

VILLAGE OF OTISVILLE
 GENESSEE COUNTY, MICHIGAN
 DOWNTOWN DEVELOPMENT AUTHORITY ORDINANCE
 DEVELOPMENT AREA TAX INCREMENT FINANCING PLAN
 Ord 142 eff

An Ordinance to provide for the establishment of a Tax Increment Financing Plan to make possible the financing of the public improvements necessary or desirable to halt current and prevent future deterioration within the Development Area, (as defined in Section 1(4) of Ordinance No. 141, of the Village of Otisville Downtown Development Authority created pursuant to Ordinance No. 138, effective January 23, 1992 to encourage historic preservation; to promote economic development within the Development Area, to authorize the issuance of bonds and other evidence of indebtedness; and to authorize the use of tax increment financing.

This Ordinance is created pursuant to Section 14 of the Downtown Development Authority Act, Act No. 197 P.A. of 1975 as amended, effective August 13, 1975; being Section 125.1664 of the Michigan Compiled Laws.

THE VILLAGE OF OTISVILLE ORDAINS:

SECTION 1. DEFINITIONS

Its use in this Ordinance:

- (1) "Act" means the Downtown Development Authority Act, Act No. 197 P.A. of 1975 as amended, effective August 13, 1975; being sections 125.1650 et. seq. of the Michigan Compiled Laws.

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- (2) "Authority" means the Village of Otisville Downtown Development Authority created pursuant to Ordinance No. 138, eff 2/1/92
- (3) "Board" means the governing body of the Authority.
- (4) "Development Area" means that area described in Exhibit I to Ordinance No. 138, effective concurrent with this Ordinance which establishes the Development Plan to which the Tax Increment Financing Plan set forth in this Ordinance applies.
- (5) "Development Plan" means the information set forth in Section 2 of Ordinance No. 141 effective concurrently with this Ordinance and adopted in accordance with the requirements of Section 17 of the Act.
- (6) "Governing Body" means the Village Council for The Village of Otisville which has legislative powers.
- (7) "Public Facility" means a street, plaza, pedestrian mall, and any improvements thereto including street furniture and beautification, parks, parking facilities, recreational facilities, right-of-way, structure, waterway, bridge, lake, pond, canal, utility line of pipe, building and access routes to any of the foregoing, designed and dedicated to use by the public generally, or used by public agency.
- (8) "Village" means The Village of Otisville, Genesee County, Michigan.

SECTION 2. TAX INCREMENT FINANCING PLAN.

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I. Development Plan: The Development Plan for the Development Area, prepared in accordance with Section 17 of the Act, is set forth in Section 2 of Ordinance 141-5/15/92 effective concurrently with this Ordinance and incorporated herein by reference.

II. Explanation of the Tax Increment Procedure. Tax increment is a procedure which allows newly created value within the Development Area to be captured by the Authority, rather than by other units of government which normally receive property tax revenues. IT IS NOT A RAISE IN TAX RATES. It does not reduce the amount of revenue available to other units of government, but it does restrict the increase in revenue that those units of government might receive if property values in the Development Area increase.

A Tax Increment Financing Plan is required to capture and utilize the Tax Increment from a development area to finance its Development Plan. The Tax Increment Financing Plan explains how the Tax Increment may be used over the life of the Development Plan. Each Fiscal Year an annual Authority budget will establish how that year's tax increment and other funds under the Authority's

control will be expended toward carrying out the Development Plan during that year. Each year's budget requires approval by the Governing Body before it can be implemented.

At such time as the purposes of the Tax Increment Financing Plan are accomplished, the plan may be abolished by the Governing Body, except that the Tax Increment Financing Plan may not be abolished until the principal of, and interest on, any bonds issued pursuant to Section 16 of the Act have been paid or funds sufficient to make the payments have been segregated. At such time as the Tax Increment Financing Plan is abolished, the tax increment revenues which have been captured by the Authority pursuant to this Tax Increment Financing Plan will revert proportionately to all taxing jurisdictions with property in the Development Area.

