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CITY OF ROCHESTER HILLS

**P**lanning and  
Development

DATE: February 22, 2005

TO: Mayor, Pat Somerville

FROM: Dan Casey, Planning &  
Development Department

RE: Use of TIF to Fund Police  
& Fire Service

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It came to my attention that the Public Safety Committee is considering the possibility of using tax increment financing from the City's LDFA as a funding mechanism for Police and Fire Services. While a creative concept, it is not a permitted eligible activity under Public Act 281. The purpose of an LDFA Authority is to oversee a Development Plan that provides public facilities to support economic development growth within a defined district. The Act, specifically MCL 125.2152, Section 2 (aa), defines a "Public Facility" as one or more of the following:

"A street, road, bridge, storm water or sanitary sewer, sewage treatment facility, facility designed to reduce, eliminate, or prevent the spread of identified soil or groundwater contamination, drainage system, retention basin, pretreatment facility, waterway, waterline, water storage facility, rail line, electric, gas, telephone or other communications, or any other type of utility line or pipeline, or other similar or related structure or improvement..."

The Act further permits the use of TIF funds to renovate a facility or construct a new building that will serve as a business incubator.

An LDFA may use TIF revenues to fund a director position either to manage the LDFA's activities or the operations of a business incubator. Other operational costs also are permitted, but only as they relate to implementing or overseeing a Plan, including annual audits and marketing.

If the Committee still seeks clarification, I am always available to meet with its members.