

RESOLUTION

134-2012

Tax Sharing Policy

WHEREAS, The Resource Management & Administration Committee met in regular session on September 12, 2012, and reviewed the recommendation from the County Administrator to approve the Tax Sharing Policy presented; and,

WHEREAS, details regarding Tax Increment Finance (TIF) plans were presented to provide a better understanding of the County's involvement in those plans; and,

WHEREAS, the attached policy provides the county with a voice in initial TIF plans as well as the ability to retain its rights with regard to TIF plan modifications in the future; and,

WHEREAS, The Resource Management & Administration Committee reviewed request and concurs with the County Administrators recommendation.

NOW, THEREFORE, BE IT RESOLVED BY THIS BOARD OF COMMISSIONERS, THAT Grand Traverse County approves the Tax Sharing Policy, attached hereto and hereby becoming a part of this resolution.

APPROVED: September 26, 2012

Number:
Section:

Subject: TAX SHARING POLICY

1. Purpose. This Policy is intended to establish guidelines under which Grand Traverse County will participate in tax sharing agreements with local units of government under existing and future tax capture and tax abatement programs.

It is the intent of the County Board of Commissioners to encourage the promotion of economic development through local and regional collaboration. The County Board of Commissioners intent is to participate in tax increment financing programs in a manner that is not detrimental to other taxing jurisdictions, but ultimately increases tax base and revenues for every affected taxing jurisdiction.

The County Board of Commissioners encourages local units of government to meet with the County in advance of initiating or amending tax increment financing or tax abatement programs to allow for communication regarding program goals and coordination of program implementation.

2. Authority. Grand Traverse County Board of Commissioners encourages and will permit the capture of county property tax revenues, as allowed in various statutes, in any new or amended tax increment financing or tax abatement district through tax sharing agreements with the affected development district and the affected municipality.
3. Responsibility. The County Clerk shall immediately forward any notice of creation or expansion of any tax capture or tax abatement district to the Board of Commissioners, the Administrator/Controller, and the County Treasurer.

The Administrator/Controller shall be responsible for responding to such notice, indicating that Grand Traverse County wishes to enter into a possible agreement for capture or abatement of county tax revenues. The Administrator/Controller shall be responsible for implementing this policy and negotiating tax sharing agreements with affected development districts and municipalities using guidelines established consistent with this policy. All such agreements shall require approval by a majority of the County Board of Commissioners.

The County Treasurer shall be responsible for assuring that captured property tax revenues collected in excess of the amounts permitted by any tax capture or tax abatement agreements, subject to Section 6.3(d), are returned to the County on an annual basis.

4. Definitions. "Tax capture or tax abatement district or plan" means any organization or plan established to capture the tax revenue of another jurisdiction on properties within a defined geographic area, including those authorized under the following statutes:

Tax Increment Financing

	<u>Public Act (as amended)</u>	<u>Agreement Provision</u>
Downtown Development Authority*	197 of 1975	MCL 125.1653, Sec. 3(3)*
Local Development Financing Act(Smartzones)	281 of 1986	MCL 125.2 154, Sec. 4(3)**
Historic Neighborhood TIFA	530 of 2004	MCL 125.2857, Sec. 17(5)
Corridor Improvement Authority Act	280 of 2005	MCL 125.2888, Sec. 18(5)
Commercial Rehabilitation Act	210 of 2005	MCL 207.843, Sec. 3(5)
Brownfield Redevelopment Financing Act	381 of 1996	None
* See also OAG 7246 on addition of new properties to an existing DDA.		
** Except "Certified Technology Park"		

Tax Abatement

	<u>Public Act (as amended)</u>	<u>Agreement Provision</u>
Industrial Facilities Property Tax Abatement	198 of 1974	None
Neighborhood Enterprise Zone Act	147 of 1992	None
Personal Property Tax Abatement Act	328 of 1998	None
Obsolete Property Rehabilitation Act	146 of 2000	None
Commercial Rehabilitation Act	210 of 2005	MCL 207.843, Sec. 3(5)
Renaissance Zone	376 of 1996	None

5. Application. This policy applies to all requests for tax capture or tax abatement that permit the County the option to enter into an agreement that specifies the terms of a new or expanded tax capture or tax abatement district. This policy shall also apply to any existing or future tax capture or tax abatement programs in which the County is provided the statutory authority to enter into agreements with a new or expanded tax capture or tax abatement district.

It is understood that County participation in tax increment financing and tax abatement plans is based upon the expectation that economic development benefits and increased tax revenue will eventually be realized by all of the participating jurisdictions.

6. Policy:

1. The County will permit the capture of county property tax revenues in a new or amended development district,

provided that the County Board of Commissioners approves a tax sharing agreement with the affected development district and the affected municipality.

2. The County will not permit the capture of special millages that have been approved by the electorate for specific purposes.
3. The County will consider the approval of tax sharing agreements for capture or abatement of its general fund operating tax levy under the following conditions:
 - (a) The agreement must be for specifically defined public infrastructure projects which are directly related to economic growth within that district. Economic growth is understood to be the creation, retention, and expansion of jobs and income.
 - (b) Public infrastructure projects must be for specific items of work, each of which is limited to a specific maximum dollar amount. The agreement shall specify the maximum amount of captured property tax revenues and the time over which those revenues may be captured. It shall also specify that any excess collections not used for the purposes specified in section 6.3(d) must be returned to the County Treasurer annually.
 - (c) The affected jurisdiction must allow the capture and expenditure of its property tax revenues for the same period of time during which the County tax revenues are being captured and expended in the district.
 - (d) If tax revenue is generated faster than anticipated due to growth within the district exceeding initial projections, the additional revenue from the captured county millage may be used to decrease or call any bonds or other debt obligations related to the projects approved by the tax sharing agreement in proportion with funds from other taxing jurisdictions.
4. The County Board of Commissioners reserves the right, when authorized by statute, to exempt county taxes from capture or abatement for any reason that it so determines.