

# TAX SHARING POLICY

**I. Purpose.** This Policy is intended to establish guidelines under which Cass 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.

**II. Authority.** The Cass County Board of Commissioners 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 contingent upon the approval of a tax sharing agreement with the affected development district and the affected municipality.

**III. 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 County Administrator, and the County Treasurer.

The County Administrator shall be responsible for responding to such notice, indicating that Cass County wishes to enter into a possible agreement for capture or abatement of county tax revenues. The County Administrator 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.

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.

**IV. 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 Capture:**

Downtown Development Authority	PA 197 of 1975
Local Development Financing Act (Smartzones)	PA 281 of 1986
Tax Increment Finance Authority Act (TIFA)	PA 450 of 1980
Historic Neighborhood TIFA Corridor	PA 530 of 2004
Improvement Authority Act	PA 280 of 2005
Brownfield Redevelopment Financing Act	PA 381 of 1996

**Opt-Out Provisions**

MCL 125.1653, Sec. 3(3)
MCL 125.2 154, Sec. 4 (3) <sup>(1)</sup>
None <sup>(2)</sup>
MCL 125.2857, Sec. 17(5)
MCL 125.2888, Sec. 18 (5)
None

**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)

**V. Application.** This policy applies to all requests for tax capture or tax abatement that permits 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 the participating jurisdictions.

**VI. 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 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.
5. A copy of any approved tax capture or abatement agreement shall be provided to the County Equalization Director and the County Treasurer for review.
6. 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.
7. The County Administrator will share this policy annually with township, city, and village leaders.

**ADOPTED:** \_\_\_\_\_ - M-070-24