

Staff Paper

Summary of Conditional Land Transfer Agreements

Lynn R. Harvey
Professor and Extension Specialist
State and Local Government
and Alexander Quinones, Research Assistant

Staff Paper 96-95

September 1996



Department of Agricultural Economics
MICHIGAN STATE UNIVERSITY
East Lansing, Michigan 48824

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by

Lynn R. Harvey
harvey1@pilot.msu.edu

Summary:“Brief history of P.A. 425 of 1984, discussion of contract provisions, tabular summaries of agreements filed since 1985 and analysis of emerging issues.” 17 pgs.

For additional information contact: Lynn R. Harvey, 34 Agriculture Hall, MSU,
East Lansing, MI 48824. (517) 353-1619.

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Summary of Conditional Land Transfer Agreements¹ P.A. 425, 1984 Agreements Filed 1985-1997

Lynn R. Harvey and Alexander Quinones
Michigan State University

Introduction:

The economic growth of communities is often constrained by the lack of selected services principally, water and sewer. As economic development or the potential for development occurs in areas without the public infrastructure such as water and sewer, the host local government is faced with the dilemma to either invest substantial funds in the development of the infrastructure capacity or seek to purchase such services. Since water and sewer services are produced and provided in a monopoly environment, the producer of services maintains a strong bargaining position in the sale of such services. The producer of the services is either able to extract premium rents (charges) or establish contingencies such as proposing annexation as condition of providing sewer and water services.

Annexation fights have often contributed to long standing simmering conflicts between a city and the surrounding townships. A contributing factor to the passage of the Charter Township Act was that the law provided some protection to General Law Townships from perceived aggressive action on the part of cities related to annexation. Holding water and sewer services hostage in order to provide incentives for the support of annexation has been a common occurrence in Michigan.² Local units seeking expansion of tax base through economic development resist attempts to support annexation when the end results is the loss of tax base, the very objective that they are attempting to achieve. Potential developers become discouraged over the perceived lack of cooperation between municipal governments and often seek location opportunities in areas with less conflict thus denying the warring parties from mutual gain through economic development. As a result, intergovernmental relations are scarred and economic expansion goes unrealized.

The concept of developing an economic development agreement between municipalities originated with a proposal for cooperation between the city of Flint and Genesee Township. General Motors Corporation wanted to expand its manufacturing plant in Flint but no site was available within the city.

¹ The initial paper was prepared for presentation at *Southeast Michigan Wingspread Conference: Intergovernmental Cooperation Alternatives and Consequences*, sponsored by Southeast Michigan Council of Governments, Michigan Association of Regions, Michigan Association of Counties, Michigan Association of School Boards, Michigan Township Association, and Michigan Municipal League, September 16, 1994, Cobo Hall, Detroit, MI. The 1997 revision to paper captured the agreements filed since 1993.

² The author does not assume that all annexation measures are embroiled in conflict. Cases exist where the decision to annex was arrived at through consensus thus strengthening intergovernmental relations.

However, a vacant industrial park in nearby Genesee Township was available. The city and township developed an agreement whereby the township would transfer the land to the city in exchange for a share of the generated tax revenue.³

The Michigan Legislature, with support from local governmental organizations, adopted legislation in late December of 1984 targeted to promote economic development and minimize the use of annexation as a threat in order to obtain the capacity or access to municipal services to support economic development. The passage of the *Conditional Land Transfer Act, P.A. 425, 1984* (MCLA 124.21-124.29) provided Michigan local governments with new tools to engage in cooperative economic development projects for mutual gain.

The act recognized that often at the root of annexation fights was the gain or loss of revenue derived from tax base expansion. Therefore, by restructuring incentives, in this case permitting a form of revenue or tax base sharing, the act sought to permit local units to *conditionally transfer* land between units in exchange for desired municipal services and a mutually agreed upon revenue sharing plan. The legislation attempted to convert a "win-lose" situation into a "win-win" scenario for both units, thus advancing the opportunities for economic development and to foster collaborative intergovernmental relations. A provision in Section 9 of the Act, prohibits annexation for any portion of an area transferred while the contract is in force.

Basic Provision of Act 425

The Conditional Land Transfer legislation is quite permissive both in terms of its application and the flexibility provided cities, villages and townships. The purpose of PA 425, 1984 is economic development interpreted in a broad context. The conditional land transfer must involve an economic development project. Economic development means land and existing planned improvements suitable for use by an industrial or commercial enterprise or housing development⁴. Projects covered by Act 425 include everything from industrial park development to port improvements.

Two or more local units may conditionally transfer property for a period not to exceed 50 years for the purposes of the economic development project. The conditional transfer of property shall be controlled by a written contract [Sec. 2(1)]. The contract may be renewed for additional periods not to exceed 50 years upon approval of the legislative bodies of the involved units. The Act requires local legislative bodies to hold one public hearing on the proposed transfer before approving the contract by a majority vote of both legislative bodies.

