



# Tax Sharing Policy

1. Purpose. This Policy is intended to establish guidelines under which Otsego 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. Otsego County Board of Commissioners currently has the statutory authority to exempt itself 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
Historic Neighborhood TIFA	530 of 2004	MCL 125.2857, Sec. 17(5)
Corridor Improvement Authority	280 of 2005	MCL 125.2888, Sec. 18(5)
Commercial Rehabilitation Act	210 of 2005	MCL 207.843, Sec. 3(5)

Note (1): Except “Certified Technology Park”

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. Upon receipt of a notice to establish or expand any tax capture or tax abatement district within the county, the notice shall be promptly forwarded to the Board of Commissioners and the Administrator.

Otsego County’s Attorney shall be responsible for determining whether Otsego County has the authority to exempt itself from a proposed tax capture or tax abatement district.

The Administrator shall be responsible for preparing, in a timely fashion, 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 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.

## 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:

<u>Tax Capture</u>	<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	280 of 2005	MCL 125.2888, Sec. 18(5)
Brownfield Redevelopment Financing Act	381 of 1996	None

<u>Tax Abatement</u>	<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 created or existing authorities expanded.

## 6. Policy.

6.1 Whenever authorized by statute, the County will not permit the capture of county property tax revenues in any new or amended development district unless the Otsego County 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 for its tax levy that meets the following conditions:

- 6.2.1 The agreement must be for specifically defined public infrastructure projects or other eligible uses as defined or allowed by a statute subject to this policy and which are directly related to the economic growth within that district. Economic growth is understood to be new investment and the retention and creation of businesses, jobs and income.

- 6.2.2 Specifically defined public infrastructure projects or other eligible uses as defined or allowed by a statute subject to this policy must be for specific items of work or uses, 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.
- 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 Any notice of creation or expansion of any tax capture or tax abatement district shall be immediately forwarded to the Board of Commissioners and the Administrator. The 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.
- 6.4 The Otsego County 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.
- 6.5 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.
- 6.6 An initial rejection by the Otsego County 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 Otsego County Board of Commissioners.

Adopted: April 28, 2009

**RESOLUTION TO EXEMPT COUNTY PROPERTY TAX REVENUES FROM CAPTURE  
IN THE (PROPOSED ECONOMIC DEVELOPMENT) AUTHORITY DISTRICT**

WHEREAS, the {JURISDICTION} held a public hearing on {DATE}, for the purpose of adopting an ordinance creating the {PROPOSED ECONOMIC DEVELOPMENT} District, which ordinance shall take effect sixty {60} days after the public hearing; and

WHEREAS, Otsego County property tax revenues in the {PROPOSED ECONOMIC DEVELOPMENT} district may be subject to capture by a tax increment financing plan approved by the {JURISDICTION}; and

WHEREAS, pursuant to MCL \_\_\_\_\_, Otsego County may exempt its property taxes from capture in the {PROPOSED ECONOMIC DEVELOPMENT} District by adopting a resolution to that effect within sixty {60} days of the December \_\_, 20\_ public hearing, and the resolution shall take effect when filed with the Clerk of the {JURISDICTION}; and

WHEREAS, the resolution exempting Otsego County property taxes from capture in the {PROPOSED ECONOMIC DEVELOPMENT} District remains effective until a copy of a resolution rescinding that resolution is filed with the {JURISDICTION} Clerk; and

WHEREAS, pursuant to MCL \_\_\_\_\_, Otsego County may enter into agreements with the {JURISDICTION} to share a portion of the captured assessed value of the proposed new DDA District; and

WHEREAS, pursuant to Otsego County Board of Commissioners Tax Sharing Policy, Otsego County does not permit the capture of County property tax revenues in any new or amended economic development districts unless the Board of Commissioners has approved a tax sharing agreement with the district and the affected municipality, which tax sharing agreement must meet the conditions set forth in the Otsego County Tax Sharing Policy.

THEREFORE BE IT RESOLVED, that pursuant to MCL \_\_\_\_\_, Otsego County hereby exempts from capture by the new proposed {PROPOSED ECONOMIC DEVELOPMENT} District all property taxes that Otsego County levies within the proposed boundaries of the {PROPOSED ECONOMIC DEVELOPMENT} District.

