

CALHOUN COUNTY  
BOARD OF COMMISSIONERS  
POLICY STATEMENT 291

SUBJECT: Tax Sharing Policy

DATE APPROVED: May 19, 2011

EFFECTIVE: Immediately

REPLACES: New

1. Purpose. This Policy is intended to establish guidelines under which Calhoun County will participate in tax sharing agreements with other local units of government under existing and future tax capture and tax exemption programs.
2. Authority. The Board of Commissioners currently has the statutory authority to exempt the County from participation in tax capture and tax abatement districts that are organized under the following statutes:

	<u>Public Act</u>	<u>Exemption Provision</u>
Downtown Development Authority	197 of 1975	MCL 125.1653, Sec 3 (3)
Local Development Financing Act (Smartzones)	281 of 1986	MCL 125.2154, Sec. 4 (3) <sup>(1)</sup>
Tax Increment Finance Authority Act (TIFA)	450 of 1980	None <sup>(2)</sup>
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)
Neighborhood Improvement Authority Act	61 of 2007	MCL 125.2924, Sec. 14(5)

Note (1): Except "Certified Technology Park"

Note (2): MCL 125.1289, Sec. 29<sup>(1)</sup> – Effective 1/1/1987 no new authorities to be created or existing authorities expanded.

3. Application. This policy applies to all requests for tax capture or tax abatement that permit the County the option to exempt itself from 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 program in which state statute provides the County the option to exempt itself from a new or expanded tax capture or tax abatement district.
4. Responsibilities. The County Clerk, upon receipt of a notice to establish or expand any tax capture or tax abatement district within the County, shall be responsible for promptly forwarding the request to the Administrator/Controller. The Administrator/Controller shall be responsible for transmitting any actions of the Board of Commissioners regarding any such request to the Clerk of the requesting jurisdiction and to the proposed district. Corporation Counsel shall be

responsible for determining whether Calhoun County has the authority to exempt itself from a proposed tax capture or tax abatement district.

The Administrator/Controller, with the assistance of the Equalization Department, shall be responsible for preparing a recommended response to a notice to establish or expand a tax capture or tax abatement district in which the County has the statutory authority to exempt its tax levy from capture. The Administrator/Controller shall also be responsible for negotiating with the affected local unit of government and proposed tax capture/tax abatement district the terms of any tax sharing agreement requested by the Board of Commissioners under this policy. The Administrator/Controller shall be responsible for evaluating requests for the capture of county property tax revenues in conformance with this policy and shall recommend approval or disapproval of any such proposed agreement to the Board of Commissioners within the sixty (60) day (or any other applicable) statutory requirement.

5. Definitions.

“Tax capture or tax abatement district” and “Tax capture or tax abatement program” means an organization or plan established under any of the following statutes:

Tax Capture:

	<u>Public Act</u>	<u>Exemption Provision</u>
Downtown Development Authority	197 of 1975	MCL 125.1653, Sec 3 (3)
Local Development Financing Act (Smartzones)	281 of 1986	MCL 125.2154, Sec. 4 (3) <sup>(1)</sup>
Tax Increment Finance Authority Act (TIFA)	450 of 1980	None <sup>(2)</sup>
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)
Brownfield Redevelopment Financing Act	210 of 2005	None
Neighborhood Improvement Authority Act	61 of 2007	MCL 125.2924, Sec. 14(5)

Tax Abatement:

	<u>Public Act</u>	<u>Exemption Provision</u>
Industrial Facilities Property Tax Abatement Act	198 of 1974	None
Neighborhood Enterprise Zone Act	147 of 1992	None
Renaissance Zone Act	376 of 1996	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)

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

6. Policy.

6.1 It is the policy of the County to not permit the capture of County property tax revenues in a new or amended development district unless the Board of Commissioners has approved

a tax sharing agreement with the affected development district and the affected municipality.

- 6.2 The County will consider the approval of a tax sharing agreement relative to its tax levy that meets the following conditions:
  - 6.2.1 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 in Calhoun County.
  - 6.2.2 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 capture property tax revenues and the time over which those revenues may be captured. Any agreement shall also specify that any excess collections must be returned to the County Treasurer annually.
  - 6.2.3 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.
  - 6.2.4 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 used from other taxing jurisdictions.
- 6.3 The Board of Commissioners reserves the right to exempt county taxes from capture for any reason and to modify the terms and conditions it may require for approval of a tax capture/tax abatement agreement.
- 6.4 An initial rejection by the Board of Commissioners of a request for tax capture or tax abatement may be rescinded if and when a tax sharing agreement is reached that meets the terms and conditions specified by the Board of Commissioners.