³ Martin, Thomas R. "Land Transfers for Economic Development", Michigan Municipal Review, Michigan Municipal League, June 1988.

⁴ P.A. 425, 1984, MCLA 124.21 Sec. 1. P.A. 22, 1990 amended the 1984 act and redefined housing development. Initially, the legislation specified that housing development had to be incidental to commercial and industrial development. The amendment recognizes that housing development is a legitimate economic development and necessary to support commercial and industrial development. "Capitol Currents," Volume 10, Number 3, Michigan Township Association, Lansing, MI March 1990.

Contract Provisions

The 425 legislation permits flexibility in the development of the contract, section 6 of the law identifies the basic components to be considered in a contract: (1) a method by which the contract may be rescinded or terminated prior to the stated termination date; (2) the manner of employing, engaging, compensation, transferring, or discharging personnel required for the economic development project;⁵ (3) if charges, rents or fees are to be collected the method of collection, responsibility and method of enforcement should be stated; (4) the manner in which purchases shall be made and contracts entered into; (5) a statement of whether the acceptance of gifts, grants, assistance funds, or bequests will be accepted; (6) a provision addressing the liability question and insuring against any such liability that may be incurred during the duration of the contract; (7) any other necessary and proper matter agreed upon by the participating unit.

Generally under the contract provision seven, an identification of the services to be provided, such as, the full complement of municipal services, should be stated to reduce uncertainty in the future. For example, if a township conditionally transfers land to a city and since the city will apply their city operating levy to the land transferred, the agreement should state that all city services will be made available to the transferred area. It is advisable in the opening statement of the contract for negotiating parties to indicate the services to be provided. For example, in most of the 425 agreements on file, the provision of sewer and water services are instrumental to the expansion of economic development and represent the reasons why the contract is being developed in the first place. A concise statement identifying the purposes of the agreement eliminates any misunderstanding as to why the parties considered a 425 agreement.

Additional Contract Provisions

While Section 6 of the Act identifies issues to be considered, Section 7 stipulates matters that shall be provided. These include, the length of the contract, specific authorization or the sharing of taxes and other revenues, contract enforcement, and which unit has jurisdiction over the transferred area upon the expiration of the contract.

Revenue Sharing Provisions

Since one of the red flags in annexation disputes centers around the loss of revenue by a unit from whom land is being annexed, Act 425 permits a unit to whom land is conditionally transferred to share revenue with the unit that is transferring land. In a review of 425 agreements currently on file, a variety of revenue sharing agreements have been developed. The methods of sharing revenue include a specific number of mills, the township's millage rate plus a full or a fraction of a mill as incentive, specific mills plus a percentage of the revenues collected from the transferred land based on the levy upon the transferred land, a percentage of the revenues collected from the transferred land, a percentage of user fees collected from the transferred land, and a flat amount of revenue per year. All but nine agreements have a revenue sharing clause.

Impact on Transferred Land

⁵ Similar to laws applicable to other intergovernmental agreements, employees are to be “held harmless”, that is, impacted employees cannot be made worse off as a result of the contract or intergovernmental agreement.

When land is conditionally transferred to another unit such as, from township to city, the area transferred becomes subject to the ad valorem levy of the recipient unit and afforded access the full scope of municipal services. Assessment records and voting rolls of parcels and residents are transferred to the recipient unit of government. For all practical purposes, the transferred area is attached to the unit to which the land has been transferred. If residents are part of the area conditionally transferred, they become city residents in the case of a conditional transfer of township parcels to the city. The residents would pay city taxes and receive the full complement of city services. This provision raises questions with township to township transfers — see discussion in “Emerging Issues”.

Summary of P.A. 425, 1984 Agreements

The 425 contracts must be filed with the Office of the Great Seal, a division of the Secretary of State. As of October 1997, one hundred thirty contracts had been executed among the contracting parties. Five agreements have been rescinded but the five contracts are included in the PA 425 summary. Geographically, participating units are dispersed around the state, but all the contracts, with the exception of four, are between local units in the lower peninsula. Appendix A provides a summary of the agreements currently on file. Of the 130 agreements on file, 24.6 percent of the agreements were executed between 1985 and 1989 and 63.8 percent of the agreements executed between 1990 and 1995 - Table 1. Five agreements have been rescinded after filing but are included in summary tables.

**Table 1
425 Agreements Executing Periods**

Period Filed	Number
1985-87	9
1988-89	23
1990-93	53
1994-95	30
1996-97	15

The southwest region of the state accounts for 36.1 percent of the PA 425 agreements on file with the Office of Great Seal, with city of Three Rivers having executed ten separate agreements with neighboring townships. The southeast region has filed 25 agreements representing 19.0 percent of all agreements - Table 2.

