AGENDA
MONROE COUNTY BOARD OF COMMISSIONERS
TAX CAPTURE POLICY WORKSHOP
THURSDAY, FEBRUARY 15, 2024 – 3:00 P.M.
125 EAST SECOND STREET
MONROE, MI
(734) 240-7003

I. CALL TO ORDER

II. ROLL CALL

III. APPROVAL OF AGENDA

IV. BOARD DISCUSSION
   1. Monroe County Tax Capture Resolution and Policy

V. PUBLIC COMMENT

VI. MEMBERS TIME

VII. ADJOURNMENT

RESOLUTION APPROVING
MONROE COUNTY TAX INCREMENT FINANCING POLICY

COUNTY OF MONROE
State of Michigan

Minutes of a regular meeting of the County Board of Commissioners of the County of Monroe, State of Michigan (the "County"), held on February --, 2024 at 6:00 p.m., prevailing Eastern Time.

PRESENT: Members: ____

____

ABSENT: Members: ____

The following preamble and resolution were offered by Member __________________ and supported by Member ______________________:

WHEREAS,

NOW, THEREFORE, BE IT RESOLVED THAT:

1. Approval of Monroe County Tax Increment Financing Policy. The Board of Commissioners hereby approves the Monroe County Tax Increment Financing Policy.

2. Rescission. All resolutions and parts of resolutions insofar as they conflict with the provisions of this resolution be and the same hereby are rescinded.

AYES: Members: ____

____

NAYS: Members: ____

RESOLUTION DECLARED ADOPTED.

____
Lisa Sanders
Deputy County Clerk
County of Monroe

I hereby certify that the foregoing is a true and complete copy of a resolution adopted by the County Board of Commissioners of the County of Monroe, State of Michigan, at a regular meeting held on February --, 2024, and that the meeting was conducted and public notice of the meeting was given pursuant to and in full compliance with the Open Meetings Act, being Act 267, Public Acts of Michigan, 1976, as amended, and that the minutes of the meeting were kept and will be or have been made available as required by the Act.

Lisa Sanders
Deputy County Clerk
County of Monroe

Section Name: Financial Management
Section Number: 300
Policy Number: 320

Effective Date: February 6, 2024
Date of Revision:

Subject: County of Monroe, Michigan Tax Increment Financing Policy

PURPOSE:

The purpose of this Policy is to set forth the procedures of Monroe County (the "County") to evaluate whether or not to exempt its property taxes from capture by a tax increment financing authority in the County. This Policy applies to tax increment financing authorities established by, or authorized by, the Recodified Tax Increment Financing Act, Act 57 of 2018, as amended ("Act 57"), which would include a Downtown Development Authority ("DDA"), Local Development Finance Authority ("LDFA"), Corridor Improvement Authority ("CIA"), Water Resource Improvement Authority ("WRIA") or Neighborhood Improvement Authority ("NIA") (together, the "Authorities" or an "Authority").

The County's policy is to exercise its authority to: a) opt out of capture by an Authority, to the extent permitted by law, or b) to negotiate the conditions for the participation of the County in the capture of County taxes by the applicable Tax Increment Financing Plan ("the "Plan") of the Authority. The conditions set forth in this Policy are intended to be used as a guide and should not be interpreted as a guarantee that the County will or will not opt out of capture of a Plan. It is acknowledged and understood that each Plan presents unique considerations which must be addressed during the review process. Nothing in this Policy is to be construed as creating an obligation on the part of the County to enter into any negotiations or contractual arrangements with any entities allowing capture of County tax revenues.

The County acknowledges that the rules and laws relating to the establishment of an Authority and authorization for a Plan have changed over the years, and may change in the future, and there are some circumstances where the County has the ability to opt out of capture and other circumstances where the County does not have the authority to opt out of capture. Additional considerations of this policy is recognizing the Michigan Legislature may change the laws in the future relating to the ability to opt out of capture or enter into sharing agreements. Furthermore, under current law, the County does not have the ability to opt out of capture of a Brownfield Redevelopment Authority ("BRA") established under Act 381 of 1996, as amended, or a Tax Increment Finance Authority ("TIFA") established under Act 57, and therefore, this Policy shall not apply to a BRA or TIFA.

