

**SUBSTITUTE FOR
HOUSE BILL NO. 5325**

A bill to amend 1961 PA 120, entitled

"An act to authorize the development or redevelopment of principal shopping districts and business improvement districts; to permit the creation of certain boards; to provide for the operation of principal shopping districts and business improvement districts; to provide for the creation, operation, and dissolution of business improvement zones; and to authorize the collection of revenue and the bonding of certain local governmental units for the development or redevelopment projects,"

by amending section 1 (MCL 125.981), as amended by 2003 PA 209.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) As used in this chapter:

2 (a) "Assessable property" means real property in a district
3 area other than all of the following:

4 ~~—— (i) Property classified as residential real property under~~
5 ~~section 34c of the general property tax act, 1893 PA 206, MCL~~
6 ~~211.34c.~~

1 *(i)* ~~*(ii)*~~ Property owned by the federal, a state, or a local
 2 unit of government where property is exempt from the collection of
 3 taxes under the general property tax act, 1893 PA 206, MCL 211.1 to
 4 ~~211.157~~-**211.155**.

5 *(ii)* ~~*(iii)*~~ One or more classes of property owners whose
 6 property meets all of the following conditions:

7 (A) Is exempt from the collection of taxes under the general
 8 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~, **211.155**, other
 9 than property identified in subparagraph ~~*(ii)*~~ *(i)*.

10 (B) As a class has been determined by the legislative body of
 11 the local governmental unit not to be benefited by a project for
 12 which special assessments are to be levied.

13 (b) "Business improvement district" means 1 or more portions
 14 of a local governmental unit or combination of contiguous portions
 15 of 2 or more local governmental units that are predominantly
 16 commercial or industrial in use.

17 (c) "District" means a business improvement district or a
 18 principal shopping district.

19 (d) "Highways" means public streets, highways, and alleys.

20 (e) "Local governmental unit" means a city, village, or urban
 21 township.

22 (f) "Principal shopping district" means a portion of a local
 23 governmental unit designated by the governing body of the local
 24 governmental unit that is predominantly commercial and that
 25 contains at least 10 retail businesses.

26 (g) "Urban township" means a township that is an urban
 27 township as defined in section 2 of the local development financing

act, 1986 PA 281, MCL 125.2152, and is a township located in a county with a population of more than 750,000.

(2) A local governmental unit with a master plan for the physical development of the local governmental unit that includes an urban design plan designating a principal shopping district or includes the development or redevelopment of a principal shopping district, or 1 or more local governmental units that establish a business improvement district by resolution, may do 1 or more of the following:

(a) Subject, where necessary, to approval of the governmental entity that has jurisdiction over the highway, open, widen, extend, realign, pave, maintain, or otherwise improve highways and construct, reconstruct, maintain, or relocate pedestrian walkways.

(b) Subject, where necessary, to approval of the governmental entity that has jurisdiction over the highway, prohibit or regulate vehicular traffic where necessary to carry out the purposes of the development or redevelopment project.

(c) Subject, where necessary, to approval of the governmental entity that has jurisdiction over the highway, regulate or prohibit vehicular parking on highways.

(d) Acquire, own, maintain, demolish, develop, improve, or operate properties, off-street parking lots, or structures.

(e) Contract for the operation or maintenance by others of off-street parking lots or structures owned by the local governmental unit, or appoint agents for the operation or maintenance.

(f) Construct, maintain, and operate malls with bus stops,

1 information centers, and other buildings that will serve the public
2 interest.

3 (g) Acquire by purchase, gift, or condemnation and own,
4 maintain, or operate real or personal property necessary to
5 implement this section.

6 (h) Promote economic activity in the district by undertakings
7 including, but not limited to, conducting market research and
8 public relations campaigns, developing, coordinating, and
9 conducting retail and institutional promotions, and sponsoring
10 special events and related activities. A business may prohibit the
11 use of its name or logo in a public relations campaign, promotion,
12 or special event or related activity for the district.

13 (i) Provide for or contract with other public or private
14 entities for the administration, maintenance, security, operation,
15 and provision of services that the board determines are a benefit
16 to a district within the local governmental unit.

17 (3) A local governmental unit that provides for ongoing
18 activities under subsection (2)(h) or (i) shall also provide for
19 the creation of a board for the management of those activities.

20 (4) One member of the board of the principal shopping district
21 shall be from the adjacent residential area, 1 member shall be a
22 representative of the local governmental unit, and a majority of
23 the members shall be nominees of individual businesses located
24 within the principal shopping district. The board shall be
25 appointed by the chief executive officer of the local governmental
26 unit with the concurrence of the legislative body of the local
27 governmental unit. However, if all of the following requirements

1 are met, a business may appoint a member of the board of a
2 principal shopping district, which member shall be counted toward
3 the majority of members required to be nominees of businesses
4 located within the principal shopping district:

5 (a) The business is located within the principal shopping
6 district.

7 (b) The principal shopping district was designated by the
8 governing body of a local governmental unit after July 14, 1992.

9 (c) The business is located within a special assessment
10 district established under section 5.

11 (d) The special assessment district is divided into special
12 assessment rate zones reflecting varying levels of special
13 benefits.

14 (e) The business is located in the special assessment rate
15 zone with the highest special assessment rates.

16 (f) The square footage of the business is greater than 5.0% of
17 the total square footage of all businesses in that special
18 assessment rate zone.

19 (5) If the boundaries of the principal shopping district are
20 the same as those of a downtown district designated under 1975 PA
21 197, MCL 125.1651 to 125.1681, the governing body may provide that
22 the members of the board of the downtown development authority,
23 which manages the downtown district, shall compose the board of the
24 principal shopping district, in which case subsection (4) does not
25 apply.

26 (6) The members of the board of a business improvement
27 district shall be determined by the local governmental unit as

1 provided in this subsection. The board of a business improvement
2 district shall consist of all of the following:

3 (a) One representative of the local governmental unit
4 appointed by the chief executive officer of the local governmental
5 unit with the concurrence of the legislative body of the local
6 governmental unit in which the business improvement district is
7 located. If the business improvement district is located in more
8 than 1 local governmental unit, then 1 representative from each
9 local governmental unit in which the business improvement district
10 is located shall serve on the board as provided in this
11 subdivision.

12 (b) Other members of the board shall be nominees of the
13 businesses and property owners located within the business
14 improvement district. If a class of business or property owners, as
15 identified in the resolution described in subsection (8), is
16 projected to pay more than 50% of the special assessment levied
17 that benefits property in a business improvement district for the
18 benefit of the business improvement district, the majority of the
19 members of the board of the business improvement district shall be
20 nominees of the business or property owners in that class.

21 (7) A local governmental unit may create 1 or more business
22 improvement districts.

23 (8) If 1 or more local governmental units establish a business
24 improvement district by resolution under subsection (2), the
25 resolution shall identify all of the following:

26 (a) The geographic boundaries of the business improvement
27 district.

1 (b) The number of board members in that business improvement
2 district.

3 (c) The different classes of property owners in the business
4 improvement district.

5 (d) The class of business or property owners, if any, who are
6 projected to pay more than 50% of the special assessment levied
7 that benefits property in that business improvement district.