

**SENATE BILL NO. 484**

March 25, 1999, Introduced by Senator SCHWARZ and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend 1961 PA 120, entitled

"An act to authorize the development or redevelopment of principal shopping districts of certain cities; to permit the creation of certain boards; and to authorize the collection of revenue and the bonding of certain cities for the development or redevelopment projects,"

by amending the title and sections 1, 2, 3, 4, and 5 (MCL 125.981, 125.982, 125.983, 125.984, and 125.985), as amended by 1992 PA 146.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1

TITLE

2

An act to authorize the development or redevelopment of

3

principal shopping districts ~~of certain cities~~ AND BUSINESS

4

IMPROVEMENT DISTRICTS; to permit the creation of certain boards;

5

TO PROVIDE FOR THE OPERATION OF PRINCIPAL SHOPPING DISTRICTS AND

6

BUSINESS IMPROVEMENT DISTRICTS; and to authorize the collection

1 of revenue and the bonding of certain cities for the development  
2 or redevelopment projects.

3 Sec. 1. (1) As used in this act:

4 (A) "BUSINESS IMPROVEMENT DISTRICT" MEANS 1 OR MORE PORTIONS  
5 OF A CITY OR COMBINATION OF CONTIGUOUS PORTIONS OF 2 OR MORE  
6 CITIES THAT ARE PREDOMINANTLY COMMERCIAL OR INDUSTRIAL IN USE.

7 (B) "CITY" MEANS A CITY OR FOR PURPOSES OF A BUSINESS  
8 IMPROVEMENT DISTRICT MEANS A CITY OR 2 OR MORE CITIES ACTING  
9 TOGETHER IN THE CREATION AND OPERATION OF A BUSINESS IMPROVEMENT  
10 DISTRICT.

11 (C) "DISTRICT" MEANS A BUSINESS IMPROVEMENT DISTRICT OR A  
12 PRINCIPAL SHOPPING DISTRICT.

13 (D) ~~(a)~~ "Highways" means public streets, highways, and  
14 alleys.

15 (E) ~~(b)~~ "Principal shopping district" means a portion of a  
16 city designated by the governing body of the city that is predom-  
17 inantly commercial and that contains at least 10 retail  
18 businesses.

19 (2) A city with a master plan for the physical development  
20 of the city, that ~~either~~ includes an urban design plan desig-  
21 nating a principal shopping district or includes the development  
22 or redevelopment of a principal shopping district, ~~in respect to~~  
23 ~~the principal shopping district~~ OR A CITY THAT DETERMINES BY  
24 RESOLUTION THAT A BUSINESS IMPROVEMENT DISTRICT IS NEEDED TO  
25 INCREASE ECONOMIC ACTIVITY IN CERTAIN AREAS OF THE CITY AND SUB-  
26 SEQUENTLY CREATES A BUSINESS IMPROVEMENT DISTRICT, may do 1 or  
27 more of the following:

1 (a) Open, widen, extend, realign, pave, maintain, or  
2 otherwise improve highways and construct, reconstruct, maintain,  
3 or relocate pedestrian walkways.

4 (b) Prohibit or regulate vehicular traffic where necessary  
5 to carry out the purposes of the development or redevelopment  
6 project.

7 (c) Regulate or prohibit vehicular parking on highways.

8 (d) Acquire, own, maintain, DEMOLISH, DEVELOP, IMPROVE, or  
9 operate PROPERTIES, off-street parking lots, or structures.

10 (e) Contract for the operation or maintenance by others of  
11 city off-street parking lots or structures, or appoint agents for  
12 the operation or maintenance.

13 (f) Construct, maintain, and operate malls with bus stops,  
14 information centers, and other buildings that will serve the  
15 public interest.

16 (g) Acquire by purchase, gift, or condemnation and own,  
17 maintain, or operate real or personal property necessary to  
18 implement this section.

19 (h) Promote economic activity in the ~~principal shopping~~  
20 district by undertakings including, but not limited to, conduct-  
21 ing market research and public relations campaigns, developing,  
22 coordinating, and conducting retail and institutional promotions,  
23 and sponsoring special events and related activities. A business  
24 may prohibit the use of its name or logo in a public relations  
25 campaign, promotion, or special event or related activity for the  
26 ~~principal shopping~~ district.

1 (i) Provide for OR CONTRACT WITH OTHER PUBLIC OR PRIVATE  
2 ENTITIES FOR the ADMINISTRATION, maintenance, security, and  
3 operation of a ~~principal shopping~~ district within the city.

4 (3) A city that provides for ongoing activities under sub-  
5 section (2)(h) or (i) shall also provide for the creation of a  
6 board for the management of those activities.

7 (4) One member of the board of the principal shopping dis-  
8 trict shall be from the adjacent residential area, 1 member shall  
9 be a representative of city government, and a majority of the  
10 members shall be nominees of individual businesses located within  
11 the principal shopping district. The board shall be appointed by  
12 the chief executive officer of the city with the concurrence of  
13 the governing body of the city. However, if all of the following  
14 requirements are met, a business may appoint a member of the  
15 board of a principal shopping district, which member shall be  
16 counted toward the majority of members required to be nominees of  
17 businesses located within the principal shopping district:

18 (a) The business is located within the principal shopping  
19 district.

20 (b) The principal shopping district was designated by the  
21 governing body of a city after ~~the effective date of the amenda-~~  
22 ~~tory act that added this subdivision~~ JULY 14, 1992.

