

Bulletin Number 9
February 4, 1997
DDA, TIFA, LDFA
Annual Reports

STATE OF MICHIGAN



JOHN ENGLER, Governor
DEPARTMENT OF TREASURY

DOUGLAS B. ROBERTS, State Treasurer

STATE TAX COMMISSION

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To All: Downtown Development Authorities
Tax Increment Finance Authorities
Local Development Finance Authorities

From: Michigan State Tax Commission

Subject: **ANNUAL REPORTS REGARDING STATUS OF TAX INCREMENT FINANCING**

Please note that every Downtown Development Authority (DDA), Tax Increment Finance Authority (TIFA), and Local Development Finance Authority (LDFA) is required by law to annually submit a financial report to the governing body of the municipality and to the State Tax Commission. Reporting requirements are prescribed by DDA Act 197 of 1975, TIFA Act 450 of 1980, and LDFA Act 281 of 1986.

The State Tax Commission needs DDA, TIFA, and LDFA annual authority financial account status reports for 1994, 1995, and 1996, and requests immediate submission of those reports.

Please note that the required submission is the Authority's annual report on the status of the tax increment financing account.

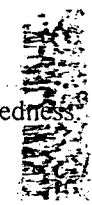
DO NOT SUBMIT THE LENGTHY, MORE COMPREHENSIVE, ANNUAL REPORT OF THE MUNICIPALITY.

IF YOU HAVE ALREADY SUBMITTED ANY OF THE 1994, 1995, OR 1996 ANNUAL AUTHORITY FINANCIAL ACCOUNT STATUS REPORTS REQUESTED IN THIS BULLETIN, YOU DO NOT HAVE TO SUBMIT THEM AGAIN.

FOR EACH YEAR SUBSEQUENT TO 1996, THE REQUIRED ANNUAL REPORT SHALL BE SUBMITTED TO THE STATE TAX COMMISSION WITHIN NINETY (90) DAYS OF THE END OF THE FISCAL YEAR OF THE AUTHORITY.

The annual report on the status of the tax increment financing account shall contain the following specific information:

- DDA's MCL 125.1665
 - a) The amount and source of revenue in the account.
 - b) The amount in any bond reserve account.
 - c) The amount and purpose of expenditures from the account.
 - d) The amount of principal and interest on any outstanding bonded indebtedness.
 - e) The initial assessed value of the project.
 - f) The captured assessed value retained by the authority.
 - g) The tax increment revenues received.
 - h) The number of jobs created as a result of the implementation of the tax increment financing plan.
 - ☆ i) Any additional information the governing body or the state tax commission considers necessary.



TIFA's
MCL 125.1814

- a) The amount and source of tax increments received.
- b) The amount in any bond reserve account.
- c) The amount and purpose of expenditures of tax increment revenues.
- d) The amount of principal and interest on any outstanding bonded indebtedness.
- e) The initial assessed value of the development area.
- f) The captured assessed value retained by the authority.
- g) The number of jobs created as a result of the implementation of the tax increment financing plan.

☆ h) Any additional information the governing body or the state tax commission considers necessary.

L DFA's
MCL 125.2163

- a) The amount and source of tax increment revenues received.
- b) The amount in any bond reserve account.
- c) The amount and purpose of expenditures of tax increment revenues.
- d) The amount of principal and interest on any outstanding bonded indebtedness of the authority.
- e) The initial assessed value of the eligible property.
- f) The captured assessed value of the eligible property retained by the authority.
- g) The number of jobs created as a result of the implementation of the tax increment financing plan.

☆ h) Any additional information the governing body or the state tax commission considers necessary.

☆ **The following additional information is required to be submitted to the STC beginning with the authority's 1997 fiscal year:**

1. All required information must be reported on a plan by plan basis by those authorities which have multiple plans.
2. All value figures (for e and f above) must be separated by tax roll:
 - Ad valorem homestead
 - Ad valorem non-homestead
 - Industrial Facilities Tax Act 198 of 1974- New Facilities (pre 1994 certificate)
 - Industrial Facilities Tax Act 198 of 1974- New Facilities (post 1993 certificate)
 - Commercial Facilities Tax Act 255 of 1978- New Facilities
 - Industrial Facilities Tax Act 198 of 1974- Replacement Facilities
 - Commercial Facilities Tax Act 255 of 1978- Restored
3. The source of tax increment revenue must be subdivided by each millage levied.
4. Liabilities and expenditures must be reported separately for each eligible obligation, eligible advance, and other protected obligation.
5. A payment schedule must be submitted for the term of each obligation and outstanding advance, showing principal payments, interest payments, and payment dates.

Statutes state "The State Tax Commission may institute proceedings to compel enforcement of this act." under the provisions of MCL125.1681 for DDA's, MCL 125.2171 for L DFA's, and MCL 125.1830 for TIFA's.

In addition to other purposes, these reports will be used in verifying school taxes captured by the plans. **Again, please submit the annual reports for 1994, 1995, and 1996 immediately (if not already submitted), and submit annual reports for all subsequent years within 90 days of the end of the authority's fiscal year, to:**

Sharon Erwine
State Tax Commission
P.O. Box 30471
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Thank you in advance for your cooperation. Questions should be directed to Nat Amarnath, phone (517) 372-2408.