**Table 2
425 Agreements By Regions in State**

Region	No. Contracts
Upper Peninsula	4
North	17
West Central	21
East Central	16
Southeast	25
Southwest	47
Total	130

A majority of the 425 agreements are between a township and a city, in fact 86 percent of the agreements fall into this category. The other agreements are township-township (7), village-township (10), and city-city (1) -- Table 3. The frequency of the city-township arrangement should not be a surprise since annexation disputes are most often a city-township dispute. Cities have developed the municipal infrastructure, primarily water and sewer capacity, the capacity of which is needed by township land adjacent to city boundaries for the purpose of economic development. The township-township have been subject to discussion as to the actual intent of the agreements. Questions have been raised as to whether the agreements were for economic development or to block annexation attempts by adjacent cities.

Table 3
Contract Participants

Governmental Arrangement	Number of Contracts
Township - City	112
Township - Township	7
Village - Township	10
City - City	1

The average length of the 130 land transfer agreements is 37.9 years, with the highest frequency being 50 years. Table 4 breaks down the agreements into contract duration.

Table 4
Length of 425 Contracts

Years	Number
-------	--------

1 - 10	15
11 - 20	14
21 - 30	18
31 - 40	1
41 - 50	82
Avg.	37.9

The jurisdiction over the transferred land upon the expiration of the 130 land transfer contracts on file is divided between being permanently transferred to the city, reverting back to the original jurisdiction, and stipulating renegotiation upon the expiration of the initial agreement. Forty three (43.8%) percent of the agreements require the land to be permanently transferred - Table 5. Considering the average length of the agreement and assuming that economic expansion occurs in the land transfer area, it is doubtful that in fifty years that a distinction between a city boundary and township boundary is distinguishable. Since the recipient unit of conditional transferred land levy their operating levy on the parcels transferred, the reversion of land to the original jurisdiction has the potential to raise political policy concerns in the future. Obviously, negotiating a new agreement or utilizing annexation would be possible remedies in cases where the contract stipulates reversion at contract termination.

Table 5
Disposition of Land Upon Termination

Disposition Upon Termination	Number of Contracts
Revert to Original Jurisdiction	42
Permanently Transferred	57
Renegotiate At Expiration	28

Emerging Issues of 425 Agreements

From a public policy perspective a basic question arises -- "Do P.A. 425 Land Transfer agreements enhance economic development?" While no formal evaluation of the Conditional Land Transfer program has been initiated either by the state or other researchers, case scenarios have been reported (see Martin, Michigan Municipal Review, June 1988; Howell, Michigan Society of Planning Officials, Planning and Zoning Center, 1986; and Editorial, Michigan Municipal Review, March 1990. Early indications are that the 425 concept does meet the intended objectives. In phone interviews with municipal officials of the first eight 425 agreements conducted by graduate students at Michigan State University in 1992, participants indicated that the land transfer agreements did result in additional economic activity being created. Whether the additional jobs would be created without a 425 agreement is indeterminate. In some

cases Industrial Tax Abatements were granted to locating firms and expanding businesses. It is difficult to ascertain which policy instrument was the determining factor in expansion. An assumption could be made that both policy instruments contributed to the expansion. Officials did report that the agreements did improve intergovernmental cooperation, minimize the threats of annexation, and create an environment whereby economic development had the potential to evolve. An evaluation of the 425 agreements, beyond what has been reported here, is recommended, both to measure the effectiveness of the economic development tool and to glean success and failures that could be instructive to other units contemplating a 425 agreement.

The average length of the agreements of 37.9 years while reducing uncertainty for the units involved has the potential to create problems in the long run. The original parties to the agreements will not be around when the agreements terminate in most cases. It is likely that in cases where the agreements calls for reversion of the land to the original jurisdiction no doubt questions will arise as to the propriety of such a reversion. In most cases the boundaries between the two units will become blurred due to development. Initiating annexation procedures either voluntary or involuntary will probably occur. Developing 425 agreements that cover a shorter period of time is advisable since a shorter contract duration would permit revisitation of the economic development situation. A lot can happen in 50 years, committing legislative bodies to 50 years constrains options.

The Land Transfer Act is often viewed as an alternative to annexation. In selected situations where economic development in a city is constrained due to the lack of available development sites and the city is experiencing population pressures, annexation may be the only reasonable policy option. Situations have emerged where 425 agreements were proposed as a defensive mechanism on the part of two townships adjacent to a city in order to prevent annexation. Public officials need to keep clear what the purpose and the intent of the act is, that being, to promote economic development, not forestall annexation. The 425 option may serve as a constraint to city boundary expansion in cases where such expansion would provide mutual benefits to both the city and township although viewed from a township perspective the situation creates a net loss.

