvements.

Year three of the plan will focus on marketing the overall image of downtown. That image has been central to the effort since it began in 1990. At that time, the *City of Tecumseh Master Plan* recognized "a need to build upon and improve the small city historic character of downtown Tecumseh" (Vilican-Leman & Associates 1990, 26). The commitment to preservation remains as strong today, with the DDA and Chamber of Commerce coordinating the distribution of $100,000 in annual low interest loans for interior and exterior renovations by local banks. Manegold says that preservation has remained a priority in the effort because downtown retailers and business owners realize that the structures create the character and identity of downtown Tecumseh. The revitalization effort has focused on strengthening that character to help maintain the viability of downtown.

FINDINGS

The objective of this study, as it was stated in the introduction, has been to evaluate the extent to which Michigan DDAs in cities with a population of between 5,000 and 10,000 people are able to develop widespread support, management by a full-time staff, and a downtown development plan to engage in an economic and historic revitalization of downtown. The telephone interviews and the experiences of Howell and Tecumseh would seem to indicate that DDAs have the capacity to develop widespread support, full-time management, and a development plan. This chapter will explore the extent to which the DDAs were able to develop these.

Widespread Support

Support for the revitalization efforts in the three study cities ran the complete spectrum from Ludington, where there was little to no support for a collaborative effort, to Tecumseh, where advisory boards of city residents and downtown retailers and business owners came together to set the shared vision of downtown. The scope of this study was not such that the reasons for the differences between the communities can be identified. The study seems to indicate, though, that participation by the general public, in addition to that by downtown business and property owners, facilitates the development of widespread support.

In Howell, the revitalization effort was initiated by a citizens' movement to see the preservation of the Livingston County Courthouse, a local landmark. That movement blossomed into the overall revitalization of downtown. Citizen support was accomplished

in Tecumseh when a citizens' advisory board was invited to participate in the visioning process downtown. In both cases, citizen participation has lead to a broader base of support and seems to have resulted in greater success in the economic and historic revitalization of downtown.

It is interesting to note the role that historic preservation played in collaboration. Even in Ludington, there was a recognition that the historic structures in the downtown have established its character, and that their preservation could lead to its revitalization. There was a sense that a downtown with a strong and unique identity might attract major retailers back. In fact, in Howell and Tecumseh, the recognition of the need to preserve the identity of their respective downtowns provided the initial shared goal around which widespread support and collaborative action was developed.

Having developed widespread support and consensus around shared goals, both Howell and Tecumseh were able to establish strong public-private partnerships. The DDAs, which are public bodies, made concerted efforts in both cities to work closely with the established downtown organizations, including the chambers of commerce. In Howell, the DDA worked as a facilitator not only between the chamber and the city government, but also the county government.

Management by One Entity With a Full-Time Staff

Ludington has struggled since the formation of the DDA with developing management. The lack of agreement among the different interest groups and a dwindling budget have been cited as the major causes. With these two conditions apparently

worsening, the development of a management structure in Ludington is not likely to occur soon. Howell and Tecumseh were both able to develop a management structure, though.

In Howell, the chamber of commerce provided the budget to support the management functions of the DDA. While this individual did not work in a full-time capacity, the commitment to downtown was sufficient to see that implementation of the program was occurring on schedule and to explore some additional funding options, including grants.

Tecumseh was the only one of the three cities to accomplish full time management. Managing the DDA and its efforts was the primary responsibility of Chris Manegold, the Economic Development Specialist for the city, and his part time assistant. As in Howell, the staff was responsible for keeping the revitalization on schedule and on budget. The management responsibilities also extended to include such things as making sure that regular payments were being made on the DDA's 20 year bond and budgeting for the maintenance of downtown improvements.

As has been stated the management *structure* of the DDAs in both Howell and Tecumseh also appears to have contributed to success. The DDA serves in both instances as a facilitator and a collaborator. This has allowed tasks to be divided among the interested parties, drawing upon the strengths of individual downtown organizations, as well as city and county departments, with the DDA maintaining overall management authority

Downtown Plan

Each of the three DDAs has developed plans that included the five components that ULI identified as being required in a downtown plan. Those components are: an inventory of existing conditions; identification of problems and opportunities, with a market analysis for overcoming problems and taking advantage of opportunities; the boundaries of the plan area; goals, objectives, and action plans; and a description of the management and financing necessary to implement the plan. In fact, the involvement of the DDA in the revitalization of each downtown typically began with the creation of such a plan.

The other recommendation of the ULI with regard to the downtown plan is that it be formally adopted by the legislative body of the city. This recommendation is made to assure that the public will have the opportunity to comment on the plan at public hearings and that the legislative body formally goes on record supporting its implementation. While the plans in Tecumseh and Ludington were formally adopted, the streetscape design concept in Howell was not. The concerns of ULI are probably not an issue in Howell, however. First of all, the DDA, being a public body, held public hearings during the formation of the plan. Furthermore, the TIF plan provided the funding for implementation of the design concept. PA 197 requires that the TIF plan be subject to a public hearing before the legislative body. The Howell City Council had to adopt it before implementation could begin.

General Findings

There were a couple of additional findings that, while they do not necessarily fit within any of the above elements, impact DDAs as downtown revitalization organizations. The first is that in all of the three cities, the respondents to the telephone interview stated that historic preservation was at least as much, if not more so, a priority when the revitalization was implemented as when the goals had been set. Even Mary Beutell, Community Development Director of Ludington, stated that preservation is now more of a priority than it was in 1984, when the DDA was formed. There is a real sense that the historic character of the small town is a major asset in maintaining the viability of downtown.

Also, consideration had not been made in this study to the recent legal changes pertaining to TIF. In 1994, the property tax structure in Michigan was significantly changed as a result of a special election on an item known as "Proposal A." Voter approval of the proposal on March 15, 1994 meant that school district revenue would no longer come from property taxes. As a result, school tax revenue from the captured assessed value of property in the DDA was no longer a potential revenue source after 1994.

The anticipated tax increment revenues in Howell and Ludington had been determined in plans drafted prior to this change having been made. The respondents in both cities reported that they were having difficulty finding adequate funds to continue implementation of the original plan. Although Tecumseh had begun streetscape improvements in 1990, prior to the 1994 passage of Proposal A, their current revitalization strategy was developed in 1995. Chris Manegold did not report any funding

problems in Tecumseh. Rather, he stated that the revitalization is currently on schedule. Further research would be required to know the full impacts of this change on past and future DDAs in Michigan cities.

CONCLUSION

The stated objective of this study has been to evaluate the extent to which Michigan DDAs in cities with a population of between 5,000 and 10,000 people are able to develop widespread support, management by a full-time staff, and a downtown development plan to engage in an economic and historic revitalization of downtown. This evaluation has been made based on the review of revitalization plans and strategies and through telephone interviews with city staff responsible for the administration of DDAs in Howell, Ludington, and Tecumseh. Once again, the study found that:

- overall citizen participation, in addition to that of downtown business and property owners, may be a necessary element in developing widespread support;
- strengthening the overall identity of downtown through historic preservation is generally a shared goal in the downtown that can facilitate the development support and collaborative action;
- full-time management seems to be best, but part-time is better than none;
- the DDA serving in the role of manager and facilitator of the economic and historic revitalization strengthens the public-private partnership, increasing the potential for success;
- DDAs have the capacity to create a downtown plan that includes: an inventory of existing conditions; identification of problems and opportunities, with a market analysis for overcoming problems and taking advantage of opportunities; the boundaries of the plan area; goals, objectives, and action plans; and a description of the management and financing necessary to implement the plan;
- the changes in the property tax structure resulting from Proposal A **may** limit the funding opportunities for TIF plans developed prior to 1994; and
- preservation plays an ever increasing role in the revitalization of downtown.

This review indicates that Michigan DDAs in cities of between 5,000 and 10,000 people can develop the capacity for forming such an organization. The study, as well, points to some possible avenues for future research.

Recommended Future Research

The scope of this study has been sufficiently limited to allow completion within the available time frame. The study has, therefore, only considered three Michigan cities. As has been indicated, this represents only a small sampling of cities that might potentially be studied. City staff were interviewed to gain a municipal perspective. A more comprehensive survey would allow for input from other interested parties including, elected officials, business owners, chambers of commerce, and DDA board members to see if the perception of the DDA in each downtown is universally accepted by all stakeholders. The study should be seen, therefore, as a preliminary investigation of the issue.

In addition, as it was completed, the study indicated certain trends not considered in the design of the research that may be worthy of additional study. The relative success of the efforts in the three study communities was not considered, for example. As the research of the ULI indicated, there appears to be a correlation between the success of the effort and the strength of the organization. Future study might consider the economic and quality of life returns that a community could expect based on the level of organizational commitment.

While the study indicated a capacity for DDAs to perform as successful revitalization organizations, there was a wide disparity in the level of support from

business and property owners. There is nothing in this study that can definitively account for the ability of Tecumseh and Howell to accomplish coordinated action, where business owners in Ludington were unable to formally identify a shared vision for downtown. Research could discuss the historical political, developmental, and demographic trends in the three cities and attempt to reason why a climate that favors coordinated action does not exist in Ludington.

Finally, in reviewing the revitalization plans of Howell and Ludington, both implemented prior to the passing of Proposal A, and that of Tecumseh, implemented after the Proposal, there seems to be a distinction in the ability of the DDAs to maintain sufficient funds. The respondents from Howell and Ludington indicated that the respective DDAs were struggling to find the money to continue with implementation. The Tecumseh DDA is having no such problem. Future study should examine whether this distinction is attributable to different management strategies, for example, or whether pre-Proposal A DDAs are subject to a lack of funds due to the restructuring of property taxation in Michigan.

APPENDIX I: PUBLIC ACT 197 OF 1975, AS AMENDED; DOWNTOWN DEVELOPMENT AUTHORITIES

Historical and Statutory Notes

Source: C.L.1970, § 125.1635.
P.A.1974, No. 338, § 35, added by P.A.1976, No. 175, § 1, Imd. Eff. June 29, 1976.

125.1636. Authority of act

Sec. 36. The authority given by this act shall be in addition to and not in derogation of any power existing in any of the municipalities under any statutory or charter provisions.

Historical and Statutory Notes

Source: C.L.1970, § 125.1636.
P.A.1974, No. 338, § 36, added by P.A.1976, No. 175, § 1, Imd. Eff. June 29, 1976.

DOWNTOWN DEVELOPMENT AUTHORITY

Cross References

Brownfield redevelopment authority, supervision and control by a board of directors, see § 125.2655.
Economic development projects, housing or neighborhood improvement programs in blighted or redevelopment areas, see § 125.1603.
Enterprise zone act, tax increment finance authority defined, see § 125.2103.
Implementation of a brownfield redevelopment plan, levy of taxes, see § 125.2663.
International tradeport development authority act, area of land under the control of a tax increment finance authority district, see § 125.2523.
Principal shopping districts, downtown development authority board members as members, see § 125.981.
School aid act of 1979, district or intermediate district, receipt of funds, see § 388.1626.
Service of board of downtown development authority as planning commission for city or village of less than 5,000, see § 125.32.
Tax increment finance authority board, trustees of board of downtown development authority as members, see § 125.1804.
Technology park districts, land included, see § 207.705.
Urban land assembly act, loan applications, see § 125.1856.

P.A.1975, No. 197, Imd. Eff. Aug. 13, 1975

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; to reimburse downtown development authorities for certain losses of tax increment revenues; and to prescribe the powers and duties of certain state officials. Amended by P.A.1988, No. 425, § 1, Imd. Eff. Dec. 27, 1988; P.A.1993, No. 323, § 1, Eff. March 15, 1994.

The People of the State of Michigan enact:

125.1651. Definitions

Sec. 1. As used in this act:

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

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

(*i*) For valuations made before January 1, 1995, the state equalized valuation as determined under the general property tax act, Act No. 206 of the Public Acts of 1893, being sections 211.1 to 211.157 of the Michigan Compiled Laws.

(*ii*) For valuations made after December 31, 1994, the taxable value as determined under section 27a of Act No. 206 of the Public Acts of 1893, being section 211.27a of the Michigan Compiled Laws.

(c) "Authority" means a downtown development authority created pursuant to this act.

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

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

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

(g) "Chief executive officer" means the mayor or city manager of a city, the president or village manager of a village, or the supervisor of a township or, if designated by the township board for purposes of this act, the township superintendent or township manager of a township.

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

(i) "Development plan" means that information and those requirements for a development set forth in section 17.[1]

(j) "Development program" means the implementation of the development plan.

(k) "Downtown district" means an area in a business district that is specifically designated by ordinance of the governing body of the municipality pursuant to this act.

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

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

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

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

(p) "Initial assessed value" means the assessed value, as equalized, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific local tax was paid in lieu of a property tax shall be determined as provided in subdivision (x). In the case of a municipality having a population of less than 35,000 which established an authority prior to 1985, created a district or districts, and approved a development plan or tax increment financing plan or amendments to a plan, and which plan or tax increment financing plan or amendments to a plan,[2] and which plan expired by its terms December 31, 1991, the initial assessed value for the purpose of any plan or plan amendment adopted as an extension of the expired plan shall be determined as if the plan had not expired December 31, 1991. For a development area designated before 1997 in which a renaissance zone has subsequently been designated pursuant to the Michigan renaissance zone act, Act No. 376 of the Public Acts of 1996, being sections 125.2681 to 125.2696 of the Michigan Compiled Laws, the initial assessed value of the development area otherwise determined under this subdivision shall be reduced by the amount by which the current assessed value of the development area was reduced in 1997 due to the exemption of property under section 7ff of Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws, but in no case shall the initial assessed value be less than zero.

