

Legislative Analysis



RECODIFIED TAX INCREMENT FINANCING ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5768 as introduced
Sponsor: Rep. Pauline Wendzel
Committee: Local Government and Municipal Finance
Complete to 6-8-22

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5768 would amend the Recodified Tax Increment Financing Act to specify that revenues in excess of a tax increment financing plan's expected or actual costs may be retained by a downtown development authority if those funds would further that development program.

The act recodifies and consolidates several former acts relating to tax increment finance authorities (TIFAs), which are bodies authorized to use portions of property tax revenue funds for programs such as downtown development, local development, and corridor improvement. The act creates reporting requirements for such authorities to increase transparency and establishes penalties for noncompliance. Local development finance authorities are generally authorized to retain surplus "captured" funds as long as such funds are used to further their development plans, but the act currently requires all surplus funds captured by a downtown development authority to be redistributed back to its respective taxing bodies.

The bill would allow some surplus captured tax revenue to be retained by a downtown development authority, as long as such revenue is determined by that authority to further its development plan. All other excess revenue would be returned to the respective taxing bodies. It also includes language specifically extending sections 215 and 413 of the Recodified Tax Increment Financing Act to "development plans" in addition to tax increment financing plans.

MCL 125.4215 and 125.4413

FISCAL IMPACT:

To the extent that a board authorizes an authority to retain a portion of surplus revenues that would revert to the respective taxing bodies under current law, the bill would reduce revenues to the affected taxing bodies and allow for increased tax capture revenues by the authority. The scope of any fiscal impact would be locally dependent and determined on a case-by-case basis, subject to board authorization.

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