

TAX SHARING AGREEMENTS

WHEREAS, the State of Michigan has provided city and township governments with several tax capture and exemption programs that allow those governments to direct County property tax levies to economic development initiatives, historically with the concurrence with the County; and

WHEREAS, the county's tax levies for general fund operations and its special millages, which were enacted by the voters to support a variety of county programs, including the Council on Aging and Drug Enforcement Team have been captured by other local governments to support economic development plans, and

WHEREAS, some of the state's current tax capture and abatement statutes allow counties to exempt its taxes from capture or abatement, and to enter into agreements with the local unit to share tax levies, as summarized below:

Tax Capture:

Downtown Development Authority	PA 197 of 1975	MCL 125.1653, Sec. 3(3)
Local Development Financing Act (Smartzones)	PA 281 of 1986	MCL 125.2 154, Sec. 4 (3) ⁽¹⁾
Tax Increment Finance Authority Act (TIFA)	PA 450 of 1980	None ⁽²⁾
Historic Neighborhood TIFA Corridor Improvement Authority Act	PA 530 of 2004	MCL 125.2857, Sec. 17(5)
Brownfield Redevelopment Financing Act	PA 280 of 2005	MCL 125.2888, Sec. 18 (5)
	PA 381 of 1996	None

Opt-Out Provisions

Tax Abatement:

Industrial Facilities Property Tax Abatement Act	PA 198 of 1974	None
Neighborhood Enterprise Zone Act	PA 147 of 1992	None
Renaissance Zone Act	PA 376 of 1996	None
Personal Property Tax Abatement Act	PA 328 of 1998	None
Obsolete Property Rehabilitation Act	PA 146 of 2000	None
Commercial Rehabilitation Act	PA 210 of 2005	MCL 207.843, Sec. 3(5)

Notes: ⁽¹⁾ Except "Certified Technology Park"

⁽²⁾ MCL 125.1289, Sec. 29(1) - Effective 1/1/1987 no new authorities to be created or existing authorities expanded.

WHEREAS, the County has determined that participation in City and Township tax capture/tax exemption programs should adhere to certain guidelines concerning term, tax levies subject to capture or exemption, maximum level of County participation and determination of long-term financial benefit to accrue to Cass County government and its taxpayers; and

WHEREAS, the Cass County Board of Commissioners now wishes to establish a policy regarding the capture of county property tax revenues within new or expanded development districts under existing and future tax capture and tax abatement statutes; and

NOW THEREFORE BE IT RESOLVED that the Cass County Board of Commissioners adopts the following policy with respect to the capture or abatement of county property tax revenues within new or expanded economic development districts, including those under existing and future statutes that allow counties to exempt its tax levies from capture or abatement:

1. The County will not permit the capture of county property tax revenues in any new or amended development district unless the Cass County Board of Commissioners has approved a tax sharing agreement with the affected development district and the affected municipality.
2. The County will consider the approval of a tax sharing agreement for its general fund operating tax levy that meets the following conditions:
 - a. The agreement must be for specifically defined public infrastructure projects which are directly related to the economic growth within that district. Economic growth is

understood to be the creation, retention, and expansion of jobs and income.

- b. Specifically defined public infrastructure projects must be for specific items of work, each of which is limited to a specific maximum dollar amount to be completed within a specified time period. 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 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 revenues 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.
3. The County Clerk shall immediately forward any notice of creation or expansion of any economic development district to the Board of Commissioners and the Administrator/Controller. The Administrator/Controller shall be responsible for evaluating requests for the capture of county property tax revenues as to conformance with this policy, and shall recommend approval or disapproval of any such proposed agreement to the Board of Commissioners within the 60-day statutory requirement, and

BE IT FURTHER RESOLVED that the Cass 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, and

BE IT FURTHER RESOLVED that a copy of any approved agreement shall be provided to the County Treasurer who shall take the necessary steps to assure that captured property tax revenues collected in excess of the amounts permitted by the agreement are returned to the County on an annual basis, and

BE IT FURTHER RESOLVED that an initial rejection by the Board of Commissioners of such a request may be rescinded if and when a tax sharing agreement that meets the conditions of this policy is reached.

ADOPTED: 03/19/2009