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

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

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

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

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

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

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

(s) "On behalf of an authority", in relation to an eligible advance made or an eligible obligation issued or incurred by a municipality, means in anticipation that an authority would transfer tax increment revenues or reimburse the municipality from tax increment revenues in an amount sufficient to fully make payment required by the eligible obligation issued or incurred by the municipality, if the anticipation of the transfer or receipt of tax increment revenues from the authority is pursuant to or evidenced by 1 or more of the following:

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

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

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

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

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

(u) "Other protected obligation" means:

(*i*) A qualified refunding obligation issued to refund an obligation described in subparagraph (*ii*), (*iii*), or (*iv*), an obligation that is not a qualified refunding obligation that is issued to refund an eligible obligation, or a qualified refunding obligation issued to refund an obligation described in this subparagraph.

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

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

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

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

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

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

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

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

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

(v) "Public facility" means a street, plaza, pedestrian mall, and any improvements to a street, plaza, or pedestrian mall including street furniture and beautification, park, parking facility, recreational facility, right of way, structure, waterway, bridge, lake, pond, canal, utility line or pipe, building, and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by a public agency. Public facility includes an improvement to a facility used by the public or a public facility as those terms are defined in section 1 of Act No. 1 of the Public Acts of 1966, being section 125.1351 of the Michigan Compiled Laws, which improvement is made to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.

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

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

(*ii*) The net present value of the sum of the tax increment revenues described in subdivision (z)(*ii*) and the distributions under section 13b[3] to repay the refunding obligation will not be greater than the net present value of the sum of the tax increment revenues described in subdivision (z)(*ii*) and the distributions under section 13b to repay the obligation being refunded, as calculated using a method approved by the department of treasury.

(x) "Specific local tax" means a tax levied under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.572 of the Michigan Compiled Laws, the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, the technology park development act, Act No. 385 of the Public Acts of 1984, being sections 207.701 to 207.718 of the Michigan Compiled Laws, and Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan

Compiled Laws. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate. However, after 1993, the state tax commission shall prescribe the method for calculating the initial assessed value and current assessed value of property for which a specific local tax was paid in lieu of a property tax.

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

(z) "Tax increment revenues" means the amount of ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions upon the capture assessed value of real and personal property in the development area, subject to the following requirements:

(*i*) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of all taxing jurisdictions other than the state pursuant to the state education tax act, Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area for any purpose authorized by this act.

(*ii*) Tax increment revenues include ad valorem property taxes and specific local taxes attributable to the application of the levy of the state pursuant to Act No. 331 of the Public Acts of 1993, and local or intermediate school districts upon the captured assessed value of real and personal property in the development area in an amount equal to the amount necessary, without regard to subparagraph (*i*), to repay eligible advances, eligible obligations, and other protected obligations.

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

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

(B) Ad valorem property taxes excluded by the tax increment financing plan of the authority from the determination of the amount of tax increment revenues to be transmitted to the authority or specific local taxes attributable to such ad valorem property taxes.

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

(*iv*) The amount of tax increment revenues authorized to be included under subparagraph (*ii*), and required to be transmitted to the authority under section 14(1),[5] from ad valorem property taxes and specific local taxes attributable to the application of the levy of Act No. 331 of the Public Acts of 1993, a local school district or an intermediate school district upon the captured assessed value of real and personal property in a development area shall be

determined separately for the levy by the state, each school district, and each intermediate school district as the product of sub-subparagraphs (A) and (B):

(A) The percentage which the total ad valorem taxes and specific local taxes available for distribution by law to the state, local school district, or intermediate school district, respectively, bears to the aggregate amount of ad valorem millage taxes and specific taxes available for distribution by law to the state, each local school district, and each intermediate school district.

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

Amended by P.A.1985, No. 221, § 1, Imd. Eff. Jan. 10, 1986; P.A.1993, No. 323, § 1, Eff. March 15, 1994; P.A.1994, No. 280, § 1, Imd. Eff. July 11, 1994; P.A.1994, No. 330, § 1, Imd. Eff. Oct. 14, 1994; P.A.1994, No. 381, § 1, Imd. Eff. Dec. 28, 1994; P.A.1996, No. 269, § 1, Imd. Eff. June 12, 1996; P.A.1996, No. 454, § 1, Imd. Eff. Dec. 19, 1996.

[1] Section 125.1667.

[2] So in enrolled bill.

[3] Section 125.1663b.

[4] Section 125.1653.

[5] Section 125.1664.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 1, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1651.

The 1985 amendment, in subd. (d), inserted "," following "village"; and, in subd. (*l*), in the first sentence substituted "to a street, plaza, or pedestrian mall" for "thereto", and added the second sentence.

The 1993 amendment inserted subd. (a); redesignated former subds. (a) to (c) as subds. (b) to (d), respectively; inserted subd. (e); redesignated former subds. (d) to (h) as subds. (f) to (j), respectively; in subd. (j), substituted "district that" for "district which"; inserted subds. (k) to (m); redesignated former subd. (i) as subd. (n); inserted subd. (o); redesignated former subd. (j) as subd. (p); inserted subds. (q) and (r); redesignated former subd. (k) as subd. (s); inserted subd. (t); redesignated former subd. (*l*) as subd. (u); and added subds. (v) to (x).

P.A.1993, No. 323, § 2, provides:

"This amendatory act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

"(a) House Bill No. 5109.

"(b) House Bill No. 5110.

"(c) House Bill No. 5116.

"(d) House Bill No. 5009.

"(e) House Bill No. 5118.

"(f) House Bill No. 5097.

"(g) House Bill No. 5123.

"(h) House Bill No. 4279.

"(i) House Bill No. 5102.

"(j) House Bill No. 5103.

"(k) House Bill No. 5104.

"(*l*) House Bill No. 5106.

"(m) House Bill No. 5111.

"(n) House Bill No. 5115.

"(o) House Bill No. 5112.

"(p) House Bill No. 5120.

"(q) House Bill No. 5129.

"(r) House Bill No. 5224."

House Bill Nos. 5109, 5110, 5116, 5009, 5118, 5097, 5123, 5102, 5103, 5104, 5106, 5111, 5120, 5129, and 5224, were enacted as P.A.1993, Nos. 329, 330, 332, 322, 333, 324, 336, 325, 326, 327, 328, 331, 334, 338, and 340, respectively, and were approved and filed December 31, 1993. House Bill Nos. 4279, 5115, and 5112, were enacted as P.A.1993, Nos. 312, 313, and 314, respectively, and were approved December 28, 1993 and filed December 29, 1993.

Senate Joint Resolution S of the 87th Legislature was approved by the voters at the March 15, 1994, special election as Ballot Proposal A.

P.A.1993, No. 323, was ordered to take immediate effect, and was approved and filed December 31, 1993.

P.A.1994, No. 280, in subd. (i)(*ii*), substituted "before December 31, 1993" for "before August 19, 1993", and inserted "or on behalf of"; in subd. (t)(*iii*), in the introductory paragraph, added the second sentence; added subds. (t)(*iii*)(A) to (t)(*iii*)(C); rewrote subd. (x)(*i*), which prior thereto read:

"Unless the sales tax is levied at the rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, tax increment revenues include ad valorem property taxes levied under the state education tax act or by local or intermediate school districts and specific local taxes attributable to ad valorem property taxes levied under the state education tax act or by local or intermediate school districts, to the extent necessary to repay eligible advances and eligible obligations but not exceeding the amount certified under section 13b(10) and to the extent necessary to repay other protected obligations."

P.A.1994, No. 280, also, inserted subd. (x)(*ii*); redesignated former subd. (x)(*ii*) as subd. (x)(*iii*); and added subd. (x)(*iv*).

P.A.1994, No. 330, in subd. (x)(*iv*)(B), substituted "under (*ii*)" for "under subparagraph (*i*)".

P.A.1994, No. 381, in subd. (f), inserted "or village manager" and "of a township or, if designated by the township board for purposes of this act, the township superintendent or township manager"; in subd. (v), in the first sentence substituted "sections 207.551 to 207.572" for "sections 207.551 to 207.571"; and, in subd. (x)(*iv*)(B), inserted "subparagraph".

P.A.1996, No. 269, inserted subd. (b); redesignated former subds. (b) to (u) as subds. (c) to (v), respectively; in subd. (f), in the first sentence substituted "(x)" for "(v)"; in subd. (m), added "and its subsequent refunding by a qualified refunding obligation"; in subd. (p), in the fourth sentence substituted "(x)" for "(v)", and added the fifth sentence; in subd. (r), in the introductory paragraph, inserted the third sentence; rewrote subd. (u)(*i*), which prior thereto read:

"An obligation issued to refund a bond or note that is an eligible obligation."

P.A.1996, No. 269, also, in subd. (u)(*iv*)(C)(II), substituted "consumer and industry services" for "commerce"; added subd. (u)(*v*); inserted subd. (w); redesignated former subds. (v) to (x) as subds. (x) to (z), respectively; in subd. (z)(*ii*), deleted "the state education tax act," following "pursuant to"; and, in subd. (z)(*iv*), in the introductory paragraph, deleted "the state education tax act," following "levy of".

P.A.1996, No. 269, § 2, provides:

"This amendatory act shall not take effect unless all of the following bills of the 88th Legislature are enacted into law:

"(a) Senate Bill No. 993.

"(b) House Bill No. 5072."

Senate Bill No. 993, was enacted as P.A.1996, No. 270, and was approved and filed June 12, 1996; House Bill No. 5072, was enacted as P.A.1996, No. 271, and was approved and filed June 12, 1996.

P.A.1996, No. 269, was ordered to take immediate effect, and was approved and filed June 12, 1996.

P.A.1996, No. 454, in subd. (p), added the sixth sentence.

WESTLAW Electronic Research

See WESTLAW Electronic Research Guide following the Preface.

Notes of Decisions

In general 1

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1. In general

An undeveloped parcel of land that is remote from a downtown business district but attached to it by means of a corridor composed of land which has been zoned for residential purposes, does not qualify for redevelopment under § 125.1651 et seq., governing the downtown development authority. Op.Atty.Gen.1984, No. 6212, p. 265.

125.1651a. Legislative findings

Sec. 1a. The legislature finds all of the following:

(a) That there exists in this state conditions of property value deterioration detrimental to the state economy and the economic growth of the state and its local units of government.

(b) That government programs are desirable and necessary to eliminate the causes of property value deterioration thereby benefiting the economic growth of the state.

(c) That it is appropriate to finance these government programs by means available to the state and local units of government in the state, including tax increment financing.

(d) That tax increment financing is a government financing program that contributes to economic growth and development by dedicating a portion of the increase in the tax base resulting from economic growth and development to facilities, structures, or improvements within a development area thereby facilitating economic growth and development.

(e) That it is necessary for the legislature to exercise its power to legislate tax increment financing as authorized in this act and in the exercise of this power to mandate the transfer of tax increment revenues by city, village, township, school district, and county treasurers to authorities created under this act in order to effectuate the legislative government programs to eliminate property value deterioration and to promote economic growth.

(f) That halting property value deterioration and promoting economic growth in the state are essential governmental functions and constitute essential public purposes.

(g) That economic development strengthens the tax base upon which local units of government rely and that government programs to eliminate property value deterioration benefit local units of government and are for the use of the local units of government.

(h) That the provisions of this act are enacted to provide a means for local units of government to eliminate property value deterioration and to promote economic growth in the communities served by those local units of government.

P.A.1975, No. 197, § 1a, added by P.A.1988, No. 425, § 1, Imd. Eff. Dec. 27, 1988.

Historical and Statutory Notes

P.A.1988, No. 425, § 2, provides:

"This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

P.A.1988, No. 425, was ordered to take immediate effect, and was approved December 24, 1988 and filed December 27, 1988.

125.1652. Establishment and powers; property includable; public corporate body

Sec. 2. (1) Except as otherwise provided in this subsection, a municipality may establish 1 authority. If, before November 1, 1985, a municipality establishes more than 1 authority, those authorities may continue to exist as separate authorities. Under the conditions described in section 3a,[1] a municipality may have more than 1 authority within that municipality's boundaries. A parcel of property shall not be included in more than 1 authority created by this act.

(2) An authority shall be a public body corporate which may sue and be sued in any court of this state. An authority possesses all the powers necessary to

carry out the purpose of its incorporation. The enumeration of a power in this act shall not be construed as a limitation upon the general powers of an authority.

Amended by P.A.1985, No. 159, § 1, Imd. Eff. Nov. 15, 1985.

[1] Section 125.1653a.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 2, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1652.

The 1985 amendment rewrote subsec. (1), which prior thereto read:

"A municipality may establish an authority. No parcel of property shall be included in more than 1 authority created by this act."

The 1985 amendment, also, in subsec. (2), substituted "an authority" for "the authority" throughout.

Library References

Municipal Corporations ⇐3.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 6.

125.1653. Procedure for creating authority; downtown district boundary changes

Sec. 3. (1) When the governing body of a municipality determines that it is necessary for the best interests of the public to halt property value deterioration and increase property tax valuation where possible in its business district, to eliminate the causes of that deterioration, and to promote economic growth, the governing body may, by resolution, declare its intention to create and provide for the operation of an authority.