BE IT FURTHER RESOLVED, that this resolution shall take effect when a copy is filed with the {JURISDICTION} Clerk, and shall remain effective until a copy of a resolution rescinding this resolution is filed with the {JURISDICTION} Clerk.

BE IT FURTHER RESOLVED, that Otsego County may hereafter enter into an agreement with the {JURISDICTION} to share a portion of the captured assessed value of the {PROPOSED ECONOMIC DEVELOPMENT} District, in conformance with the policies set forth in Otsego County's Tax Sharing Policy.

BE IT FURTHER RESOLVED, that upon entry into an agreement with the {JURISDICTION} to share a portion of the captured assessed value of the proposed new {PROPOSED ECONOMIC DEVELOPMENT} District, this resolution may be rescinded, and a copy of the rescinding resolution may be filed with the {JURISDICTION} Clerk.

**RESOLUTION APPROVING A TAX SHARING AGREEMENT WITH THE  
(JURISDICTION'S) {PROPOSED ECONOMIC DEVELOPMENT} DISTRICT**

WHEREAS, Otsego County has adopted Resolution # of 20\_\_, which provides that the Otsego County Board of Commissioners will not permit the capture of its property taxes within the newly-created {PROPOSED ECONOMIC DEVELOPMENT} District until such time as a tax sharing agreement that meets the conditions of Otsego County's Tax Sharing Policy; and

WHEREAS, the Economic Development Corporation has received and reviewed a proposed tax sharing agreement from the {JURISDICTION} and its {PROPOSED ECONOMIC DEVELOPMENT} District; and

WHEREAS, the Otsego County Tax Sharing Policy provides that, to the extent provided by law, Otsego County will not permit the capture of its property tax revenues unless a tax sharing agreement has been approved; and

WHEREAS, a proposed agreement has been prepared by the Administrator with review by Otsego County's Attorney that meets the requirements of Otsego County's Tax Sharing Policy, and they have recommended approval of the proposed Tax Sharing Agreement with the {JURISDICTION} and its {PROPOSED ECONOMIC DEVELOPMENT} District.

THEREFORE BE IT RESOLVED, that the Otsego County Board of Commissioners authorizes the attached tax sharing agreement with the {JURISDICTION} and its {PROPOSED ECONOMIC DEVELOPMENT} District, which will allow the capture of county property taxes from properties included in the {PROPOSED ECONOMIC DEVELOPMENT} District Plan dated \_\_\_\_\_, with the following conditions:

- The proposal outlines specific public infrastructure projects or other eligible uses as defined or allowed by a statute subject to this policy including street lighting, landscape and greenbelt improvements in public areas, utilities burials, streetscape enhancements, water and sanitary sewer improvements, and parking improvements that are directly related to economic growth within the district.
- The capture is limited to a specific maximum dollar amount of \$\_\_\_\_\_ over a \_\_\_ year period, from \_\_\_\_\_ through \_\_\_\_\_, provided that the {JURISDICTION} allows for the capture and expenditure of its own taxes in that district for that entire time period. Any year that the {JURISDICTION} does not allow for the capture of its own taxes in the district, county taxes shall also be exempt from capture in the district for that entire year.
- Any collections in excess of the annual planned amount must be returned to the County Treasurer within 30 days of tax settlement, and the {PROPOSED ECONOMIC DEVELOPMENT} District must provide the County with annual reports on the expenditures of tax capture on the specific projects outlined in the development plan.

BE IT FUTHER RESOLVED, that Resolution #\_\_\_, which provides that Otsego County will not allow the capture of its property taxes in the {PROPOSED ECONOMIC DEVELOPMENT} District in the (JURISDICTION), is hereby rescinded if the attached agreement is executed between the parties.

BE IT FURTHER RESOLVED, that the Board Chairperson and County Clerk are authorized to sign the attached agreement, and County Clerk is directed to send a copy of this resolution to the Clerk of the {JURISDICTION} and to the {PROPOSED ECONOMIC DEVELOPMENT} District.