PROCEDURES FOR TAX INCREMENT FINANCING PLANS:

The County encourages local units of government to meet with the County in advance of creating or amending an Authority, or initiating or amending Plans, that provide the County a right to opt out of capture. Local units are encouraged to meet with the County Administrator/Chief Financial Officer prior to the date of the public hearing on the creation or amendment to the boundaries of an Authority, or a public hearing on the approval of a Plan, or amendment to a Plan, that provide the County a right to opt out of capture. The Administrator/Chief Financial Officer shall meet with the local unit to review the proposed Authority and Plan to determine the intention of the Authority in order to make a recommendation to the County Board of Commissioners. The Administrator/Chief Financial Officer shall be authorized to enter into negotiations with the local unit and Authority to determine whether the County will exercise its right to opt out of capture or enter into a sharing agreement to provide for participation by the County in the capture of County tax increment revenues pursuant to the Plan.

If the County cannot reach an agreement in sufficient time before the expiration of the opt out period, the Administrator/Chief Financial Officer will recommend the Monroe County Board of Commissioners adopt a resolution to opt out of capture of all County taxes. The resolution to opt out may be rescinded by the County upon approval and execution of an agreement satisfactory to the County Board of Commissioners at a later date.

<u>GUIDELINES AND CONDITIONS FOR TAX INCREMENT FINANCING PLANS</u>:

The County's participation in capture of its tax increment revenues by an Authority, and any agreement between the County, an Authority and its local unit relating to the County's participation, should include the following terms and conditions:

1. <u>Representation on Authority Board by Monroe County Business Alliance</u>.

   One (1) representative from the Monroe County Business Alliance ("MCBA") or any successor economic development organization shall be appointed to the Authority Board of Directors. The representative shall be the Chief Executive Officer of MCBA.

2. <u>Representation on Authority Board by County</u>.

   One (1) representative from the County of Monroe appointed to the Authority Board of Directors representing the County. The representative shall be the Monroe County Administrator/Chief Financial Officer of the County.

3. <u>Use of Tax Increment Revenues Captured from County</u>.

   a. Tax increment revenues of the Authority captured from County millages may only be spent on economic investment for the Authority's development area and specifically that directly involves new construction, infrastructure improvements (sewer lines, water line extension, roads, wayfinding signs and sidewalks/pedestrian access) required for new private development to directly increase the taxable value in the development area.

   b. Street or roadway lighting is an acceptable use of tax increment revenues from County millages provided the lighting design, pole style, and color create a designation of the area as a district and matches and coordinates with lighting designs from adjoining areas along the corridor that are not part of this specific district. Tax capture revenues cannot be used for routine maintenance or replacement of lighting systems.

c. Tax increment revenues from County millages shall not be used for burying existing electrical or other utility lines/cables for any reason other than the lines impede a development or construction project. Any other purpose for burying electrical or utility lines/cables is not allowable.

d. Tax increment revenues from County millages shall not be used for street signalization improvements unless directly related to and a required investment for a new development and without it approval of the new development of private investment for taxable value growth would not be made.

e. Tax increment revenues from County millages shall not be used for constructing public buildings or public structures other than structures relating to infrastructure investments (as listed above in a, b and c) that will lead to private development and construction.

f. Tax increment revenues from County millages shall not be used for event or marketing materials not directly related to the implementation of projects approved within the tax capture area.

g. Tax increment revenues from County millages shall not be used for what would be an expense of a general purpose governmental function, including maintaining landscapes, planting flowers, developing parks or maintenance of parks or park equipment, trash pick-up, snow plowing/salting, and any purchase and maintenance of decorations or displays and the purchase of open space amenities such as drinking fountains, bike racks and EV vehicle charging units. In addition, the purchase of trucks or equipment and office space rent to support any of these general-purpose governmental functions is not an allowable expenditure from County tax increment revenues.

h. Elected or appointed officials of the Local Unit/Authority or their immediate family members shall be prohibited from engaging in a business transaction, relating to property in the development area, which he or she may profit from because of his or her official position or authority or benefit from confidential information which he or she has obtained because of such position or authority. This provision does not prohibit members of the governing body of the Authority from having an ownership or business interest in the development area. Any plans by the Authority to purchase property in the development area from elected or appointed officials of the municipality, or their immediate family members, shall be disclosed in writing to the County prior to the transaction occurring.