(2) In the resolution of intent, the governing body shall set a date for the holding of a public hearing on the adoption of a proposed ordinance creating the authority and designating the boundaries of the downtown district. Notice of the public hearing shall be published twice in a newspaper of general circulation in the municipality, not less than 20 or more than 40 days before the date of the hearing. Not less than 20 days before the hearing, the governing body proposing to create the authority shall also mail notice of the hearing to the property taxpayers of record in the proposed district and for a public hearing to be held after February 15, 1994 to the governing body of each taxing jurisdiction levying taxes that would be subject to capture if the authority is established and a tax increment financing plan is approved. Failure of a property taxpayer to receive the notice shall not invalidate these proceedings. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the proposed downtown district not less than 20 days before the hearing. The notice shall state the date, time, and place of the hearing, and shall describe the boundaries of the proposed downtown district. A citizen, taxpayer, or property owner of the municipality or an official from a taxing jurisdiction with millage that would be subject to capture has the right to be heard in regard to the establishment of the authority and the boundaries of the proposed downtown district. The governing body of the municipality shall not incorporate land into the downtown district not included in the description

contained in the notice of public hearing, but it may eliminate described lands from the downtown district in the final determination of the boundaries.

(3) Not more than 60 days after a public hearing held after February 15, 1994, the governing body of a taxing jurisdiction levying ad valorem property taxes that would otherwise be subject to capture may exempt its taxes from capture by adopting a resolution to that effect and filing a copy with the clerk of the municipality proposing to create the authority. The resolution takes effect when filed with that clerk and remains effective until a copy of a resolution rescinding that resolution is filed with that clerk.

(4) Not less than 60 days after the public hearing, if the governing body of the municipality intends to proceed with the establishment of the authority, it shall adopt, by majority vote of its members, an ordinance establishing the authority and designating the boundaries of the downtown district within which the authority shall exercise its powers. The adoption of the ordinance is subject to any applicable statutory or charter provisions in respect to the approval or disapproval by the chief executive or other officer of the municipality and the adoption of an ordinance over his veto. This ordinance shall be filed with the secretary of state promptly after its adoption and shall be published at least once in a newspaper of general circulation in the municipality.

(5) The governing body of the municipality may alter or amend the boundaries of the downtown district to include or exclude lands from the downtown district pursuant to the same requirements for adopting the ordinance creating the authority.

Amended by P.A.1993, No. 323, § 1, Eff. March 15, 1994.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 3, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1653.

The 1993 amendment, in subsec. (1), deleted "of that municipality" following "body"; in subsec. (2), in the second sentence substituted "or more" for "nor more", rewrote the third sentence, which prior thereto read: "Notice shall also be mailed to the property taxpayers of record in the proposed district not less than 20 days before the hearing.", in the fourth sentence inserted "of a property taxpayer", in the seventh sentence inserted "or an official from a taxing jurisdiction with millage that would be subject to capture", and in the eighth sentence inserted "the" preceding "notice"; inserted subsec. (3); redesignated former subsecs. (3) and (4) as subsecs. (4) and (5), respectively; in subsec. (4), in the first sentence inserted "Not less than 60 days"; and, in subsec. (5), substituted "pursuant to" for "in accordance with", and deleted "prescribed" following "requirements".

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

Notes of Decisions

Construction and application 1

1. Construction and application

A municipality may establish a downtown development authority upon a factual finding of a deterioration in value of a significant number of parcels in the downtown district within which the authority is to exercise its powers. Op.Atty. Gen. 1989, No. 6558, p. 8.

125.1653a. Annexation or consolidation of downtown district; effect

Sec. 3a. If a downtown district is part of an area annexed to or consolidated with another municipality, the authority managing that district shall become an authority of the annexing or consolidated municipality. Obligations of that authority incurred under a development or tax increment plan, agreements related to a development or tax increment plan, and bonds issued under this act shall remain in effect following the annexation or consolidation.

P.A.1975, No. 197, § 3a, added by P.A.1985, No. 159, § 1, Imd. Eff. Nov. 15, 1985.

125.1653b. Ordinances; ratification, notice, application, filing, resolutions

Sec. 3b. (1) An ordinance enacted by a municipality that has a population of less than 50,000 establishing an authority, creating a district, or approving a development plan or tax increment financing plan, or an amendment to an authority, district, or plan, and all actions taken under that ordinance, including the issuance of bonds, are ratified and validated notwithstanding that notice for the public hearing on the establishment of the authority, creation of the district, or approval of the development plan or tax increment financing plan, or on the amendment, was not published, posted, or mailed at least 20 days before the hearing, if the notice was published or posted at least 15 days before the hearing or the authority was established in 1984 by a village that filed the ordinance with the secretary of state not later than March, 1986. This section applies only to an ordinance adopted by a municipality before February 1, 1991, and shall include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that have been issued or that are to be issued by the authority, the incorporating municipality, or a county on behalf of the incorporating municipality. An authority for which an ordinance or amendment to the ordinance establishing the authority has been published before February 1, 1991 is considered for purposes of section 3(4) [1] to have promptly filed the ordinance or amendment to the ordinance with the secretary of state if the ordinance or amendment to the ordinance is filed with the secretary of state before October 1, 1991. As used in this section, "notice was published" means publication of the notice occurred at least once.

(2) A development plan and tax increment financing plan approved by a resolution adopted by the village council of a village having a population of less than 3,000 before June 15, 1988 rather than by adoption of an ordinance is ratified and validated, if an amendment to the plans was adopted by the village council in compliance with sections 18 and 19.[2]

P.A.1975, No. 197, § 3b, added by P.A.1989, No. 242, § 1, Imd. Eff. Dec. 21, 1989. Amended by P.A.1991, No. 66, § 1, Imd. Eff. July 3, 1991; P.A.1993, No. 42, § 1, Imd. Eff. May 27, 1993; P.A.1993, No. 323, § 1, Eff. March 15, 1994.

[1] Section 125.1653.

[2] Sections 125.1668 and 125.1669.

Historical and Statutory Notes

The 1991 amendment, in the first sentence added "or that the authority was established in 1984 by a village that filed the ordinance with the secretary of state not later than March,

1986"; in the second sentence substituted "February 1, 1991, and shall include any bonds or amounts to be used by the authority to pay the principal of and interest on bonds that have been issued or that are to be issued by the authority, the incorporating municipality, or a county on behalf of the incorporating municipality" for "August 1, 1989", and added the third and fourth sentences.

P.A.1993, No. 42, added the fifth sentence.

P.A.1993, No. 323, divided this section into subsecs. (1) and (2); in subsec. (1), in the first sentence substituted "hearing, if" for "hearing, provided that", and deleted "that" following "hearing or", and in the third sentence substituted "3(4)" for "3(3)"; and, in subsec. (2), substituted "dated, if" for "dated, provided that".

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

125.1653c. Validity of proceedings or findings

Sec. 3c. The validity of the proceedings or findings establishing an authority, or of the procedure, adequacy of notice, or findings with respect to the approval of a development plan or tax increment financing plan is conclusive with respect to the capture of tax increment revenues for an other [1] protected obligation that is a bond issued after October 1, 1994.

P.A.1975, No. 197, § 3c, added by P.A.1994, No. 381, § 1, Imd. Eff. Dec. 28, 1994.

[1] So in enrolled bill.

125.1654. Governing board of authority or authorities

Sec. 4. (1) Except as provided in subsections (7) and (8), an authority shall be under the supervision and control of a board consisting of the chief executive officer of the municipality and not less than 8 or more than 12 members as determined by the governing body of the municipality. Members shall be appointed by the chief executive officer of the municipality, subject to approval by the governing body of the municipality. Not less than a majority of the members shall be persons having an interest in property located in the downtown district. Not less than 1 of the members shall be a resident of the downtown district, if the downtown district has 100 or more persons residing within it. Of the members first appointed, an equal number of the members, as near as is practicable, shall be appointed for 1 year, 2 years, 3 years, and 4 years. A member shall hold office until the member's successor is appointed. Thereafter, each member shall serve for a term of 4 years. An appointment to fill a vacancy shall be made by the chief executive officer of the municipality for the unexpired term only. Members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses. The chairperson of the board shall be elected by the board.

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

(3) The business which the board may perform shall be conducted at a public meeting of the board held in compliance with the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the manner required by Act No. 267 of the Public Acts of 1976. The board shall adopt rules consistent with Act No. 267 of the Public Acts of 1976 governing its procedure and the holding of regular meetings, subject to the

approval of the governing body. Special meetings may be held if called in the manner provided in the rules of the board.

(4) Pursuant to notice and after having been given an opportunity to be heard, a member of the board may be removed for cause by the governing body. Removal of a member is subject to review by the circuit court.

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

(6) In addition to the items and records prescribed in subsection (5), a writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with the freedom of information act, Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(7) By resolution of its governing body, a municipality having more than 1 authority may establish a single board to govern all authorities in the municipality. The governing body may designate the board of an existing authority as the board for all authorities or may establish by resolution a new board in the same manner as provided in subsection (1). A member of a board governing more than 1 authority may be a resident of or have an interest in property in any of the downtown districts controlled by the board in order to meet the requirements of this section.

(8) By ordinance, the governing body of a municipality that has a population of less than 5,000 may have the municipality's planning commission created pursuant to Act No. 285 of the Public Acts of 1931, being sections 125.31 to 125.45 of the Michigan Compiled Laws, serve as the board provided for in subsection (1).

Amended by P.A.1985, No. 159, § 1, Imd. Eff. Nov. 15, 1985; P.A.1987, No. 66, § 1, Imd. Eff. June 25, 1987.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 4, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1654.
P.A.1978, No. 521, § 1, Imd. Eff. Dec. 20, 1978.

The 1985 amendment, in subsec. (1), in the first sentence substituted "An authority" for "The authority" and "a board" for "the board"; in subsec. (3), in the first sentence inserted "the open meetings act,", and in the fourth sentence substituted "if" for "when"; in subsec. (6), inserted "the freedom of information act,"; and added subsec. (7).

The 1987 amendment, in subsec. (1), in the first sentence inserted "Except as provided in subsections (7) and (8),"; and added subsec. (8).

P.A.1987, No. 66, § 2, provides:

"This amendatory act shall not take effect unless House Bill No. 4527 of the 84th Legislature is enacted into law."

House Bill No. 4527, was enacted as P.A. 1987, No. 65, and was approved June 23, 1987 and filed June 25, 1987.

P.A.1987, No. 66, was ordered to take immediate effect, and was approved June 23, 1987 and filed June 25, 1987.

Library References

Municipal Corporations ⇐123.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 462 et seq.

In general 1

Notes of Decisions

1. In general

An elected city commissioner of a home rule city, other than the mayor, may not simultaneously serve as a member of that same city's downtown development authority board since the two positions are incompatible. Op.Atty. Gen.1982, No. 6029, p. 532.

A member of a downtown development authority board may not simultaneously serve as a member of the county board of commissioners of the county wherein the district is located, a member of the governing body of the municipality wherein the district is located, or a member of a school board of a school district which extends into the development area. Op.Atty. Gen.1976, No. 5087, p. 690.

125.1655. Director; treasurer; secretary; legal counsel; other personnel

Sec. 5. (1) The board may employ and fix the compensation of a director, subject to the approval of the governing body of the municipality. The director shall serve at the pleasure of the board. A member of the board is not eligible to hold the position of director. Before entering upon the duties of his office, the director shall take and subscribe to the constitutional oath, and furnish bond, by posting a bond in the penal sum determined in the ordinance establishing the authority payable to the authority for use and benefit of the authority, approved by the board, and filed with the municipal clerk. The premium on the bond shall be deemed an operating expense of the authority, payable from funds available to the authority for expenses of operation. The director shall be the chief executive officer of the authority. Subject to the approval of the board, the director shall supervise, and be responsible for, the preparation of plans and the performance of the functions of the authority in the manner authorized by this act. The director shall attend the meetings of the board, and shall render to the board and to the governing body of the municipality a regular report covering the activities and financial condition of the authority. If the director is absent or disabled, the board may designate a qualified person as acting director to perform the duties of the office. Before entering upon the duties of his office, the acting director shall take and subscribe to the oath, and furnish bond, as required of the director. The director shall furnish the board with information or reports governing the operation of the authority as the board requires.

(2) The board may employ and fix the compensation of a treasurer, who shall keep the financial records of the authority and who, together with the director, shall approve all vouchers for the expenditure of funds of the authority. The treasurer shall perform such other duties as may be delegated to him by the board and shall furnish bond in an amount as prescribed by the board.

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

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

(5) The board may employ other personnel deemed necessary by the board.

Historical and Statutory Notes

Source: C.L.1970, § 125.1655.
P.A.1975, No. 197, § 5, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐128.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 468 et seq.

125.1656. Employees' retirement and insurance programs

Sec. 6. The employees of an authority shall be eligible to participate in municipal retirement and insurance programs of the municipality as if they were civil service employees except that the employees of an authority are not civil service employees.

Historical and Statutory Notes

Source: C.L.1970, § 125.1656.
P.A.1975, No. 197, § 6, Imd. Eff. Aug. 13, 1975.

Cross References

Municipal employees' retirement act, see § 38.1501 et seq.

Library References

Municipal Corporations ⇐220(9).
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 727.

125.1657. Powers of governing body

Sec. 7. The board may:

(a) Prepare an analysis of economic changes taking place in the downtown district.

(b) Study and analyze the impact of metropolitan growth upon the downtown district.

