



September 19, 2016

Members of the Senate Economic Development Committee:

On behalf of Downtown Grand Rapids Inc (DGRI), it is my honor to submit this letter of support for SB 1026. Over the past three years, DGRI has worked to elevate local, regional, and state conversations about optimizing tax increment finance (TIF) tools and recognizing the contributions that communities make to effect more prosperous futures for themselves. We've done this because when done well, we believe that TIF is a tool that can inherently organize communities around a shared set of economic and community development objectives.

The draft introduced by Senator Horn provides several important first steps in that optimization and alignment process. First, it introduces some significant upgrades to the transparency of how resources are used and where that accounting of investments can be found – such as on each entity's website. This will help to assuage - if not relieve - substantial, pent-up frustrations on behalf of local units of government whom feel that TIF was done to them, rather than with them.

Second, it substantially increases the amount of reporting to be provided to the State of Michigan. These requirements will help the State to better quantify the full scale of TIF in Michigan, and where some standardization can occur – also assist in understanding how TIF revenues are being invested in local communities. This will invariably provide our lawmakers with better, more reliable information about what is and isn't happening in TIF districts across the state.

Last, and perhaps most importantly, this draft includes measures to ensure the accountability of TIF entities to the purposes they were established and the newly elevated reporting standards. Sometimes it takes the threat of real penalties to help incentivize the good behavior you are seeking from hundreds of TIFs from across the State.

On behalf of DGRI and our coalition of like-minded communities throughout West Michigan, we appreciate the opportunity to submit this letter of support. We recognize that this bill provides improvements to TIF management procedures, but that there may be more work to do in the future. We stand ready, willing, and able to assist this Committee and other lawmakers by providing the reliable insights of experienced practitioners – ultimately wanting to protect the integrity of the tools for the needs of this and future generations. We look forward to continuing to be a part of this good effort.

Sincerely,

Kristopher Larson, AICP
President & CEO
Downtown Grand Rapids Inc.
29 Pearl St. NW, Suite 1
Grand Rapids, MI 49503