The tax increment financing procedure as outlined in Act requires the adoption by the Governing Body, by ordinance, of a Development Plan and a Tax Increment Financing Plan. Following the

adoption of this Ordinance, the Village and County Treasurers are required by law to transmit to the Authority that portion of the tax levy of all taxing bodies paid each year on the "Captured Assessed Value" of all eligible property located in the Development Area. 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 capture and use of taxes levied by the Village and County for operating purposes. Taxes levied by the County for operating purposes include only millage allocated for County purposes under The Property Tax Limitation Act, Act No. 62 of Public Acts of 1933, being Sections 211.201 *et seq* of the Michigan Compiled Laws. The amounts so transmitted are hereinafter referred to as "Tax Increment Revenue". The "Captured Assessed Value" is defined as the amount in any year by which the current assessed value as equalized, of all eligible property in the Development Area (including the assessed value that appears on the tax roll under Act 198 of Public Acts of 1974, as amended, Act 255 of Public Acts of 1978, as amended, Act 385 of Public Acts of 1984 or Act 189 of Public Acts of 1953, as amended), exceeds the assessed value, as finally equalized, of all eligible property in the Development Area as determined on the assessment roll of the Village then in effect on the date of the approval of this Ordinance. The assessed value as of December 31, 1990 of all real property and tangible personal property in the Development Area ("Initial Assessed Value") will be \$2,800,600 and \$296,569, respectively, for a total Initial Assessed Value of \$3,097,169.

(i) Preparation of Base Year Assessment Roll

Within sixty (60) days of the effective date of this Ordinance adopting the Tax Increment Financing Plan the Village Assessor shall prepare the initial amended Base Year Assessment Roll for the addition to the Development Area. The initial Base Year Assessment Roll shall list each Taxing Jurisdiction in which the Development Area is located, the Initial Assessed Value of the Development Area on the effective date of this Ordinance and the amount of tax revenue derived by each Taxing Jurisdiction from ad valorem taxes on the property in the Development Area. The City Assessor shall transmit copies of the initial Base Year Assessment Roll to the Village Treasurer, County Treasurer, the Authority and each Taxing Jurisdiction, together with a notice that the assessment roll has been prepared in accordance with this Tax Increment Financing Plan, and the Development Plan, approved by this Ordinance.

(ii) Preparation of Annual Base Year Assessment Roll

Each year within fifteen (15) days following

the final equalization of property in the Development Area, the Assessor shall prepare an updated Base Year Assessment Roll. The updated Base Year Assessment roll shall show the information required in the initial Base Year Assessment Roll and, in addition, the Captured Assessed Value for that year. Copies of the annual Base Year Assessment Roll shall be transmitted by the Assessor to the same persons as the Initial Base Year Assessment Roll, together with a notice that it has been prepared in accordance with this Tax Increment Financing Plan and the Development Plan.

(iii)

Establishment of Project Fund:

Approval of Depository -

The Treasurer of the Authority shall establish a separate fund which shall be kept in a separate depository bank account or accounts in a bank or banks approved by the Director of Finance of the Village, to be designated as the Downtown Development Authority fund. All monies in that fund and earnings thereon shall be used only in accordance with this Tax Increment Financing Plan and the Development plan.

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(iv) Payment of Tax Increment to Downtown Development Authority

The Village and County Treasurers shall, as ad valorem taxes are collected on the property in the Development Area, pay that proportion of the taxes, except for penalties and collection fees, that the Captured Assessed Value bears to the initial Assessed Value to the Treasurer of the Authority for deposit in the Project Fund excluding millage specifically levied for the payment of principal and interest approved by electors or obligations pledging the unlimited taxing power of the particular local governmental authority. The payments shall be made on the date or dates on which the Village and County Treasurers are required to remit taxes to each of the taxing jurisdictions.

III. The Maximum Amount of Bonded Indebtedness to be Incurred

This Tax Increment Financing Plan does not contemplate the incurring of any bonded indebtedness. There will be no bonded indebtedness proposed unless and until this Tax Increment Financing Plan is modified after further hearing and public notice of hearing in accordance with Section 19(2) of the Act.

IV. Duration of the Program. The duration of the program

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shall be Thirty (30) years from the date of the adoption of this Ordinance, unless amended after hearing and notice in accordance with Section 19(2) of the Act to a shorter or longer period. The term may be extended by amendment or modification of this Tax Increment Financing Plan and the Development Plan to incorporate future development activities within all or part of the Development Area.