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

(d) Plan, propose, and implement an improvement to a public facility within the development area to comply with the barrier free design requirements of the state construction code promulgated under the state construction code act of 1972, Act No. 230 of the Public Acts of 1972, being sections 125.1501 to 125.1531 of the Michigan Compiled Laws.

(c) Develop long-range plans, in cooperation with the agency which is chiefly responsible for planning in the municipality, designed to halt the deterioration of property values in the downtown district and to promote the economic growth of the downtown district, and take such steps as may be necessary to persuade property owners to implement the plans to the fullest extent possible.

(f) Implement any plan of development in the downtown district necessary to achieve the purposes of this act, in accordance with the powers of the authority as granted by this act.

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

(h) Acquire by purchase or otherwise, on terms and conditions and in a manner the authority deems proper or own, convey, or otherwise dispose of, or lease as lessor or lessee, land and other property, real or personal, or rights or interests therein, which the authority determines is reasonably necessary to achieve the purposes of this act, and to grant or acquire licenses, easements, and options with respect thereto.

(i) Improve land and construct, reconstruct, rehabilitate, restore and preserve, equip, improve, maintain, repair, and operate any building, including multiple-family dwellings, and any necessary or desirable appurtenances thereto, within the downtown district for the use, in whole or in part, of any public or private person or corporation, or a combination thereof.

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

(k) Lease any building or property under its control, or any part thereof.

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

(m) Acquire and construct public facilities.

Amended by P.A.1985, No. 221, § 1, Imd. Eff. Jan. 10, 1986.

Historical and Statutory Notes

Source:
P.A.1975, No. 197, § 7, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1657.

The 1985 amendment, in subd. (c), deleted "the" preceding "renovation"; inserted subd. (d); and redesignated former subds. (d) to (*l*) as subds. (e) to (m).

Library References

Municipal Corporations ⇐167.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 542.

Notes of Decisions

Disposition of property 1

ultimately, to identified private developer; thus, taking did not violate landowners' constitutional rights. City of Detroit v. Lucas (1989) 446 N.W.2d 596, 180 Mich.App. 47, appeal denied.

1. **Disposition of property**
Condemnation by city was for "public use" even though property was to be transferred.

125.1658. Service of board as planning commission; agenda

Sec. 8. If a board created under this act serves as the planning commission under section 2 of Act No. 285 of the Public Acts of 1931, being section 125.32 of the Michigan Compiled Laws, the board shall include planning commission business in its agenda.

P.A.1975, No. 197, § 8, added by P.A.1987, No. 66, § 1, Imd. Eff. June 25, 1987.

Historical and Statutory Notes

For contingent effect provisions of P.A.1987, No. 66, see the Historical and Statutory Notes following § 125.1654.

125.1659. Authority as instrument of political subdivision

Sec. 9. The authority shall be deemed an instrumentality of a political subdivision for purposes of Act No. 227 of the Public Acts of 1972, being sections 213.321 to 213.332 of the Michigan Compiled Laws.

Historical and Statutory Notes

Source:
P.A.1975, No. 197, § 9, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1659.

125.1660. Eminent domain

Sec. 10. A municipality may take private property under Act No. 149 of the Public Acts of 1911, as amended, being sections 213.21 to 213.41 of the Michigan Compiled Laws, for the purpose of transfer to the authority, and may transfer the property to the authority for use in an approved development, on terms and conditions it deems appropriate, and the taking, transfer, and use shall be considered necessary for public purposes and for the benefit of the public.

Historical and Statutory Notes

Source:
P.A.1975, No. 197, § 10, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1660.

Library References

Eminent Domain ⇐9.
WESTLAW Topic No. 148.
C.J.S. Eminent Domain § 24.
M.L.P. Municipal Corporations § 103.

Notes of Decisions

I. Public use

Condemnation by city was for "public use" even though property was to be transferred, ultimately, to identified private developer; thus, taking did not violate landowners' constitutional rights. City of Detroit v. Lucas (1989) 446 N.W.2d 596, 180 Mich.App. 47, appeal denied.

125.1661. Financing; deposits

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

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

(b) Proceeds of a tax imposed pursuant to section 12.[1]

(c) Money borrowed and to be repaid as authorized by sections 13 and 13a.[2]

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

(e) Proceeds of a tax increment financing plan, established under sections 14 to 16.[3]

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

(g) Money obtained from other sources approved by the governing body of the municipality or otherwise authorized by law for use by the authority or the municipality to finance a development program.

(h) Money obtained pursuant to section 13b.[4]

(i) Revenue from the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11a of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611a of the Michigan Compiled Laws.

(j) Revenue from the federal data facility act, Act No. 126 of the Public Acts of 1993, being sections 3.951 to 3.961 of the Michigan Compiled Laws, or revenue transferred pursuant to section 11b of chapter 2 of the city income tax act, Act No. 284 of the Public Acts of 1964, being section 141.611b of the Michigan Compiled Laws.

(2) Money received by the authority and not covered under subsection (1) shall immediately be deposited to the credit of the authority, subject to disbursement pursuant to this act. Except as provided in this act, the municipality shall not obligate itself, nor shall it ever be obligated to pay any sums from public funds, other than money received by the municipality pursuant to this section, for or on account of the activities of the authority.

Amended by P.A.1981, No. 34, § 1, Imd. Eff. May 11, 1981; P.A.1992, No. 279, § 1, Imd. Eff. Dec. 18, 1992; P.A.1993, No. 122, § 1, Imd. Eff. July 20, 1993; P.A.1993, No. 323, § 1, Eff. March 15, 1994.

[1] Section 125.1662.

[2] Sections 125.1663 and 125.1663a.

[3] Sections 125.1664 to 125.1666.

[4] Section 125.1663b.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 11, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1661.

The 1981 amendment substituted "money" for "moneys" throughout the section; inserted subsec. (1)(f); and redesignated former subsec. (1)(f) as subsec. (1)(g).

The 1992 amendment added subsec. (1)(h).

P.A.1993, No. 122, in subsec. (1)(h), inserted ", Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws,"; and added subsec. (1)(i).

P.A.1993, No. 323, in subsec. (1)(c), substituted "sections 13 and 13a" for "section 13"; in subsec. (1)(g), added "or otherwise authorized by law for use by the authority or the municipality to finance a development program"; inserted subsec. (1)(h); redesignated former subsecs. (1)(h) and (1)(i) as subsecs. (1)(i) and (1)(j), respectively; and, in subsec. (1)(j), inserted ", Act No. 126 of the Public Acts of 1993, being sections 3.951 to 3.961 of the Michigan Compiled Laws,".

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

Library References

Municipal Corporations ⇐866.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations §§ 1856, 1857.

125.1662. Taxation; borrowing; tax anticipation notes

Sec. 12. (1) An authority with the approval of the municipal governing body may levy an ad valorem tax on the real and tangible personal property not exempt by law and as finally equalized in the downtown district. The tax shall not be more than 1 mill if the downtown district is in a municipality having a population of 1,000,000 or more, or not more than 2 mills if the downtown district is in a municipality having a population of less than 1,000,000. The tax shall be collected by the municipality creating the authority levying the tax. The municipality shall collect the tax at the same time and in the same manner as it collects its other ad valorem taxes. The tax shall be paid to the treasurer of the authority and credited to the general fund of the authority for purposes of the authority.

(2) The municipality may at the request of the authority borrow money and issue its notes therefor pursuant to the municipal finance act, Act No. 202 of the Public Acts of 1943, as amended, being sections 131.1 to 138.2 of the Michigan Compiled Laws, in anticipation of collection of the ad valorem tax authorized in this section.

Amended by P.A.1983, No. 86, § 1, Imd. Eff. June 16, 1983.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 12, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1662.

The 1983 amendment, in subsec. (1), in the fifth sentence deleted "of financing only the operations" following "purposes"; and, in subsec. (2), inserted "the municipal finance act,".

Library References

Municipal Corporations ⇐869, 956(3). WESTLAW Topic No. 268.

C.J.S. Municipal Corporations §§ 1869, 1978.
M.L.P. Municipal Corporations § 331.

125.1663. Revenue bonds

Sec. 13. The authority may borrow money and issue its negotiable revenue bonds therefor pursuant to Act No. 94 of the Public Acts of 1933, as amended, being sections 141.101 to 141.139 of the Michigan Compiled Laws. Revenue bonds issued by the authority shall not except as hereinafter provided be deemed a debt of the municipality or the state. The municipality by majority vote of the members of its governing body may pledge its full faith and credit to support the authority's revenue bonds.

Historical and Statutory Notes

Source:
P.A.1975, No. 197, § 13, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1663.

Library References

Municipal Corporations ⇨950(15).
WESTLAW Topic No. 268.

C.J.S. Municipal Corporations § 1957.
M.L.P. Municipal Corporations § 351 et seq.

125.1663a. Issuance of revenue bonds or notes; costs financed by bonds or notes; pledge; tax exemption; liability; investment by public officers, state agencies.

Sec. 13a. (1) The authority may with approval of the local governing body borrow money and issue its revenue bonds or notes to finance all or part of the costs of acquiring or constructing property in connection with the implementation of a development plan in the downtown district or to refund or refund in advance bonds or notes issued pursuant to this section. The costs which may be financed by the issuance of revenue bonds or notes may include the cost of purchasing, acquiring, constructing, improving, enlarging, extending, or repairing property in connection with the implementation of a development plan in the downtown district; any engineering, architectural, legal, accounting, or financial expenses; the costs necessary or incidental to the borrowing of money; interest on the bonds or notes during the period of construction; a reserve for payment of principal and interest on the bonds or notes; and a reserve for operation and maintenance until sufficient revenues have developed. The authority may secure the bonds and notes by mortgage, assignment, or pledge of the property and any money, revenues, or income received in connection therewith.

(2) A pledge made by the authority shall be valid and binding from the time the pledge is made. The money or property pledged by the authority immediately shall be subject to the lien of the pledge without a physical delivery, filing, or further act. The lien of such a pledge shall be valid and binding as against parties having claims of any kind in tort, contract, or otherwise, against the authority, irrespective of whether the parties have notice of the lien. Neither

the resolution, the trust agreement, nor any other instrument by which a pledge is created need be filed or recorded.

(3) Bonds or notes issued pursuant to this section shall be exempt from all taxation in this state except inheritance and transfer taxes, and the interest on the bonds or notes shall be exempt from all taxation in this state, notwithstanding that the interest may be subject to federal income tax.

(4) The municipality shall not be liable on bonds or notes of the authority issued pursuant to this section and the bonds or notes shall not be a debt of the municipality. The bonds or notes shall contain on their face a statement to that effect.

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

P.A.1975, No. 197, § 13a, added by P.A.1981, No. 151, § 1, Imd. Eff. Nov. 19, 1981.

Library References

Municipal Corporations ⇨908, 950(15).
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations §§ 1904, 1957.

125.1663b. Appropriations for repayment of eligible advances or obligations

Sec. 13b. (1) If the amount of tax increment revenues lost as a result of the reduction of taxes levied by local school districts for school operating purposes required by the millage limitations under section 1211 of the school code of 1976, Act No. 451 of the Public Acts of 1976, being section 380.1211 of the Michigan Compiled Laws, reduced by the amount of tax increment revenues received from the capture of taxes levied under or attributable to the state education tax act, Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws, will cause the tax increment revenues received in a fiscal year by an authority under section 15 [1] to be insufficient to repay an eligible advance or to pay an eligible obligation, the legislature shall appropriate and distribute to the authority the amount described in subsection (5).

(2) Not less than 30 days before the first day of a fiscal year, an authority eligible to retain tax increment revenues from taxes levied by a local or intermediate school district or this state or to receive a distribution under this section for that fiscal year shall file a claim with the department of treasury. The claim shall include the following information:

(a) The property tax millage rates levied in 1993 by local school districts within the jurisdictional area of the authority for school operating purposes.

(b) The property tax millage rates expected to be levied by local school districts within the jurisdictional area of the authority for school operating purposes for that fiscal year.

(c) The tax increment revenues estimated to be received by the authority for that fiscal year based upon actual property tax levies of all taxing jurisdictions within the jurisdictional area of the authority.

(d) The tax increment revenues the authority estimates it would have received for that fiscal year if property taxes were levied by local school districts within the jurisdictional area of the authority for school operating purposes at the millage rates described in subdivision (a) and if no property taxes were levied by this state under Act No. 331 of the Public Acts of 1993.

(e) A list and documentation of eligible obligations, eligible advances, and other protected obligations and the payments due on each of those eligible obligations, eligible advances, or other protected obligations in that fiscal year, and the total amount of all the payments due on those eligible obligations, eligible advances, and other protected obligations in that fiscal year.

(f) The amount of money, other than tax increment revenues, estimated to be received in that fiscal year by the authority that is primarily pledged to, and to be used for, the payment of an eligible obligation or the repayment of an eligible advance. That amount shall not include excess tax increment revenues of the authority that are permitted by law to be retained by the authority for purposes that further the development program. However, that amount shall include money to be obtained from sources authorized by law, which law is enacted on or after December 1, 1993, for use by the municipality or authority to finance a development project.

(g) The amount of a distribution received pursuant to this act for a fiscal year in excess of or less than the distribution that would have been required if calculated upon actual tax increment revenues received for that fiscal year.

(3) For the fiscal year that commences after September 30, 1993 and before October 1, 1994, an authority may make a claim with all information required by subsection (2) at any time after March 15, 1994.

