



Olds Plaza Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

DETROIT: SPECIAL ASSESSMENTS

Senate Bill 936 with House committee amendment
First Analysis (12-7-94)

Sponsor: Sen. Michael J. O'Brien
Senate Committee: Finance
House Committee: Local Government

THE APPARENT PROBLEM:

Supporters of some neighborhood organizations in Detroit are requesting the ability to establish, by petition, special assessment districts that would allow them to provide certain kinds of services to district residents, who would be assessed a fee to cover the costs. The services in question are snow removal, mosquito abatement, and security services. Neighborhood groups already provide these kinds of services, say supporters, but must raise the funds without any such official assessment mechanism. They say that in such cases the financial burden tends to fall on the same few individuals. Further, they complain, providing such services is becoming increasingly expensive. Granting neighborhoods the ability to establish special assessment districts, say proponents, would allow citizens to identify concerns of special importance to them and address them through cooperative action in times when the city does not have the resources to provide the level of services some neighborhoods desire.

THE CONTENT OF THE BILL:

The bill would amend the home rule cities act (MCL 117.5i) to permit a city with a population of over one million (i.e., Detroit), whether or not authorized by its charter, to provide by ordinance a procedure to finance snow removal from streets, mosquito abatement, and security services by special assessment. Services would have to be provided by private contractor. The ordinance would have to authorize the use of petitions to initiate the establishment of a special assessment district. The petitions would have to be signed by at least 51 percent of the record owners of the land constituting the actual special assessment district. The bill also would provide that a service instituted under the bill could be discontinued upon petition by the record owners of 51 percent of the land constituting the special assessment district.

HOUSE COMMITTEE ACTION:

The House Local Government Committee added an amendment to the Senate-passed version (Substitute S-2) to require that services provided to a special assessment district under this bill be provided by private contractor.

FISCAL IMPLICATIONS:

The cost of the bill is indeterminate, according to the Senate Fiscal Agency. (Floor Analysis dated 4-26-94)

ARGUMENTS:

For:

Under the bill, if the Detroit City Council passed an ordinance permitting it, the citizens of a neighborhood in the city could by petition of a majority of property owners create a special assessment district to raise revenue in order to provide for snow removal, mosquito abatement, or security services. Proponents of this idea have said it offers established neighborhoods an effective vehicle for addressing issues of particular concern to them that a large city like Detroit cannot respond to effectively. The bill, they say, offers neighborhoods that would like to sponsor certain services not being provided (or adequately provided) by the city a vehicle for paying for those services equitably. This provides to urban neighborhoods, they say, a tool similar to those available for new subdivisions, condominiums, or cooperatives that can now build such services and fees into property ownership agreements. Special assessment districts are used commonly by other forms of government to provide public services. The bill, notably, would also permit residents to discontinue services by petition if they felt they were not needed or were not being provided satisfactorily.

Senate Bill 936 (12-7-94)

Response:

This approach raises a number of questions. For one thing, is it wise for the legislature to pass legislation granting a city certain kinds of powers "whether or not authorized by its charter"? Also, as a practical matter, would it lead to a greater disparity between neighborhood services in the city if some neighborhoods have the wherewithal to establish special districts and receive enhanced services while others do not? Could it lead to fragmentation of the sort that would produce less support for general taxation to address concerns felt citywide, if certain neighborhoods could organize to provide their own services?

POSITIONS:

The City of Detroit supports the bill. (12-6-94)

The following have submitted letters in support of the bill: Northwest Detroit Neighborhood Development, Inc.; the North Rosedale Park Civic Association; and Motor City Blight Busters, Inc. (12-6-94)