4. Tax Capture Duration and Reductions.

   a. The duration of the capture of tax increment revenues under a Plan shall not exceed twenty-five (25) years. Any amendment to a Plan to extend the duration of a Plan after its initial approval must be approved by the Monroe County Board of Commissioners in order to allow for the capture of tax increment revenues from County millages. County millages are all millages under the jurisdiction of the Monroe County Board of Commissioners and financial management, control and reporting.

   b. After the initial fifteen 15-year period of the 25-year tax capture duration, the tax increment revenue capture from the captured assessed/taxable value shall be reduced over the next ten years (years 16-25) from 100% down to 50%, with the excess amount returned to the County. The final year of the tax capture shall be at 50% of available tax increment revenues. The permitted capture of tax increment revenues from County millages shall be reduced according to the following table for the last 10 years:

Year 16	95%
Year 17	90%
Year 18	85%
Year 19	80%
Year 20	75%
Year 21	70%
Year 22	65%
Year 23	60%
Year 24	55%
Year 25	50%

5. Authority Records and Annual Report.

Each Authority shall be required to comply with the transparency and reporting requirements in Part 9 of Act 57, which include the following items:

   a. Certain Authority records and documents required to be posted on the Authority's website, or local unit's website, as described at MCL 125.4910(1).

   b. A written Annual Report on the status of the tax increment financing account as described at MCL 125.4911(1).

   c. A written Annual Report on the activities and outcomes of the Authority, including: what was paid for or financed during the year, estimate of jobs created, number of building permits in the Authority district, changes in taxable value in Authority district or development area and the amount of tax captured by each taxing jurisdiction within the Authority District and total for the most recent year.

Definitions:

A. Act means the Recodified Tax Increment Financing Act, PA 57 of 2018, being MCL 125.4101, et.seq.
B. Authority(ies) means a legal entity created by a municipality under the DDA, CIA or LDFA statute to improve the economic conditions within a District.

C. Brownfield Redevelopment Authority (BRA) is a TIF Authority created under Act 381 of 1996, MCL 125.2651 et. seq., to promote the reuse and redevelopment of certain properties.

D. Corridor Improvement Authority (CIA) is an Authority governed under Act 57 of 2018, MCL 125.4101 et. seq., to prevent deterioration, promote economic growth and encourage historic preservation in a business District. The District must meet the statutory criteria which include being adjacent to or within 500 feet of a road classified as an arterial or collector by the federal highway administration.

E. County means County of Monroe, Michigan, a Michigan municipal corporation.

F. Development Area means the area in an Authority where the development plan is applicable and in which the Authority captures tax increment revenues.

G. District means the area in an Authority in which the Authority exercises its powers.

H. Downtown Development Authority (DDA) is an Authority governed under Act 57 of 2018, MCL 125.4101 et. seq., to correct and eliminate property value deterioration, promote economic growth and to encourage historic preservation in a District in the downtown of a municipality zoned and used principally for business.

I. Local Development Financing Authority (LDFA) is an Authority governed under Act 57 of 2018, MCL 125.4101 et. seq., to prevent conditions of unemployment and promote economic growth within the boundaries of a District.

J. Tax Increment Financing (TIF) is an economic development tool, often referred to as tax capture, where an Authority is permitted to capture and use certain property taxes on incremental growth in valuation in a Development Area.

K. Tax Increment Financing Authority (TIFA) is an authority governed under Act 57 of 2018, MCL 125.4101 et. seq., to encourage economic development and historic preservation. TIF Authorities means all authorities authorized to utilize TIF. This includes DDAs, CIAs, LDFAs, BRAs, TIFAs and other similar authorities such as Water Resource Improvement Authorities, Historic Neighborhood Finance Authorities, etc.

C. Responsibility:

1. County Administrator/Chief Financial Officer will be responsible for implementing and overseeing this policy.

Legislative History of Authority for Creation or Revision:
Adopted pursuant to action of the Monroe County Board of Commissioners, dated February 6, 2024.