(4) After review and verification of claims submitted pursuant to this section, amounts appropriated by the state in compliance with this act shall be distributed as 2 equal payments on March 1 and September 1 after receipt of a claim. An authority shall allocate a distribution it receives for an eligible obligation issued on behalf of a municipality to the municipality.

(5) Subject to subsections (6) and (7), the aggregate amount to be appropriated and distributed pursuant to this section to an authority shall be the sum of the amounts determined pursuant to subdivisions (a) and (b) minus the amount determined pursuant to subdivision (c), as follows:

(a) The amount by which the tax increment revenues the authority would have received for the fiscal year, excluding taxes exempt under section 7ff of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws, if property taxes were levied by local school districts for school operating purposes at the millage rates described in subsection (2)(a) and if no property taxes were levied under Act No. 331 of the Public Acts of 1993, exceed the tax increment revenues the authority actually received for the fiscal year.

(b) A shortfall required to be reported pursuant to subsection (2)(g) that has not previously increased a distribution.

(c) An excess amount required to be reported pursuant to subsection (2)(g) that had not previously decreased a distribution.

(6) The amount distributed under subsection (5) shall not exceed the difference between the amount described in subsection (2)(e) and the sum of the amounts described in subsection (2)(c) and (f).

(7) If, based upon the tax increment financing plan in effect on August 19, 1993, the payment due on eligible obligations or eligible advances anticipates the use of excess prior year tax increment revenues permitted by law to be retained by the authority, and if the sum of the amounts described in subsection (2)(c) and (f) plus the amount to be distributed under subsections (5) and (6) is less than the amount described in subsection (2)(e), the amount to be distributed under subsections (5) and (6) shall be increased by the amount of the shortfall. However, the amount authorized to be distributed pursuant to this section shall not exceed that portion of the cumulative difference, for each preceding fiscal year, between the amount that could have been distributed pursuant to subsection (5) and the amount actually distributed pursuant to subsections (5) and (6) and this subsection.

(8) A distribution under this section replacing tax increment revenues pledged by an authority or a municipality is subject to the lien of the pledge, whether or not there has been physical delivery of the distribution.

(9) Obligations for which distributions are made pursuant to this section are not a debt or liability of this state; do not create or constitute an indebtedness, liability, or obligation of this state; and are not and do not constitute a pledge of the faith and credit of this state.

(10) Not later than July 1 of each year, the authority shall certify to the local tax collecting treasurer the amount of the distribution required under subsection (5), calculated without regard to the receipt of tax increment revenues attributable to local or intermediate school district taxes or attributable to taxes levied under Act No. 331 of the Public Acts of 1993.

(11) Calculations of distributions under this section and claims reports required to be made under subsection (2) shall be made on the basis of each development area of the authority.

P.A.1975, No. 197, § 13b, added by P.A.1993, No. 323, § 1, Eff. March 15, 1994. Amended by P.A.1994, No. 280, § 1, Imd. Eff. July 11, 1994; P.A.1996, No. 269, § 1, Imd. Eff. June 12, 1996; P.A.1996, No. 454, § 1, Imd. Eff. Dec. 19, 1996.

[1] Section 125.1665.

Historical and Statutory Notes

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

The 1994 amendment, in subsec. (1), deleted "Unless the sales tax is levied at the rate of 6% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws," preceding "If the amount of tax"; in subsec. (7), formed the first and second sentences from the former first sentence by inserting "under subsections (5) and (6) shall be increased by the amount of the shortfall. However, the amount

authorized to be distributed"; and added subsec. (11).

P.A.1996, No. 269, in subsec. (2), in the introductory paragraph, in the first sentence inserted "retain tax increment revenues from taxes levied by a local or intermediate school district or this state or to"; and deleted "for distribution" following "claim", and in the second sentence deleted "for distribution" following "claim"; rewrote subsec. (2)(e), which prior thereto read:

"A list of eligible obligations and eligible advances and the payments due on each of those eligible obligations or eligible advances in that fiscal year, and the total amount of all the payments due on those eligible obligations and eligible advances in that fiscal year."

P.A.1996, No. 269, also, in subsec. (3), deleted "for distribution" following "claim"; and, in subsec. (7), in the second sentence deleted "shall not exceed pursuant to his section" following "section".

For contingent effect provisions of P.A.1996, No. 269, see the Historical and Statutory Notes following § 125.1651.

P.A.1996, No. 454, in subsec. (1), inserted "Act No. 331 of the Public Acts of 1993, being sections 211.901 to 211.906 of the Michigan Compiled Laws,"; in subsec. (2)(d), substituted "Act No. 331 of the Public Acts of 1993" for "the state education tax act"; in subsec. (3), substituted "March 15, 1994" for "the effective date of this section"; in subsec. (5)(a), inserted "excluding taxes exempt under section 7ff of the general property tax act, Act No. 206 of the Public Acts of 1893, being section 211.7ff of the Michigan Compiled Laws,"; in subsecs. (5)(a) and (10), substituted "Act No. 331 of the Public Acts of 1993" for "the state education tax act"; and, in subsec. (11), substituted "distributions" for "distribution".

125.1664. Tax increment financing plan

Sec. 14. (1) When the authority determines that it is necessary for the achievement of the purposes of this act, the authority shall prepare and submit a tax increment financing plan to the governing body of the municipality. The plan shall include a development plan as provided in section 17,[1] a detailed explanation of the tax increment procedure, the maximum amount of bonded indebtedness to be incurred, and the duration of the program, and shall be in compliance with section 15.[2] The plan shall contain a statement of the estimated impact of tax increment financing on the assessed values of all taxing jurisdictions in which the development area is located. The plan may provide for the use of part or all of the captured assessed value, but the portion intended to be used by the authority shall be clearly stated in the tax increment financing plan. The authority or municipality may exclude from captured assessed value growth in property value resulting solely from inflation. The plan shall set forth the method for excluding growth in property value resulting solely from inflation.

(2) The percentage of taxes levied for school operating purposes that is captured and used by the tax increment financing plan shall not be greater than the plan's percentage capture and use of taxes levied by a municipality or county for operating purposes. For purposes of the previous sentence, taxes levied by a county for operating purposes include only millage allocated for county or charter county purposes under the property tax limitation act, Act No. 62 of the Public Acts of 1933, being sections 211.201 to 211.217a of the Michigan Compiled Laws. For purposes of this subsection, tax increment revenues used to pay bonds issued by a municipality under section 16(1)[3] shall be considered to be used by the tax increment financing plan rather than shared with the municipality. The limitation of this subsection does not apply to the portion of the captured assessed value shared pursuant to an agreement entered into before 1989 with a county or with a city in which an enterprise zone is approved under section 13 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2113 of the Michigan Compiled Laws. If the development plan is part of the tax increment financing plan, only 1 hearing and approval procedure is required for the 2 plans together.

(3) Approval of the tax increment financing plan shall be pursuant to the notice, hearing, and disclosure provisions of section 18.[4]

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

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

Amended by P.A.1981, No. 34, § 1, Imd. Eff. May 11, 1981; P.A.1986, No. 229, § 1, Imd. Eff. Oct. 1, 1986; P.A.1988, No. 425, § 1, Imd. Eff. Dec. 27, 1988; P.A.1989, No. 108, § 1, Imd. Eff. June 23, 1989; P.A.1993, No. 323, § 1, Eff. March 15, 1994.

[1] Section 125.1667.

[2] Section 125.1665.

[3] Section 125.1666.

[4] Section 125.1668.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 14, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1664.

P.A.1979, No. 26, § 1, Imd. Eff. June 6, 1979.

The 1981 amendment, in subsec. (1)(a), inserted "as amended" following "Acts of 1978" and "the assessed value of property for which an industrial facilities exemption certificate has been issued pursuant to Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws, and the assessed value of property for which a commercial housing facilities exemption certificate has been issued pursuant to Act No. 438 of the Public Acts of 1976, as amended, being sections 207.601 to 207.615 of the Michigan Compiled Laws,"; and, in subsec. (1)(b), in the first sentence inserted "as finally equalized by the state board of equalization"; and in the third sentence substituted "an industrial facilities exemption certificate, or a commercial housing facilities exemption certificate" for "issued pursuant to Act No. 255 of the Public Acts of 1978".

The 1986 amendment rewrote subsec. (1), which prior thereto read:

"As used in this section and sections 15 and 16:

"(a) 'Captured assessed value' means the amount in any 1 year, by which the current assessed value of the project area, including the assessed value of property for which a commercial facilities exemption certificate has been issued pursuant to Act No. 255 of the Public Acts of 1978, as amended, being sections 207.651 to 207.668 of the Michigan Compiled Laws, the assessed value of property for which an industrial facilities exemption certificate has been issued pursuant to Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws, and the assessed value of property for which a commercial housing facilities exemption certificate has been issued pursuant to Act No. 438 of the Public Acts of 1976, as amended, being sections 207.601 to 207.615 of the Michi-

gan Compiled Laws, exceeds the initial assessed value.

"(b) 'Initial assessed value' means the most recently assessed value, as finally equalized by the state board of equalization, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a commercial facilities exemption certificate, an industrial facilities exemption certificate, or a commercial housing facilities exemption certificate, is in effect shall not be considered to be property which is exempt from taxation."

The 1988 amendment rewrote subsec. (1), which prior thereto read:

"As used in this section and section 15:

"(a) 'Captured assessed value' means the amount in any 1 year, by which the current assessed value of the project area, including the assessed value of property for which a commercial facilities exemption certificate has been issued pursuant to Act No. 255 of the Public Acts of 1978, as amended, being sections 207.651 to 207.668 of the Michigan Compiled Laws, the assessed value of property for which an industrial facilities exemption certificate has been issued pursuant to Act No. 198 of the Public Acts of 1974, as amended, being sections 207.551 to 207.571 of the Michigan Compiled Laws, and the assessed value of property for which a qualified existing business or of property located in an enterprise zone owned by a qualified new business as provided in the enterprise zone act, Act No. 224 of the Public Acts of 1985, being sections 125.2101 to 125.2122 of the Michigan Compiled Laws, exceeds the initial assessed value.

"(b) 'Initial assessed value' means the most recently assessed value, as finally equalized by the state board of equalization, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a commercial facilities exemption certificate, an industrial facilities exemption certificate, or a commercial housing facilities exemption certificate is in effect or property that is a new facility owned by a qualified existing business or that is property located in an enterprise zone owned by a qualified new business under the enterprise zone act, Act No. 224 of the Public Acts of 1985, shall not be considered to be property which is exempt from taxation."

The 1988 amendment, also, in subsec. (2), added the fifth to eighth sentences.

P.A.1988, No. 425, § 2, provides:

"This amendatory act is effective beginning with taxes levied in 1989. However, for taxes levied before 1989, tax increment revenues based on the definition of initial assessed value provided for in this amendatory act that were received by an authority are validated."

P.A.1988, No. 425, was ordered to take immediate effect, and was approved December 24, 1988 and filed December 27, 1988.

The 1989 amendment, in subsec. (1)(b), in the third sentence substituted "that" for "which"; formed subsec. (3) from the former seventh and eighth sentences of subsec. (2); in subsec. (3), in the introductory paragraph, in the first sentence inserted "tax increment financing", and substituted "municipality or county" for "city, county, township or village", and added the third to fifth sentences; added subsecs. (3)(a) to (3)(c); and redesignated former subsecs. (3) to (5) as subsecs. (4) to (6), respectively.

The 1993 amendment deleted former subsec. (1), which read:

"As used in this section and section 15:

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

"(b) 'Initial assessed value' means the assessed value, as equalized, of all the taxable property within the boundaries of the development area at the time the ordinance establishing the tax increment financing plan is approved, as shown by the most recent assessment roll of the municipality for which equalization has been completed at the time the resolution is adopted. Property exempt from taxation at the time of the determination of the initial assessed value shall be included as zero. For the purpose of determining initial assessed value, property for which a specific local tax is paid in lieu of a property tax, shall not be considered to be property that is exempt from taxation. The initial assessed value of property for which a specific tax was paid in lieu of a property tax shall be determined as provided in subdivision (c).

"(c) 'Specific local tax' means a tax levied under Act No. 198 of the Public Acts of 1974, being sections 207.551 to 207.571 of the Michigan Compiled Laws, the commercial redevelopment act, Act No. 255 of the Public Acts of 1978, being sections 207.651 to 207.668 of the Michigan Compiled Laws, the technology park development act, Act No. 385 of the Public Acts of 1984, being sections 207.701 to 207.718 of the Michigan Compiled Laws, and Act No. 189 of the Public Acts of 1953, being sections 211.181 to 211.182 of the Michigan Compiled Laws. The initial assessed value or current assessed value of property subject to a specific local tax shall be the quotient of the specific local tax paid divided by the ad valorem millage rate."

The 1993 amendment, also, redesignated former subsecs. (2) to (6) as subsecs. (1) to (5), respectively; in subsec. (2), in the introductory paragraph, in the third sentence substituted "revenues" for "revenue", and deleted the former fifth sentence, which read: "If a portion of the captured assessed value was shared with a municipality in 1988, for tax year 1989 through 1991, a plan may share with the municipality the greater of the amount allowed by the limitation of this subsection or the following applicable amount:"

The 1993 amendment, also, deleted subsecs. (2)(a) to (2)(c), which read:

"(a) For the 1989 tax year, 100% of the dollar amount shared with the municipality in 1988.

"(b) For the 1990 tax year, 2/3 of the dollar amount shared with the municipality in 1988.