The township-township transfer is a significant policy concern. Since PA 425 requires a conditional transfer of land with accompanying records (tax assessment roll and voting records), how is this accomplished in townships. Are township boundaries temporarily adjusted as in the case of a city-township transfer agreement? While PA 425 prohibits annexation of transferred land during the duration of the agreement, in the township-township scenario one could surmise that no intention of transferring land, conditional or unconditional, is intended, therefore the purpose may be to block annexation rather than promote economic development. If a township desires to acquire sewer and water from an adjacent township, the township would be advised to acquire such services through an intergovernmental agreement, such as, Urban Cooperation Act, PA 7, 1967 (Extra Session).

Whether a 425 agreement serves the mutual interest of both municipalities must be viewed in the context of a long range comprehensive plan for the area which would indicate that the planning commissions from municipalities should be party to the discussion. The involvement of the planning commission is critical especially in view of the long term nature of the 425 agreements permits the 425 arrangement become part of the comprehensive plan. Furthermore, it could be argued that units initiating 425 agreements should also initiate joint comprehensive planning since the 425 agreement impacts the plans in both entities. The conditional adjustment of municipal boundaries has implications beyond the initial economic development project.

Summary of P.A. 425 Agreements Filed Since 1985

Date Executed	Units Involved	Purpose	Years	Revenue Sharing Agreement	Disposition At End Of Agreement
03/04/92	Adams T. & North Adams V.	Sewer, Water, Other	50	Township Levy	Reverts to Township
06/10/96	Adrian T & City of Adrian	Econ Dev, Housing Dev	50	1.5 mills	Transfers to City
07/19/94	Almont T. & Village of Almont	Economic Development	50	Township Levy	Transfers to Village
11/04/96	Alpine Charter T & Plainfield Charter T.	Econ Dev, Public Water	24	200 dollars per hydrant	Reverts to Township
03/27/89	Bagley T. & Gaylord City	Sewer, Water	5	Equivalent Township Levy	Reverts to Township. Rescinded 08/92
09/11/90	Bagley T. & Gaylord City	Sewer, Water	10	Township Levy	Reverts to Township. Rescinded 08/92
11/01/93	Beaverton T. & Beaverton City	Sewer, Water	20	Revenue that would be received - formula	Transfer to City
01/18/91	Benton Charter T. & Benton Harbor City	Sewer, Water, Other	50	Township Levy * SEV in Indus. Park	Reverts to Township
06/16/90	Berlin T. & Ionia City	Sewer, Water	7	2.0 Mills	Reverts to Township Unless Extended
04/13/91	Big Rapids Charter T. & Green T.	Sewer, Water	5	Big Rapids to make payments on Bonds issued	Reverts to Big Rapids T. Extended until 04/13/97
07/15/91	Big Rapids Charter T. & Plainfield Charter T.	Econ. Develop., Env. Protection	1	No Sharing Revenue Provision	Reverts to Big Rapids
09/01/96	Bingham T & City of St. Johns	Econ Dev, Water & Sewer	20	3 mills	Transfers to City
02/14/95	Bingham T. & St. Johns City	Sewer, Water	50	1.0 mills	Transfers to City
02/29/96	Brampton T & City of Gladstone	Economic Development	50	Tw millage rate	Reverts to Township
01/16/95	Brooks T. & Newaygo City	Economic Development	15	0.3 mills	Transfers to City
06/06/95	Buckeye T & Gladwin City	Sewer, Water	50	Real Property Tax * (Township mill/City mill rate)	Transfers to City
07/14/93	Buckeye T. & Gladwin City Municipal Services		50	Revenue that would be received - formula	Transfer to City

10/09/96	Burlington T & Village of Union City	Economic Development	50	None	Reverts to Township
07/19/93	Carmel T. & Charlotte City	Sewer, Water, Other	10	1.0 Mills	Transfer to City
01/01/92	Carmel T. & Charlotte City	Sewer, Water, Other	10	1.0 Mills	Transfer to City
08/13/85	Caseville T. & Caseville Village	Water, Roads	12	50% Indus. Fac. Tax	Reverts to Township
01/21/97	City of Tecumseh & Tecumseh T	Economic Development	50	1.6 mills	Reverts to City
09/10/89	Clam Lake T. & Cadillac City	Sewer, Water, Refuse	50	1.0 Mills	Transfer to City
10/28/96	Coldwater T & City of Coldwater	Economic Development	50	Tw millage rate + .5 mills	N/A
04/12/96	Coldwater T & City of Coldwater	Econ, Ind, Residential Dev	50	1.6 mills	Transfer to City
05/04/95	Coldwater T. & Coldwater City	Econ. Dev, Env. Protection	50	Township mill rate + 0.5 mills of SEV	Reverts to Township
11/04/88	Coldwater T. & Coldwater City	Water, Sewer	50	1.5 Mills	Reverts to Township, Renewal Clause
03/20/90	Dundee T. & Dundee Village	Sewer, Water, Other	50	2.0 Mills	Reverts to Township, Renewal Clause
10/15/90	Easton T. & Ionia City	Sewer, Water, Fire	20	2.0 Mills	Reverts to Township
12/13/88	Easton T. & Ionia City	Water	50	50% of Revenues	Transfer to City
09/08/94	Eaton T. & Charlotte City	Economic Development	50	1.0 mills * SEV	Transfers to City
02/13/92	Eaton T. & Charlotte City	Municipal Services	10	1.0 Mills	Transfer to City
12/18/86	Elba T. & Lapeer City	Sewer, Water	50	1.5 mills	Transfer to City
06/18/96	Escanaba T & City of Gladstone	Economic Development	50	3 mills	Transfers to City
01/22/91	Fabius T. & Three Rivers City	Sewer, Water	50	Township Operating Millage + 0.5 Mills	Transfer to City Unless Renewed
04/12/95	Fabius T. & Three Rivers City	Sewer, Water	50	Township millage rate + 2.0 mills	Reverts to Township
05/04/90	Fabius T. & Three Rivers City	Sewer, Water	50	Township Millage + 0.5 Mills	Transfer to City Unless Renewed
01/22/91	Fabius T. & Three Rivers City	Sewer, Water	50	Township Operating Millage + 0.5 Mills	Transfer to City Unless Renewed

