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SFA**BILL ANALYSIS**

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Senate Bill 484 (as introduced 3-25-99)
Sponsor: Senator John J.H. Schwarz, M.D.
Committee: Economic Development, International Trade and Regulatory Affairs

Date Completed: 4-27-99

CONTENT

The bill would amend the shopping areas redevelopment Act to extend the Act to a business improvement district; establish the membership of a business improvement district board; and require the board to develop a marketing and development plan before levying a special assessment that benefitted the business improvement district.

Business Improvement District

The Act currently allows a city with a plan for the physical development of the city, that includes an urban design plan designating a principal shopping district or includes the development or redevelopment of a principal shopping district, to conduct projects in conjunction with the principal shopping district. The city may improve highways and construct, reconstruct, maintain or relocate pedestrian walkways; prohibit or regulate vehicular traffic to carry out a project; regulate or prohibit vehicular parking on highways; acquire, own, maintain, or operate properties, off-street parking lots, or structures; contract for the operation or maintenance of city off-street parking lots; construct, maintain, and operate malls with bus stops, information centers, and other buildings serving the public interest; own and maintain or operate real or personal property necessary to implement the Act; promote economic activity in the district; and provide for the maintenance, security, and operation of a district within the city.

In addition to a city with a master plan, the bill would include a city that determined by resolution that a business improvement district was needed to increase economic activity in certain areas of the city and subsequently created a business improvement district. The bill also would allow a city to create one or more business improvement districts. "Business improvement district" would mean one or more portions of a city or combination of contiguous portions of two or more cities that were predominantly commercial or industrial in use. "City" would mean a city, or for purposes of a business improvement district, a city or two or more cities acting together in the creation and operation of a business improvement district.

Business Improvement District Board

Membership. The members and the number of members of the board of a business improvement district would have to be determined by the city as provided in the bill. The board would have to include one representative of the city in which the business improvement district was located. If the district were located in more than one city, then one representative from each city in which the district was located would have to serve on the board. Other members would have to be nominees of the business and property owners located within the district. If a class of business or property owners (as identified in the marketing and development plan described below) paid more than 50% of the special assessment levied in a business improvement district for the benefit of the district, the majority of the board members would have to be nominees of the business or property owners in that class.

Special Assessment. Under the Act, the cost of a principal shopping district project may be financed by various specified methods, including the levying of special assessments against land or interests in land. Under the bill, a business improvement district project also could be financed by the same methods. The bill specifies that before a city levied a special assessment that benefitted a business improvement district, the board would

be required to develop a marketing and development plan that detailed the scope, nature, and duration of the business improvement district project or projects; and the different classes of property owners who were going to be assessed and the projected amount of the special assessment on the different classes.

MCL 125.981-125.985

Legislative Analyst: N. Nagata

FISCAL IMPACT

The bill would have no fiscal impact on State government. The bill would allow cities, as specified in the bill, to create business improvement districts. Data such as the size of the districts, and the type and number of businesses that would be included in the districts, are not available to determine the fiscal impact. However, special assessments would be levied only on businesses in the business improvement districts according to the benefits each business received.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.