"(c) For the 1991 tax year, 1/3 of the dollar amount shared with the municipality in 1988."

The 1993 amendment, also, rewrote subsec. (4), which prior thereto read:

"Before the public hearing on the tax increment financing plan, the governing body shall provide a reasonable opportunity to the members of the county board of commissioners of a county in which any portion of the development area is located and to the members of the school board of any school district in which any portion of the development area is located to meet with the governing body. The authority shall fully inform members of the county boards of commissioners and of the school boards of the fiscal and economic implications of the proposed development area. The members of the county boards of commissioners and of the school boards may present their recommendations at the public hearing on the tax increment financing plan. The authority may enter into agreements with the county board of commissioners, the school boards, and the governing body of the municipality in which the development area is located to share a portion of the captured assessed value of the district."

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

Cross References

School aid act of 1979, reduction of state funds to districts receiving money, see § 388.1626.

Notes of Decisions

1. Construction and application

Voted millages for specific purposes that are levied on captured assessed value must be transmitted to authorities created pursuant to Tax Increment Finance Authority Act and statute providing for downtown development authorities. Op.Atty.Gen.1991, No. 6687, p. 60.

2. Validity

The tax increment financing provisions of § 125.1651 et seq., the Downtown Development Authority Act, do not violate the rule of tax uniformity mandated by Const. Art. 9, § 3. Op. Atty.Gen.1976, No. 5087, p. 690.

3. Initial assessed value

Under this section or § 125.1813, "initial assessed value" of property located within the area of a tax increment financing plan means the assessed value made as of the tax day, December 31, immediately preceding the date of the approval of the plan, as adjusted by the final equalization process related back to such tax day, if necessary. Op.Atty.Gen.1983, No. 6127, p. 42.

4. Adoption of plan

A municipality is obligated to present its downtown development authority plan to the county board of commissioners prior to its adoption by the municipality, but approval of the county board is not a condition precedent to the municipality's adoption of the plan. Op. Atty.Gen.1987, No. 6466, p. 192.

125.1665. Tax increment revenues, expenditure, financing account report

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

(2) The authority shall expend the tax increment revenues received for the development program only pursuant to the tax increment financing plan. Surplus funds shall revert proportionately to the respective taxing bodies. These revenues shall not be used to circumvent existing property tax limitations. The governing body of the municipality may abolish the tax increment financing plan when it finds that the purposes for which it was established are accomplished. However, the tax increment financing plan shall not be abolished until the principal of, and interest on, bonds issued pursuant to section 16[1] have been paid or funds sufficient to make the payment have been segregated.

(3) Annually the authority shall submit to the governing body of the municipality and the state tax commission a report on the status of the tax increment financing account. The report shall be published in a newspaper of general circulation in the municipality and shall include the following:

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

(b) The amount in any bond reserve account.

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

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

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

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

(g) The tax increment revenues received.

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

(i) Any additional information the governing body or the state tax commission considers necessary.

Amended by P.A.1981, No. 34, § 1, Imd. Eff. May 11, 1981; P.A.1986, No. 229, § 1, Imd. Eff. Oct. 1, 1986; P.A.1988, No. 425, § 1, Imd. Eff. Dec. 27, 1988; P.A.1992, No. 279, § 1, Imd. Eff. Dec. 18, 1992; P.A.1993, No. 323, § 1, Eff. March 15, 1994.

[1] Section 125.1666.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 15, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1665.

P.A.1979, No. 26, § 1, Imd. Eff. June 6, 1979.

The 1981 amendment, in subsec. (1), in the second sentence inserted "that portion of an industrial facilities tax levied after December 30, 1980 pursuant to section 11 of Act No. 198 of the Public Acts of 1974, as amended, being section 207.561 of the Michigan Compiled Laws, and that portion of a commercial housing facilities tax levied after December 30, 1980 pursuant to section 6 of Act No. 438 of the Public Acts of 1976, as amended, being section 207.606 of the Michigan Compiled Laws,"; and, in subsec. (2), in the third sentence substituted "property tax limitations" for "levy limit laws", and added the fifth sentence.

The 1986 amendment rewrote subsec. (1), which prior thereto read:

"The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in the project area on the captured assessed value. For the purpose of this section, that portion of a commercial facilities tax levied pursuant to section 12 of Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, that portion of an industrial facilities tax levied after December 30, 1980 pursuant to section 11 of Act No. 198 of the Public Acts of 1974, as amended, being section 207.561 of the Michigan Compiled Laws, and that portion of a commercial housing facilities tax levied after December 30, 1980 pursuant to section 6 of Act No. 438 of the Public Acts of 1976, as amended, being section 207.606 of the Michigan Compiled Laws, which is attributable to the captured assessed value of the facility shall be included as a part of the tax increment to be transmitted to the authority."

The 1988 amendment, is subsec. (1), in the second sentence substituted "specific local tax that" for "commercial facilities tax levied pursuant to section 12 of Act No. 255 of the Public Acts of 1978, being section 207.662 of the Michigan Compiled Laws, that portion of an industrial facilities tax levied after December 30, 1980 pursuant to section 11 of Act No. 198 of the Public Acts of 1974, as amended, being section 207.561 of the Michigan Compiled Laws, that portion of a commercial housing facilities tax levied after December 30, 1980 pursuant to section 6 of Act No. 438 of the Public Acts of 1976, as amended, being section 207.606 of the Michigan Compiled Laws, and that portion of the specific tax levied under section 21 of the enterprise zone act, Act No. 224 of the Public Acts of 1985, being section 125.2121 of the Michigan Compiled Laws, which"; and, in subsec. (3), in the first sentence inserted "and the state tax commission", and in the second sentence inserted "or the state tax commission".

For effective date provisions of P.A.1988, No. 425, see the Historical and Statutory Notes following § 125.1651a.

The 1992 amendment, in subsec. (1), in the first sentence substituted "a development area" for "the project area"; and rewrote subsec. (3), which prior thereto read:

"Annually the authority shall submit to the governing body of the municipality and the state tax commission a report on the status of the tax increment financing account. The report shall include: the amount and source of revenue in the account; the amount and purpose of expenditures from the account; the amount of principal and interest on any outstanding bonded indebtedness; the initial assessed value of the project area; the captured assessed value retained by the authority; the tax increments received; and any additional information the governing body or the state tax commission considers necessary. The report shall be published in a newspaper of general circulation in the municipality."

The 1993 amendment rewrote subsec. (1), which prior thereto read:

"The amount of tax increment to be transmitted to the authority by the municipal and county treasurers shall be that portion of the tax levy of all taxing bodies paid each year on real and personal property in a development area on the captured assessed value. For the purpose of this section, that portion of a specific local tax that is attributable to the captured assessed value of the facility shall be included as a part of the tax increment to be transmitted to the authority."

The 1993 amendment, also, in subsec. (2), in the first sentence substituted "increment revenues" for "increments"; inserted subsec. (3)(b); redesignated former subsecs. (3)(b) to (3)(f) as subsecs. (3)(c) to (3)(g), respectively; in subsec. (3)(g), substituted "increment revenues" for "increments"; inserted subsec. (3)(h); and redesignated former subsec. (3)(g) as subsec. (3)(i).

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

Library References

Municipal Corporations ⇐885, 985.
WESTLAW Topic No. 268.

C.J.S. Municipal Corporations §§ 1885, 2117 et seq.

125.1666. General obligation bonds; tax increment bonds

Sec. 16. (1) The municipality may by resolution of its governing body authorize, issue, and sell general obligation bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund bonds issued under this section and shall pledge its full faith and credit for the payment of the bonds. The municipality may pledge as additional security for the bonds any money received by the

authority or the municipality pursuant to section 11.[1] The bonds shall mature in not more than 30 years and shall be subject to the municipal finance act, Act No. 202 of the Public Acts of 1943, being sections 131.1 to 139.3 of the Michigan Compiled Laws. Before the municipality may authorize the borrowing, the authority shall submit an estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds, to the governing body of the municipality. This estimate shall be approved by the governing body of the municipality by resolution adopted by majority vote of the members of the governing body in the resolution authorizing the bonds. If the bonds are approved by the department of treasury in those instances in which an exception to prior approval is not available under section 11 of chapter III of Act No. 202 of the Public Acts of 1943, being section 133.11 of the Michigan Compiled Laws, or if the governing body of the municipality adopts the resolution authorizing the bonds and prior approval of the department of treasury is not required pursuant to section 11 of chapter III of Act No. 202 of the Public Acts of 1943, the estimate of the anticipated tax increment revenues and other revenue available under section 11 to be available for payment of principal and interest on the bonds shall be conclusive for purposes of this section. The bonds issued under this subsection shall be considered a single series for the purposes of Act No. 202 of the Public Acts of 1943.

(2) By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund or refund in advance obligations issued under this act. The tax increment bonds issued by the authority under this subsection shall pledge solely the tax increment revenues of a development area in which the project is located or a development area from which tax increment revenues may be used for this project, or both. In addition or in the alternative, the bonds issued by the authority pursuant to this subsection may be secured by any other revenues identified in section 11 as sources of financing for activities of the authority that the authority shall specifically pledge in the resolution. However, the full faith and credit of the municipality shall not be pledged to secure bonds issued pursuant to this subsection. The bonds shall mature in not more than 30 years and shall bear interest and be payable upon the terms and conditions determined by the authority in the resolution approving the bonds and shall be sold at public or private sale by the authority. The bond issue may include a sum sufficient to pay interest on the tax increment bonds until full development of tax increment revenues from the project and also a sum to provide a reasonable reserve for payment of principal and interest on the bonds. The resolution authorizing the bonds shall create a lien on the tax increment revenues and other revenues pledged by the resolution that shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds may be issued of equal standing and parity of lien as to the tax increment revenues and other revenues pledged under the resolution. Except for the requirement of Act No. 202 of the Public Acts of 1943 that the authority receive the approval or an exception from

approval from the department of treasury prior to the issuance of bonds under this subsection, the terms of Act No. 202 of the Public Acts of 1943 shall not apply to bonds issued pursuant to this subsection that pledge revenue received pursuant to section 11 for repayment of the bonds.

(3) Notwithstanding any other provision of this act, if the state treasurer determines that an authority or municipality can issue a qualified refunding obligation and the authority or municipality does not make a good faith effort to issue the qualified refunding obligation as determined by the state treasurer, the state treasurer may reduce the amount claimed by the authority or municipality under section 13b [2] by an amount equal to the net present value saving that would have been realized had the authority or municipality refunded the obligation or the state treasurer may require a reduction in the capture of tax increment revenues from taxes levied by a local or intermediate school district or this state by an amount equal to the net present value savings that would have been realized had the authority or municipality refunded the obligation. This subsection does not authorize the state treasurer to require the authority or municipality to pledge security greater than the security pledged for the obligation being refunded.

Amended by P.A.1981, No. 34, § 1, Imd. Eff. May 11, 1981; P.A.1983, No. 34, § 1, Imd. Eff. May 10, 1983; P.A.1985, No. 159, § 1, Imd. Eff. Nov. 15, 1985; P.A.1992, No. 279, § 1, Imd. Eff. Dec. 18, 1992; P.A.1993, No. 122, § 1, Imd. Eff. July 20, 1993; P.A.1993, No. 323, § 1, Eff. March 15, 1994; P.A.1996, No. 269, § 1, Imd. Eff. June 12, 1996.

[1] Section 125.1661.

[2] Section 125.1663b.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 16, Imd. Eff. Aug. 13, 1975.

C.L.1970, § 125.1666.

The 1981 amendment inserted the subsection designations; in subsec. (1), in the first sentence substituted "set forth in this subsection" for "herein set forth"; and added subsec. (2).

The 1983 amendment, in subsec. (1), in the second sentence inserted "the municipal finance act,", and substituted "139.3" for "138.2", formed the fourth and fifth sentences from the former fourth sentence by substituting "authorizing the bonds. When the bonds are approved" for "authorizing the bonds, and when approved", and in the fifth sentence inserted "or its successor agency in those instances in which an exception to prior approval is not available under section 11 of chapter III of Act No. 202 of the Public Acts of 1943, being section 133.11 of the Michigan Compiled Laws, or when the governing body of the municipality adopts the resolution authorizing the bonds and prior approval of the municipal finance commission or its successor agency is not required pursuant to section 11 of chapter III of Act No. 202 of the Public Acts of 1943, the estimate of the anticipated tax increment revenue to be available for payment of principal and interest on the bonds".

The 1985 amendment, in subsec. (1), in the first sentence inserted "or to refund bonds issued under this section", and in the fifth sentence substituted "If" for "When", "department of treasury" for "municipal finance commission or its successor agency" in two places, and "or if" for "or when"; and, in subsec. (2), in the first sentence substituted "By resolution of its governing body, the authority may" for "The authority may by resolution of its governing body", and added "or to refund bonds issued under this section", in the second sentence substituted "under" for "pursuant to", in the third sentence substituted "the terms and conditions determined by the authority" for "such terms and conditions as the authority shall determine", and in the sixth sentence substituted "under" for "pursuant to".