08/14/95	Fawn River T. & Sturgis City	Sewer, Water	15	1.5 mills	Transfers to City
11/23/88	Fayette T. & Hillsdale City	Sewer, Water	30	3 mills of SEV + 50% all state/federal revenue	Automatic 30 yr renewal or property reverts to Township
12/30/88	Flint Charter T. & Flint City	Airport Development	50	50% of Revenues	Reverts to Township, Renewal Clause
12/03/91	Fredonia T. & Marshall City	Municipal Services	50	2.0 Mills or 10.81% of City Levy	Reverts to Township
09/04/90	Garfield Charter T. & Traverse City.	Sewer, Water	50	Township millage rate, not higher 5.0 mills	Reverts to Township
08/10/94	Garfield T & Newaygo City	Economic Development	15	3/10 mill	Transfers to City
01/18/95	Garfield T. & Newaygo City	Economic Development	15	0.3 mills	Transfers to City
01/18/95	Garfield T. & Newaygo City	Economic Development	15	0.3 mills	Transfers to City
12/05/87	Genoa T. & Brighton City	Water, Sewer, Fire	50	2.5 Mills	Transfer to City
12/06/95	Girard T & Coldwater City	Economic Development	50	Tw millage rate + .5 mills	N/A
07/15/91	Grand Rapids Charter T. & Plainfield T.	Fire Eqp, Bld Insp	50	No Revenue Provision	Reverts to Grand Rapids Charter T.
12/21/92	Grant T & City of Clare	Org. Com. Services	20	1.0 Mills	Reverts to Township
07/01/92	Grant T. & Rothbury Village	Org. Com. Services	5	Township Levy	Renewable Up to 50 Yrs.
01/10/94	Grout T. & Gladwin City	Sewer, Water	50	Real Property tax * (Township mill/City millage rate)	Transfers to City
10/27/95	Handy T & Flowerville Village	Economic Development	30	2 mills	Transfers to Village
03/15/96	Hart T & City of Hart	Sewer and Water	30	Tw millage + 1 mill	Transfers to City
12/29/93	Hartford T. & Hartford City	Economic Development	20	Begin 2.4 mills * SEV, increases by factor 5% year	Transfers to City
05/11/93	Imlay T. & Imlay City	Sewer, Water	50	2.0 Mills	Reverts to Township
06/20/89	Imlay T. & Imlay City	Sewer, Water	50	Township Millage, 5.0 Mills Max.	Renegotiate at end of Contract
10/04/94	Inverness T & Benton T	Econ Dev, Env Protection	18	None	Reverts to Township
03/27/95	Ionia T & Ionia City	Economic Development	50	½ millage rate	Reverts to Township