V. Statutory Compliance. This Tax Increment Financing Plan shall be administered in compliance with Section 15 of the Act, being Section 125.1665 of the Michigan Compiled Laws. That Section includes, among others, requirements that:

- a) The Authority shall expend the tax increments funds received for the Development Plan only pursuant to this Tax Increment Financing Plan, and surplus funds shall revert proportionately to the respective taxing bodies.
- b) The tax increments received by the Authority shall not be used to circumvent existing property tax limitations.
- c) The Governing Body may abolish this Tax Increment Financing Plan when it finds that the purposes for which was established have been accomplished; provided that this Tax Increment Financing Plan may not be abolished until the principal of, and interest on, bonds, if any, issued pursuant to Section 16 of the Act have been paid of funds sufficient to make payment have been segregated.

d) Annually the Authority shall submit to the Governing Body and to the State Tax Commission a report on the status of the tax increment financing account which report shall include the information required by Act Section 15(3) and shall be published in accordance with the requirements of that Section.

VI. Estimated Impact on the Assessed Values of all Taxing Jurisdictions in which the Development Area is Located. The assessed value in the Development Area is currently \$3,097,169. This Tax Increment Financing Plan will not reduce the assessed valuations of any of the taxing jurisdictions, as it captures only taxes on newly created property values. Inasmuch as the Development Plan is intended to provide for the orderly development of the Development Area, which should benefit adjoining and neighboring areas not included within the Development Area as well, the long term impact on assessed valuations should be to arrest current deterioration of property within the Area and preserve, if not increase the values of property within the Area, and adjoining the Development Area. Consequently, the long term impact is to benefit the effected taxing jurisdictions.

VII. Portion of the Captured Assessed Value to be Used. The estimated cost of the activities contemplated by the

Development Plan will vary from year to year, depending on the activities and funds available. It is estimated, however, that the minimum cost of such activities will be \$100,000. The tax increment generated within the Development Area pursuant to the Development Plan will be used to pay for all or a portion of these activities which include:

- a) To pay debt service on bonds, loans, leases, installment sales on other obligations pledged by the Authority to carry out development activities of the Development Plan.
- b) Payment, to the extent deemed desirable, of administrative and operating costs of the Authority and Village for the Development Area, including planning and promotion, to the extent provided in the annual budget approved by the Governing Body.
- c) Payment, to the extent deemed desirable or necessary by the Authority as determined by its inclusion in its Annual Budget, of the cost of the public improvements and activities contemplated by the Development Plan to the extent those improvements, and/or activities, are not paid for by other public and/or private financial sources.
- d) Payment, to the extent deemed desirable or necessary by the Authority as determined by its inclusion in its Annual Budget, of any additional improvements in the Development Area deemed desirable by the Authority including acquisition, construction and equipping as defined in Section 7 (g), (h) and (i) of the Act.

e) Reimbursement of other units of government for services performed in the furtherance of the Development Plan on an actual cost basis, including overhead.

The Tax Increment Financing Plan contemplates the use of the entire Captured Assessed Value by the Authority.

SECTION 3. SEVERABILITY.

The words, terms, and phrases of this Ordinance shall be severable and if part is adjudged unconstitutional or invalid by a Court of Competent jurisdiction, said relief or judgement shall not effect the remaining provisions of the Ordinance.

SECTION 4. EFFECTIVE DATE.

This Ordinance shall take effect and be in full force and effect after its passage by the Village Council and after publication, said effective date being May 15, 1992.

This Ordinance was approved by unanimous vote of the Village Council, a quorum being present on May 4, 1992 and ordered published in three public places in the Village of Otisville within ten (10) days after its adoption.

Robert K. Price
ROBERT K. PRICE, PRESIDENT

Jean M. Griswold
JEAN M. GRISWOLD, CLERK

0-14810
Vote: Ayes 7 Nay 0

I, Jan M. Graweod, Clerk of the Village of Otisville do hereby certify that the above is a true and exact copy of the ordinance Heretofore passed by the Village Council for the Village of Otisville, Genessee County, Michigan.

Jan M. Graweod
_____, Clerk of The
Village of Otisville.