The 1992 amendment, in subsec. (1), in the third and fifth sentences inserted "and other revenue available under section 11(1)(h)", rewrote the sixth sentence, which prior thereto read: "A municipality may not pledge for annual debt service requirements in any 1 year in

excess of 80% of the estimated tax increment revenue to be received from a development area for that year, and the total aggregate amount of borrowing shall not exceed an amount which the 80% of the estimated tax increment will service as to annual principal and interest requirements.", and in the seventh sentence substituted "subsection" for "section"; and rewrote subsec. (2), which prior thereto read:

"By resolution of its governing body, the authority may authorize, issue, and sell tax increment bonds subject to the limitations set forth in this subsection to finance the development program of the tax increment financing plan or to refund bonds issued under this section. The tax increment bonds issued by the authority under this subsection shall pledge solely the tax increments of the project for which the bonds are issued and any other revenues which the authority shall specifically pledge in the resolution and shall not pledge the full faith and credit of either the authority or the municipality. The bonds shall mature in not more than 30 years and shall bear interest and be payable upon the terms and conditions determined by the authority in the resolution approving the bonds and shall be sold at public or private sale by the authority. The bond issue may include a sum sufficient to pay interest on the tax increment bonds until full development of tax increments from the project and also a sum to provide a reasonable reserve for payment of principal and interest on the bonds. The resolution authorizing the bonds shall create a lien on the tax increments and other revenues pledged by the resolution which shall be a statutory lien and shall be a first lien subject only to liens previously created. The resolution may provide the terms upon which additional bonds may be issued of equal standing and parity of lien as to the tax increments and other revenues pledged under the resolution."

P.A.1993, No. 122, inserted "and (i)" throughout the section.

P.A.1993, No. 323, in subsec. (1), inserted the second sentence, in the fourth and sixth sentences substituted "revenues" for "revenue" and "11" for "11(1)(h) and (i)", and deleted the former seventh sentence, which read: "The total aggregate amount of borrowing pursuant to this subsection shall not exceed an amount that the 80% of the estimated tax increment revenue and other revenue available under section 11(1)(h) and (i) that is to be received for each year the bonds are outstanding and available for the financed project will service as to annual principal and interest requirements."; and, in subsec. (2), substituted "increment revenues" for "increments" throughout, and in the ninth sentence substituted "11" for "11(1)(h) and (i)".

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

The 1996 amendment, in subsec. (1), in the third sentence deleted "as amended," following "1943,", and in the seventh sentence deleted ", as amended" following "1943"; in subsec. (2), in the first sentence substituted "or refund in advance obligations issued under this act" for "bonds issued under this section"; and added subsec. (3).

For contingent effect provisions of P.A.1996, No. 269, see the Historical and Statutory Notes following § 125.1651.

Library References

Municipal Corporations ⇐910.
WESTLAW Topic No. 268.

C.J.S. Municipal Corporations §§ 1905, 1906.
M.L.P. Municipal Corporations § 351 et seq.

125.1667. Development plans

Sec. 17. (1) When a board decides to finance a project in the downtown district by the use of revenue bonds as authorized in section 13 [1] or tax increment financing as authorized in sections 14, 15, and 16,[2] it shall prepare a development plan.

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

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

(b) The location and extent of existing streets and other public facilities within the development area, shall designate the location, character, and extent of the categories of public and private land uses then existing and proposed for the development area, including residential, recreational, commercial, industrial, educational, and other uses, and shall include a legal description of the development area.

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

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

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

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

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

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

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

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

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

(l) Estimates of the number of persons residing in the development area and the number of families and individuals to be displaced. If occupied residences are designated for acquisition and clearance by the authority, a development plan shall include a survey of the families and individuals to be displaced, including their income and racial composition, a statistical description of the housing supply in the community, including the number of private and public units in existence or under construction, the condition of those units in existence, the number of owner-occupied and renter-occupied units, the annual rate of turnover of the various types of housing and the range of rents and sale prices, an estimate of the total demand for housing in the community, and the estimated capacity of private and public housing available to displaced families and individuals.

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

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

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

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

(3) A development plan may provide for improvements related to a qualified facility, as defined in the federal facility development act, Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Complied Laws, that is located outside of the boundaries of the development area but within the district, including the cost of construction, renovation, rehabilitation, or acquisition of that qualified facility or of public facilities and improvements related to that qualified facility.

Amended by P.A.1992, No. 279, § 1, Imd. Eff. Dec. 18, 1992; P.A.1993, No. 122, § 1, Imd. Eff. July 20, 1993.

[1] Section 125.1663.

[2] Sections 125.1664, 125.1665, and 125.1666.

Historical and Statutory Notes

Source:

P.A.1975, No. 197, § 17, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1667.

The 1992 amendment, in subsec. (2), in the introductory paragraph, added "all of the following"; in subsec. (2)(b), substituted "area, shall" for "area and shall"; in subsec. (2)(g), substituted "that" for "which"; in subsec. (2)(h), substituted "or utilities" for "and utilities"; in subsec. (2)(*l*), in the second sentence inserted "units" preceding "in existence"; in subsec. (2)(p), substituted "material that" for "material which" and "body considers" for "body deems"; and added subsec. (3).

The 1993 amendment, in subsec. (3), inserted "Act No. 275 of the Public Acts of 1992, being sections 3.931 to 3.940 of the Michigan Compiled Laws,".

Library References

Municipal Corporations ⇐282(1).
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1078.

125.1668. Hearing on plan

Sec. 18. (1) The governing body, before adoption of an ordinance approving a development plan or tax increment financing plan, shall hold a public hearing on the development plan. Notice of the time and place of the hearing shall be given by publication twice in a newspaper of general circulation designated by the municipality, the first of which shall not be less than 20 days before the date set for the hearing. Notice of the hearing shall be posted in at least 20 conspicuous and public places in the downtown district not less than 20 days before the hearing. Notice shall also be mailed to all property taxpayers of record in the downtown district not less than 20 days before the hearing.

(2) Notice of the time and place of hearing on a development plan shall contain: a description of the proposed development area in relation to highways, streets, streams, or otherwise; a statement that maps, plats, and a description of the development plan, including the method of relocating families and individuals who may be displaced from the area, are available for public inspection at a place designated in the notice, and that all aspects of the development plan will be open for discussion at the public hearing; and other information that the governing body deems appropriate. At the time set for hearing, the governing body shall provide an opportunity for interested persons to be heard and shall receive and consider communications in writing with reference thereto. The hearing shall provide the fullest opportunity for expression of opinion, for argument on the merits, and for introduction of documentary evidence pertinent to the development plan. The governing body shall make and preserve a record of the public hearing, including all data presented thereat.

Historical and Statutory Notes

Source:

C.L.1970, § 125.1668.
P.A.1975, No. 197, § 18, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐106.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 416.

125.1669. Public purpose; approval or rejection of plan; amendments, development or tax increment plans

Sec. 19. (1) The governing body after a public hearing on the development plan or the tax increment financing plan, or both, with notice thereof given in accordance with section 18,[1] shall determine whether the development plan or tax increment financing plan constitutes a public purpose. If it determines that the development plan or tax increment financing plan constitutes a public purpose, it shall then approve or reject the plan, or approve it with modification, by ordinance based on the following considerations:

(a) The findings and recommendations of a development area citizens council, if a development area citizens council was formed.

(b) The plan meets the requirements set forth in section 17(2).[2]

(c) The proposed method of financing the development is feasible and the authority has the ability to arrange the financing.

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

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

(f) The development plan is in reasonable accord with the master plan of the municipality.

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

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

(2) Amendments to an approved development plan or tax increment plan must be submitted by the authority to the governing body for approval or rejection.

[1] Section 125.1668.

[2] Section 125.1667.

Historical and Statutory Notes

Source: C.L.1970, § 125.1669.
P.A.1975, No. 197, § 19, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐301.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1104.

125.1670. Notice to vacate, person to be relocated

Sec. 20. A person to be relocated under this act shall be given not less than 90 days' written notice to vacate unless modified by court order for good cause.

Historical and Statutory Notes

Source: C.L.1970, § 125.1670.
P.A.1975, No. 197, § 20, Imd. Eff. Aug. 13, 1975.

Library References

Eminent Domain ⇐180.
WESTLAW Topic No. 148.
C.J.S. Eminent Domain §§ 237, 238.

125.1671. Development area citizens council

Sec. 21. (1) If a proposed development area has residing within it 100 or more residents, a development area citizens council shall be established at least 90 days before the public hearing on the development or tax increment financing plan. The development area citizens council shall be established by the governing body and shall consist of not less than 9 members. The members of the development area citizens council shall be residents of the development area and shall be appointed by the governing body. A member of a development area citizens council shall be at least 18 years of age.

(2) A development area citizens council shall be representative of the development area.

Historical and Statutory Notes

Source: C.L.1970, § 125.1671.
P.A.1975, No. 197, § 21, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐298.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1102.

125.1672. Council as advisory body

Sec. 22. A development area citizens council established pursuant to this act shall act as an advisory body to the authority and the governing body in the adoption of the development or tax increment financing plans.

Historical and Statutory Notes

Source: C.L.1970, § 125.1672.
P.A.1975, No. 197, § 22, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐298.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1102.

125.1673. Consultation with council

Sec. 23. Periodically a representative of the authority responsible for preparation of a development or tax increment financing plan within the development area shall consult with and advise the development area citizens council regarding the aspects of a development plan, including the development of new housing for relocation purposes located either inside or outside of the development area. The consultation shall begin before any final decisions by the authority and the governing body regarding a development or tax increment financing plan. The consultation shall continue throughout the preparation and implementation of the development or tax increment financing plan.

Historical and Statutory Notes

Source: C.L.1970, § 125.1673.
P.A.1975, No. 197, § 23, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐298.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1102.

125.1674. Council, meetings, assistance, failure to organize, consult, or advise

Sec. 24. (1) Meetings of the development area citizens council shall be open to the public. Notice of the time and place of the meetings shall be given

by publication in a newspaper of general circulation not less than 5 days before the dates set for meetings of the development area citizens council. A person present at those meetings shall have reasonable opportunity to be heard.

(2) A record of the meetings of a development area citizens council, including information and data presented, shall be maintained by the council.

(3) A development area citizens council may request of and receive from the authority information and technical assistance relevant to the preparation of the development plan for the development area.

(4) Failure of a development area citizens council to organize or to consult with and be advised by the authority, or failure to advise the governing body, as provided in this act, shall not preclude the adoption of a development plan by a municipality if the municipality complies with the other provisions of this act.

Historical and Statutory Notes

Source: C.L.1970, § 125.1674.
P.A.1975, No. 197, § 24, Imd. Eff. Aug. 13, 1974.

Library References

Municipal Corporations ⇐298.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1102.

125.1675. Citizens district council as council

Sec. 25. In a development area where a citizens district council established according to Act No. 344 of the Public Acts of 1945, as amended, being sections 125.71 to 125.84 of the Michigan Compiled Laws, already exists the governing body may designate it as the development area citizens council authorized by this act.

Historical and Statutory Notes

Source: C.L.1970, § 125.1675.
P.A.1975, No. 197, § 25, Imd. Eff. Aug. 13, 1975.

125.1676. Development plan, council findings and recommendations

Sec. 26. Within 20 days after the public hearing on a development or tax increment financing plan, the development area citizens council shall notify the governing body, in writing, of its findings and recommendations concerning a proposed development plan.

Historical and Statutory Notes

Source: C.L.1970, § 125.1676.
P.A.1975, No. 197, § 26, Imd. Eff. Aug. 13, 1975.

125.1677. Necessity for council, dissolution

Sec. 27. A development area citizens council may not be required and, formed, may be dissolved in any of the following situations:

(a) On petition of not less than 20% of the adult resident population of th development area by the last federal decennial or municipal census, a goveri ing body, after public hearing with notice thereof given in accordance wit section 18[1] and by a ⅔ vote, may adopt an ordinance for the development are to eliminate the necessity of a development area citizens council.

(b) When there are less than 18 residents, real property owners, or represei tatives of establishments located in the development area eligible to serve o the development area citizens council.

(c) Upon termination of the authority by ordinance of the governing body.

[1] Section 125.1668.

Historical and Statutory Notes

Source: C.L.1970, § 125.1677.
P.A.1975, No. 197, § 27, Imd. Eff. Aug. 13, 1975.

125.1678. Budget; fund handling and auditing costs

Sec. 28. (1) The director of the authority shall prepare and submit for th approval of the board a budget for the operation of the authority for th ensuing fiscal year. The budget shall be prepared in the manner and contai the information required of municipal departments. Before the budget may b adopted by the board, it shall be approved by the governing body of th municipality. Funds of the municipality shall not be included in the budget o the authority except those funds authorized in this act or by the governing bod of the municipality.

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

Historical and Statutory Notes

Source: C.L.1970, § 125.1678.
P.A.1975, No. 197, § 28, Imd. Eff. Aug. 13, 1975.

Library References

Municipal Corporations ⇐885.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations § 1885.

125.1679. Preservation of historical sites

Sec. 29. (1) A public facility, building, or structure which is determined by the municipality to have significant historical interests shall be preserved in a manner as deemed necessary by the municipality in accordance with laws relative to the preservation of historical sites.

(2) An authority shall refer all proposed changes to the exterior of sites listed on the state register of historic sites and the national register of historic places to the applicable historic district commission created under Public Act No. 169 of the Public Acts of 1970, being sections 399.201 to 399.212 of the Michigan Compiled Laws, or the secretary of state for review.

Historical and Statutory Notes

Source:
P.A.1975, No. 197, § 29, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1679.

Library References

Health and Environment ⇐25.5(8).
Municipal Corporations ⇐314(1).
WESTLAW Topic Nos. 199, 268.
C.J.S. Health and Environment §§ 61 et seq., 115 et seq.
C.J.S. Municipal Corporations § 1100.