11/28/89	Ionia T. & Ionia City	Sewer, Water	50	1.5 Mills + S/W Capacity	Transfer to City
03/29/85	Lapeer T. & Lapeer City	Water, Sewer	50	1.0 Mill	Transfer to City unless renewed
06/24/94	Lawrence T. & Village of Lawrence	Sewer, Water, other services	50	Revenue that would be received	Reverts to Township if agreement is not fulfilled
12/13/94	Lenox T & Richmond City	Commercial Development	6	1/12 ad valorem tax	Transfers to City
10/03/88	Leslie T. & Leslie City	Fire, Police, Sewer	30	1.0 Mills or Township Millage Levy	Revert to Township, Renewal Clause
05/08/95	Leslie T. & Leslie City	Sewer, Water	15	Township millage rate	Transfers to City
10/27/89	Lincoln T. & Standish City	Sewer, Water	50	1.5 Mills + S/W Capacity	Transfer to City
03/31/88	Lincoln T. & Standish City	Sewer, Water	50	70% Revenues	Transfer to City
09/28/90	Livingston T. & Gaylord City	Sewer, Water	5	Township Millage Levy	Reverts to Township Unless Renewed
12/17/96	Lockport T & City of Three Rivers	Econ Dev, Sewer, Water	50	2.5 mills	Transfers to City
03/21/90	Lockport T. & Three Rivers City	Sewer, Water	50	Township Levy + 0.5 mills	Transfer to City, Renewal Clause
03/20/90	Lockport T. & Three Rivers City	Sewer, Water	25	Township Operating Millage + 0.5 Mills	Transfer to City
06/02/92	Lockport T. & Three Rivers City	Sewer, Water	50	Township Operating + 0.5 Mills	Reverts to Township
05/16/88	Lockport T. & Three Rivers City	Sewer, Water	50	Township Millage Levy + .5 mills	Renegotiate at end of Contract
04/14/89	Lockport T. & Three Rivers City	Sewer, Water	50	Township Millage Levy + .5 mills	Renegotiate at end of Contract
06/02/92	Lockport T. & Three Rivers City	Sewer, Water, Other services	50	Township millage + 1.00 mills	Transfers to City
05/04/95	Madison Charter T & Adrian City	Economic Development	50	Township millage rate	Reverts to Township
03/15/90	Maple Valley T. & Brown City	Sewer	30	2.0 Mills	Transfer to City
06/03/91	Marengo T. & Marshall City	Municipal Services	50	2.0 Mills or 11.36% of City Levy	Reverts to Township
01/19/87	Marion T. & Howell City	Sewer, Water	50	1.28 Mills, 7.61% Revenues	Transfer to City
08/20/90	Marlette City & Marlette T.	Sewer, Water	40	\$258 per year	Reverts to Township. (Rescinded 01/95)

08/08/94	Marshall T & Marshall City	Economic Development	50	2 mills or 11.36% property tax	Transfers to City
10/18/93	Marshall T. & Marshall City	Municipal Services	30	1.5 Mills 1st 5 yrs. 3.0 Mills After	Transfer to City
10/18/93	Marshall T. & Marshall City	Municipal Services	50	2.0 Mills or 11.36% Rev. (greater)	Transfer to City
12/27/90	Marshall T. & Marshall City	Municipal Services	50	2.0 Mills or 10.81% City Levy	Reverts to Township
07/21/92	New Buffalo T. & New Buffalo City	Economic Development	50	1.0 Mills	Transfer to City
09/25/96	Newark T & City of Ithaca	Economic Development	10	3 mills	Transfers to City
02/09/96	Newton T & Emmet Charter T	Econ Dev, Housing Dev	25	None	Reverts to Township
09/12/94	Otsego City & Otsego T.	Economic Development	1	No Revenue Sharing	Transfers to Township
10/24/94	Owosso T. & Owosso City	Industrial Development	25	3.0 mills	Automatically renewable 25 yr or reverts to Township
11/13/91	Perry T. & Perry City	Sewer, Water, Res. Dev	50	2.0 mills + 0.5 mill yearly in 92, 93, 94	Transfers to City
11/13/91	Perry T. & Perry City	Sewer, Water	50	2.0 Mills	Transfer to City
12/30/93	Perry T. & Perry City.	Economic Development	50	1.0 mill 1994, increase 0.5 yearly until 98 * SEV	Renewable up 50 years or reverts to City
02/13/90	Pittsfield Charter T. & Saline City	Sewer, Water, Other	50	No Revenue Clause	Reverts to Township Unless Renewed
08/14/90	Pittsfield Charter T. & Saline City	Sewer, Water, Other	50	35% of Revenues	Reverts to Township Unless Renewed
12/30/92	Portage Charter T. & Houghton City	Economic Development	50	3 mills * SEV	Reverts to Township
12/30/92	Portage Charter T. & Houghton City	Economic Development	30	3 mills * SEV	Reverts to Township
12/06/88	Portland T. & Portland City	Sewer, Water	50	1.5 Mills	Reverts to Township, Renewal Clause
09/26/94	Resort T. & Petoskey City	Econ., Res., Commer. Dev	50	Township Levy * Revenue Generated Area 1	Renewable up 50 yr or reverts to Township
11/01/86	Richmond T. & Reed City	Sewer, Water	50	25% of Revenues	Reverts to Township, Renewal Clause
06/24/96	Sage T & City of Gladwin	Economic Development	50	Fraction (Tw millage/City Millage)	Transfers to City
11/18/91	Sheridan T. & Albion City	Sewer, Water, Other	50	Township Levy Not Less Than 4.0 Mills	Reverts to Township