125.1680. Dissolution of authority; reinstating authority

Sec. 30. (1) An authority that has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority belong to the municipality.

(2) An authority established under this act before December 31, 1988, that is dissolved by ordinance of the governing body before September 30, 1990 and that is reinstated by ordinance of the governing body after notice and public hearing as provided in section 3(2)[1] shall not be invalidated pursuant to a claim that, based upon the standards set forth in section 3(1), a governing body improperly determined that the necessary conditions existed for the reinstatement of an authority under the act if at the time the governing body established the authority the governing body determined or could have determined that the necessary conditions existed for the establishment of an authority under this act or could have determined that establishment of an authority under this act would serve to promote economic growth and notwithstanding that the boundaries of the downtown district are altered at the time of reinstatement of the authority.

(3) In the resolution of intent, the municipality shall set a date for the holding of a public hearing on the adoption of a proposed ordinance reinstating the authority. The procedure for publishing the notice of hearing, holding the hearing, and adopting the ordinance reinstating the authority shall be as provided in section 3(2), (4), and (5).

(4) The validity of the proceedings, findings, and determinations reinstating an authority shall be conclusive unless contested in a court of competent jurisdiction within 60 days after the last of the following occurs:

(a) Publication of the ordinance reinstating the authority as adopted.

(b) Filing of the ordinance reinstating the authority with the secretary of state.

(c) May 27, 1993.

Amended by P.A.1993, No. 42, § 1, Imd. Eff. May 27, 1993; P.A.1993, No. 323, § 1, Eff. March 15, 1994.

[1] Section 125.1653.

Historical and Statutory Notes

Source:
P.A.1975, No. 197, § 30, Imd. Eff. Aug. 13, 1975.
C.L.1970, § 125.1680.

P.A.1993, No. 42, rewrote this section, which prior thereto read:

"An authority which has completed the purposes for which it was organized shall be dissolved by ordinance of the governing body. The property and assets of the authority remaining after the satisfaction of the obligations of the authority shall belong to the municipality."

P.A.1993, No. 323, in subsec. (2), deleted "of this act" following "3(2)" and "3(1),"; in subsec. (3), in the second sentence substituted "(4), and (5)" for "(3), and (4)"; and rewrote subsec. (4)(c), which prior thereto read:

"The effective date of the amendatory act that added this subsection."

For contingent effect provisions of P.A.1993, No. 323, see the Historical and Statutory Notes following § 125.1651.

Library References

Municipal Corporations ⇐51.
WESTLAW Topic No. 268.
C.J.S. Municipal Corporations §§ 103 to 105.

125.1681. Proceedings to compel enforcement; rules

Sec. 31. (1) The state tax commission may institute proceedings to compel enforcement of this act.

(2) The state tax commission may promulgate rules necessary for the administration of this act pursuant to the administrative procedures act of 1969, Act No. 306 of the Public Acts of 1969, being sections 24.201 to 24.328 of the Michigan Compiled Laws.

P.A.1975, No. 197, § 31, added by P.A.1988, No. 425, § 1, Imd. Eff. Dec. 27, 1988.

Historical and Statutory Notes

For effective date provisions of P.A.1988, No. 425, see the Historical and Statutory Notes following § 125.1651a.

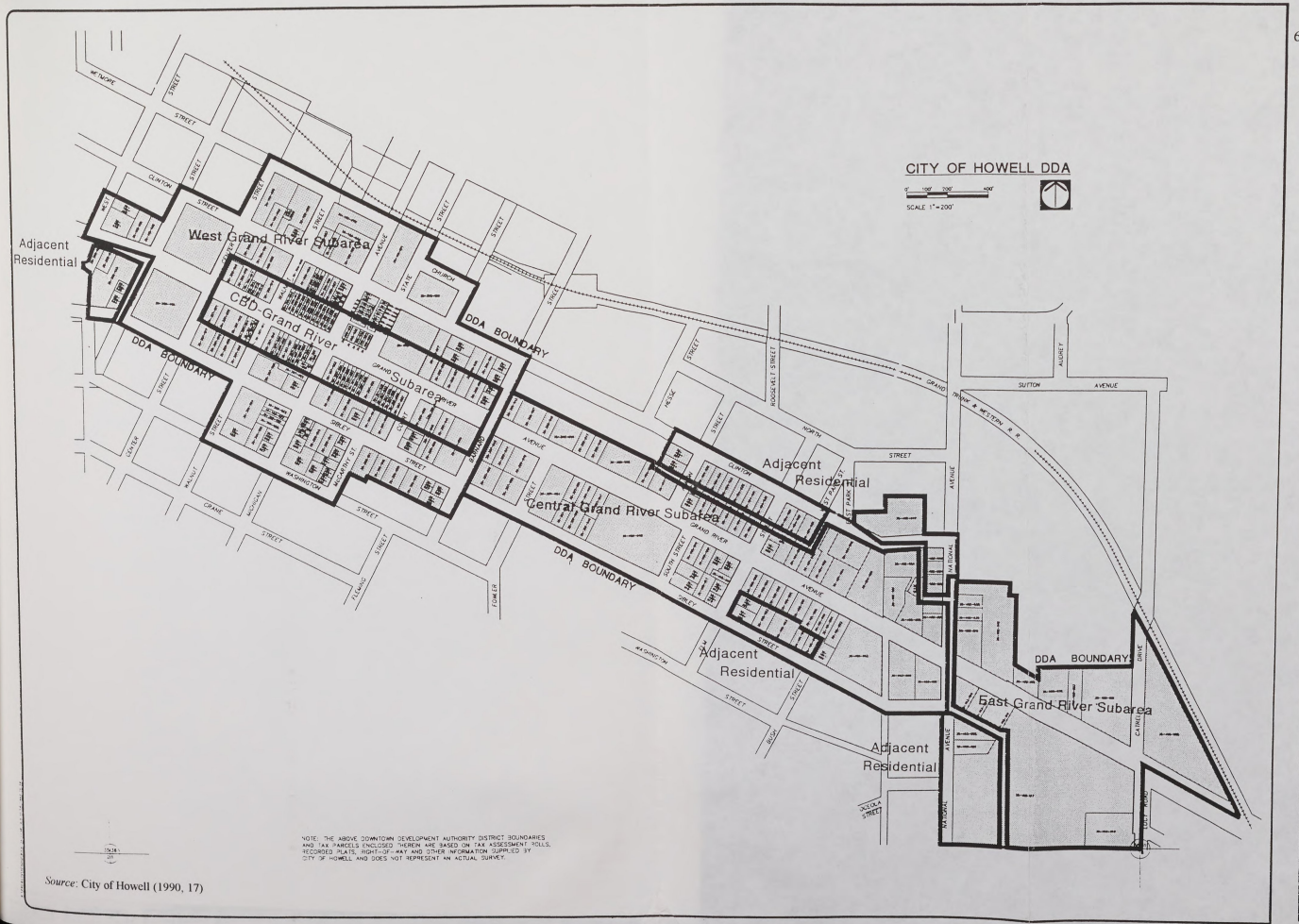
DEREZINSKI-GEERLINGS JOB DEVELOPMENT AUTHORITY ACT

DISPOSITION TABLE

Showing where the subject matter of sections repealed by P.A.1984, No. 270, § 92 (§ 125.2092), can now be found:

Repealed Sections	New Sections	Repealed Sections	New Sections
125.1701	125.2003	125.1711	125.2005
125.1702	125.2001	125.1712	125.2007
	125.2002	125.1713	125.2007
125.1703	125.2004		125.2021
	125.2041		125.2023
	125.2061	125.1714	125.2007
	125.2071		125.2023
	125.2081	125.1721	125.2023
125.1704	125.2004	125.1722	125.2023
125.1705	125.2004		

APPENDIX II: MAPS OF THE DOWNTOWN DISTRICTS IN HOWELL, LUDINGTON, AND TECUMSEH

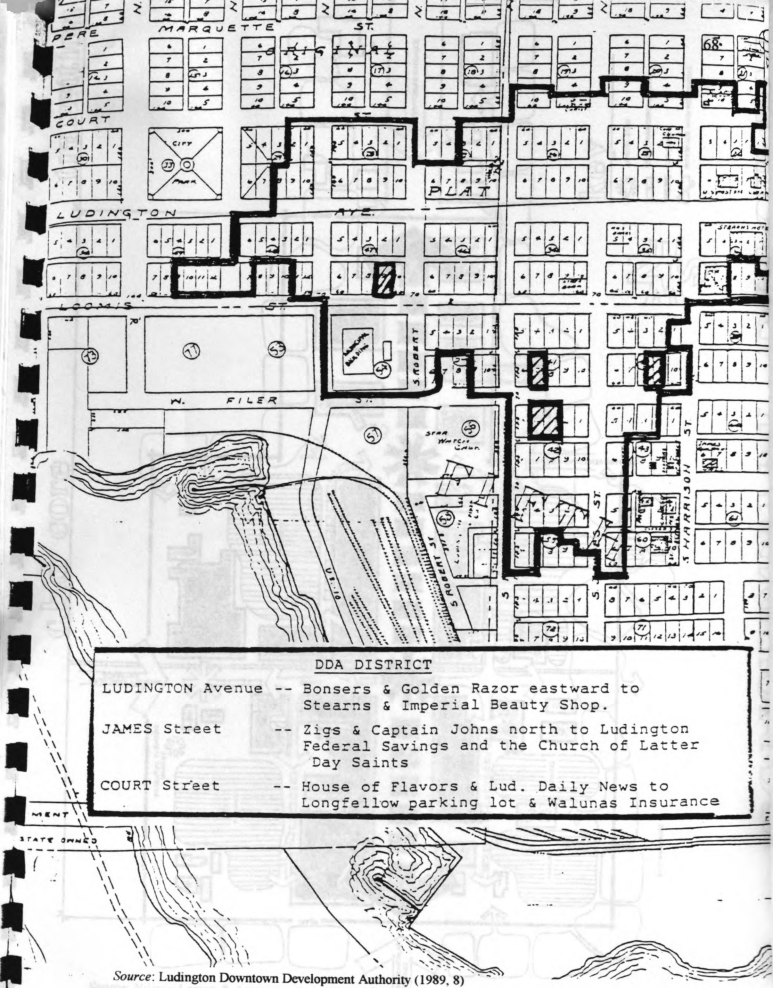


Source: City of Howell (1990, 17)

DEVELOPMENT AREA PLANNING SUBAREAS

Figure 6

CARLISLE ASSOCIATES



DDA DISTRICT

LUDINGTON Avenue	-- Bonsers & Golden Razor eastward to Stearns & Imperial Beauty Shop.
JAMES Street	-- Zigs & Captain Johns north to Ludington Federal Savings and the Church of Latter Day Saints
COURT Street	-- House of Flavors & Lud. Daily News to Longfellow parking lot & Walunas Insurance

Source: Ludington Downtown Development Authority (1989, 8)

Source: Vlicam-Leman & Associates, Inc. (1990, 28)

APPENDIX III: INTERVIEW QUESTIONNAIRE

QUESTIONNAIRE

City: _____

My name is Jeff Gray; I am a graduate student in the Urban and Regional Planning Program at Michigan State University. I am studying how smaller cities develop an organization to engage in an economic and historic revitalization of their commercial downtowns. In particular, I am interested in evaluating the capacity of Michigan Downtown Development Authorities to serve as this type of an organization. **CITY** is among the cities I have chosen to study.

I have developed a survey form with about 20 questions. It is intended to determine from one person familiar with the operation and achievements of the DDA, its capacity for forming such an organization. Are you the person that I should direct these questions to? Is now a good time for you to answer these questions?

Respondent

Name: _____

Title: _____

Organization: _____

Relationship to DDA (if not already clear):

Tecumseh only:
In what year was the DDA formed?

Has the DDA been terminated? In what year?

Background

1. Describe the major economic achievements of the revitalization effort.

2. Describe the major accomplishments in terms of historic preservation.

3. When did the revitalization effort begin in your downtown?

4. What is its current status?

Widespread Support

5. List those groups and individuals that were included in the revitalization effort.

Management

6. Please describe the role of the DDA related to the other organizations involved.

7. Describe the general membership of the governing body.

8. Describe the staff assistance available to the DDA (including city planning department staff and for-profit and nonprofit consultants, if applicable). What were the responsibilities of these individuals with regard to the revitalization effort?

9. Were any of these individuals committed to the revitalization effort on a full time basis?

Downtown Plan

Plans:

- Howell – Have *Downtown Development and Tax Increment Financing Plan*. Carlisle Associates developing downtown revitalization strategy.
- Ludington – Have *Development and Tax Increment Financing Plan*. Central Business District Master Plan
- Tecumseh – CBD in the Master Plan

Tecumseh only:

10. Did the DDA develop an overall economic and preservation plan for the downtown?

11. Was the plan formally adopted by the legislative body of the city?

12. Would it be possible to get a copy of that plan?

13. During plan development, how much importance, on a scale of 1 to 10 (1=very little; 10=very much), would you say was placed on:

Historic preservation _____

Economic growth _____

14. Which segments of the community were involved in the plan development and how were they involved?

15. What were the visions and goals for downtown set in the plan?

15a. How were these goals arrived at?

16. How were the strategies for implementing the plan set?

17. Explain any changes that might have been made to the plan during its implementation.

18. Did historic preservation remain as much a priority during implementation of the plan as it was when the goals were set?

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