11/18/91	Sheridan T. & Albion City (A)	Sewer, Water, Other	50	Township Levy Not Less Than 4.0 Mills	Reverts to Township (Renewal Provision)
11/18/91	Sheridan T. & Albion City (B)	Sewer, Water, Other	50	No Revenue Shared	Transfers to City
11/18/91	Sheridan T. & Albion City.(C)	Sewer, Water, Other	50	No Revenue Shared	Transfers to City
11/18/91	Sheridan T. & Albion City (D)	Sewer, Water, Other	50	No Revenue Shared	Reverts to Township
12/15/89	Sims T. & AuGres City	Sewer, Water	50	1.0 Mills	Transfer to City
08/08/90	South Arm T & East Jordan City	Economic Development	50	1 mill	Reverts to Township
12/28/94	South Haven Charter T. & S. Haven C.	Industrial & Residential Develop.	25	0.6787	Transfers to City
05/09/95	South Haven Charter T. & S.Haven C.	Ind. Dev, Env. Protection	25	0.6787	Transfers to City
10/24/88	St. Clair T. & St. Clair City	Sewer, Water	25	1.0 Mills	Transfer to City
07/24/95	Summerfield T. & Petersburg City	Sewer, Water, Econ. Dev	50	1.0 mill * taxable value real/personal property	Renewable up 50 yr or transfers to City
10/24/88	Swan Creek T. & St. Charles Village	Industrial Develop.	50	None	Reverts to Township. Contract terminated 10/94
12/18/95	Tecumseh City & Tecumseh T	Economic Development	50	None	N/A
04/08/96	Union T & Village of Union City	Economic Development	50	None	Reverts to Township
05/11/93	Utica City & Sterling Heights City	Water, Sewer	15	1.0 Mills	Reverts to Utica. Rescinded 06/96
10/16/89	Vernon T. & City of Durand	Economic Development	30	4 mills	Transfer to City
12/01/89	Vernon T. & City of Durand	Economic Development	30	4 mills	Transfer to City
12/01/89	Vernon T. & City of Durand	Economic Development	30	4 mills	Transfer to City
07/09/90	Vernon T. & Durand City	All City Services	50	Township Millage Rate, Max 4.0 Mills	Transfer to City
07/09/90	Vernon T. & Durand City	All City Services	50	Township Millage Rate, Max 4.0 Mills	Transfer to City
11/03/89	Vevay T. & Mason City	Sewer, Water, Roads	30	2.1 Mills 1st 7 yrs, 3.0 Mills After	Reverts to Township, Renewl Clause, Amend 04/20/95
11/03/89	Vevay T. & Mason City	Sewer, Water, Other	10	2.1 Mills 1st 7 yrs. 3.0 Mills After	Reverts to Township

12/04/89	West Branch T. & West Branch City	Water, Storm Sewer	50	3.0 Mills	Transfer to City
12/20/86	West Traverse T. & Harbor Springs City	NA	50	Township Millage Rate	Reverts to Township
11/28/86	West Traverse T. & Harbor Springs City	NA	50	1.5 Mills or Township Millage	Reverts to Township
01/11/94	Wheatfield T. & Williamstown T.	Sewer, Water	50	1/2 Wheatfield's property taxes on property	Renewable up 50 years or reverts to Township
06/21/94	Wilson T. & Boyne City.	Economic Develop. Sewer, Water	10	Township property taxes & personal property taxes	Automatically renewable 10 yr or reverts to Township
07/17/86	York Township & Milan City	Sewer, Water, Fire	50	15% Revenues	Reverts to Township, Renewal Clause
04/19/93	Zeeland Charter T. & Zeeland City	Sewer	50	User Fees	Reverts to Township
04/19/93	Zeeland Charter T. & Zeeland City	Water	50	User Fees	Reverts to Township

Public Act 425 of 1984

124.21 Definitions.

Sec. 1. As used in this act:

(a) "Economic development project" means land and existing or planned improvements suitable for use by an industrial or commercial enterprise, or housing development, or the protection of the environment, including, but not limited to, groundwater or surface water. Economic development project includes necessary buildings, improvements, or structures suitable for and intended for or incidental to use as an industrial or commercial enterprise or housing development; and includes industrial park or industrial site improvements and port improvements or housing development incidental to an industrial or commercial enterprise; and includes the machinery, furnishings, and equipment necessary, suitable, intended for, or incidental to a commercial, industrial, or residential use in connection with the buildings or structures.

(b) "Local unit" means a city, township, or village.

History: 1984, Act 425, Eff. Mar. 29, 1985;--Am. 1990, Act 22, Imd. Eff. Mar. 6, 1990.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.22 Conditional transfer of property; period; written contract; renewal.

Sec. 2. (1) Two or more local units may conditionally transfer property for a period of not more than 50 years for the purpose of an economic development project. A conditional transfer of property shall be controlled by a written contract agreed to by the affected local units.

(2) A contract under this act may be renewed for additional periods of not to exceed 50 years upon approval of each legislative body of the affected local units.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.23 Formulation of contract; factors.

Sec. 3. When formulating a contract under this act, the local units shall consider the following factors:

(a) Composition of the population; population density; land area and land uses; assessed valuation; topography, natural boundaries, and drainage basins; and the past and probable future growth, including population increase and business, commercial, and industrial development in the area to be transferred. Comparative data for the transferring local unit and the portion of the local unit remaining after transfer of the property shall be considered.

(b) The need for organized community services; the present cost and adequacy of governmental services in the area to be transferred; the probable future needs for services; the practicability of supplying such services in the area to be transferred; the probable effect of the proposed transfer and of alternative courses of action on the cost and adequacy of services in the area to be transferred and on the remaining portion of the local unit from which the area will be transferred; the probable change in taxes and tax rates in the area to be transferred in relation to the benefits expected to accrue from the transfer; and the financial ability of the local unit responsible for services in the area to provide and maintain those services.

(c) The general effect upon the local units of the proposed action; and the relationship of the proposed action to any established city, village, township, county, or regional land use plan.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.24 Public hearing; notice; majority vote required.

Sec. 4. (1) The legislative body of each local unit affected by a proposed transfer of property under this act shall hold at least 1 public hearing before entering into a contract under this act. Notice of the hearing shall be given in the manner provided by the open meetings act, Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws.

(2) A decision to enter into a contract under this act shall be made by a majority vote of those members elected and serving on the legislative body of each affected local unit.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.25 Compliance as condition to entering into contract; resolution; referendum; approval by majority of electors; petition; effect of not filing petition or adopting resolution.

Sec. 5. (1) A contract shall not be entered into under this act except in compliance with this section.

(2) If the governing body of a local unit involved in a transfer of property under this act adopts a resolution calling for a referendum on the transfer, the local unit may enter into the contract only if the transfer is approved by a majority of the electors voting on the transfer.

(3) If, within 30 days after a public hearing is held under section 4, a petition signed by 20% or more of the registered electors residing within the property to be transferred is filed with the clerk of the local unit in which the property is located, a referendum on the transfer shall be held in that local unit. If a majority of the electors voting on the transfer approve the transfer, the local unit may enter into the contract.

(4) If no registered electors reside within the property to be transferred and if, within 30 days after a public hearing is held under section 4, a petition signed by persons owning 50% or more of the property to be transferred

is filed with the clerk of the local unit in which the property is located, a referendum on the transfer shall be held in that local unit. If a majority of the electors in the local unit voting on the transfer approve the transfer, the local unit may enter into the contract.

(5) If a petition is not filed or resolution is not adopted as provided in this section, the local unit may enter into the contract to transfer the property.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.26 Contract; provisions.

Sec. 6. (1) If applicable to the transfer, a contract under this act may provide for the following:

(a) Any method by which the contract may be rescinded or terminated by any participating local unit prior to the stated date of termination.

(b) The manner of employing, engaging, compensating, transferring, or discharging personnel required for the economic development project to be carried out under the contract, subject to the provisions of applicable civil service and merit systems. An employee who is transferred by a local unit due to a contract under this act shall not by reason of the transfer be placed in any worse position with respect to worker's compensation, pension, seniority, wages, sick leave, vacation, health and welfare insurance, or any other benefits that he or she enjoyed before the transfer.

(c) The fixing and collecting of charges, rates, rents, or fees, where appropriate, and the adoption of ordinances and their enforcement by or with the assistance of the participating local units.

(d) The manner in which purchases shall be made and contracts entered into.

(e) The acceptance of gifts, grants, assistance funds, or bequests.

(f) The manner of responding for any liabilities that might be incurred through performance of the contract and insuring against any such liability.

(g) Any other necessary and proper matters agreed upon by the participating local units.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.27 Contract; additional provisions.

Sec. 7. A contract under this act shall provide for the following:

(a) The length of the contract.

(b) Specific authorization for the sharing of taxes and any other revenues designated by the local units. The manner and extent to which the taxes and other revenues are shared shall be specifically provided for in the contract.

(c) Methods by which a participating local unit may enforce the contract including, but not limited to, return of the transferred area to the local unit from which the area was transferred before the expiration date of the contract.

(d) Which local unit has jurisdiction over the transferred area upon the expiration, termination, or nonrenewal of the contract.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.28 Conditionally transferred property; jurisdiction.

Sec. 8. Unless the contract specifically provides otherwise, property which is conditionally transferred by a contract under this act is, for the term of the contract and for all purposes, under the jurisdiction of the local unit to which the property is transferred.

History: 1984, Act 425, Eff. Mar. 29, 1985.

INTERGOVERNMENTAL CONDITIONAL TRANSFER OF PROPERTY BY CONTRACT (Act 425 of 1984)

124.29 Other method of annexation or transfer prohibited.

Sec. 9. While a contract under this act is in effect, another method of annexation or transfer shall not take place for any portion of an area transferred under the contract.

History: 1984, Act 425, Eff. Mar. 29, 1985.