23 (c) The business is located within a special assessment dis-  
24 trict established under section 5.

25 (d) The special assessment district is divided into special  
26 assessment rate zones reflecting varying levels of special  
27 benefits.

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

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

6 (5) If the boundaries of the principal shopping district are  
7 the same as those of a downtown district designated under ~~Act~~  
8 ~~No. 197 of the Public Acts of 1975, being sections 125.1651 to~~  
9 ~~125.1681 of the Michigan Compiled Laws~~ 1975 PA 197, MCL 125.1651  
10 TO 125.1681, the governing body may provide that the members of  
11 the board of the downtown development authority, which manages  
12 the downtown district, shall compose the board of the principal  
13 shopping district, in which case subsection (4) does not apply.

14 (6) THE MEMBERS OF AND THE NUMBER OF MEMBERS OF THE BOARD OF  
15 A BUSINESS IMPROVEMENT DISTRICT SHALL BE DETERMINED BY THE CITY  
16 AS PROVIDED IN THIS SUBSECTION. THE BOARD OF A BUSINESS IMPROVE-  
17 MENT DISTRICT SHALL CONSIST OF ALL OF THE FOLLOWING:

18 (A) ONE REPRESENTATIVE OF THE CITY IN WHICH THE BUSINESS  
19 IMPROVEMENT DISTRICT IS LOCATED. IF THE BUSINESS IMPROVEMENT  
20 DISTRICT IS LOCATED IN MORE THAN 1 CITY, THEN 1 REPRESENTATIVE  
21 FROM EACH CITY IN WHICH THE BUSINESS IMPROVEMENT DISTRICT IS  
22 LOCATED SHALL SERVE ON THE BOARD.

23 (B) OTHER MEMBERS OF THE BOARD SHALL BE NOMINEES OF THE  
24 BUSINESSES AND PROPERTY OWNERS LOCATED WITHIN THE BUSINESS  
25 IMPROVEMENT DISTRICT. IF A CLASS OF BUSINESS OR PROPERTY OWNERS,  
26 AS IDENTIFIED IN THE MARKETING AND DEVELOPMENT PLAN DESCRIBED IN  
27 SECTION 5(7), PAYS MORE THAN 50% OF THE SPECIAL ASSESSMENT LEVIED

1 IN A BUSINESS IMPROVEMENT DISTRICT FOR THE BENEFIT OF THE  
2 BUSINESS IMPROVEMENT DISTRICT, THE MAJORITY OF THE MEMBERS OF THE  
3 BOARD OF THE BUSINESS IMPROVEMENT DISTRICT SHALL BE NOMINEES OF  
4 THE BUSINESS OR PROPERTY OWNERS IN THAT CLASS.

5 (7) A CITY MAY CREATE 1 OR MORE BUSINESS IMPROVEMENT  
6 DISTRICTS.

7 Sec. 2. The cost of the whole or any part of a principal  
8 shopping district project OR BUSINESS IMPROVEMENT DISTRICT  
9 PROJECT as authorized in this act may be financed by 1 or more of  
10 the following methods:

11 (a) Grants and gifts to the city OR DISTRICT.

12 (b) City funds.

13 (c) The issuance of general obligation bonds of the city.

14 (d) The issuance of revenue bonds by the city under the rev-  
15 enue bond act of 1933, ~~Act No. 94 of the Public Acts of 1933, as~~  
16 ~~amended, being sections 141.101 to 141.140 of the Michigan~~  
17 ~~Compiled Laws~~ 1933 PA 94, MCL 141.101 TO 141.140, or under any  
18 other applicable revenue bond act. The issuance of the bonds  
19 shall be limited to the part or parts of the ~~principal shopping~~  
20 district project that are public improvements.

21 (e) The levying of special assessments against land or  
22 interests in land, or both.

23 (F) ANY OTHER SOURCE.

24 Sec. 3. A ~~principal shopping~~ district project as autho-  
25 rized by this act is a public improvement. The use in this act  
26 of the term "public improvement" does not prevent the levying of

1 a special assessment for the cost of a part of a ~~principal~~  
2 ~~shopping~~ district project that represents special benefits.

3       Sec. 4. The development or redevelopment of a ~~principal~~  
4 ~~shopping~~ district, including the various phases of the develop-  
5 ment or redevelopment, is 1 project and, in the discretion of the  
6 governing body of the city, may be financed as a single  
7 improvement.

8       Sec. 5. (1) If a city elects to levy special assessments to  
9 defray all or part of the cost of the ~~principal shopping~~ dis-  
10 trict project, then the special assessments shall be levied pur-  
11 suant to applicable statutory or charter provisions or, if there  
12 are no applicable statutory or charter provisions, pursuant to  
13 statutory or charter provisions applicable to city street  
14 improvements. If a city charter does not authorize special  
15 assessments for the purposes set forth in this act, the charter  
16 provisions authorizing special assessments for street improve-  
17 ments are made applicable to the purposes set forth in this act,  
18 without amendment to the charter. The total amount assessed for  
19 ~~principal shopping~~ district purposes may be made payable in not  
20 more than 20 annual installments as determined by the governing  
21 body of the city, the first installment to be payable in not more  
22 than 18 months after the date of the confirmation of the special  
23 assessment roll.

24       (2) A special assessment shall be levied against a parcel on  
25 the basis of the special benefits to that parcel from the total  
26 project. To the extent that a parcel is used for residential  
27 purposes, the parcel shall not be considered to be benefited by a

1 project for which special assessments are levied by a city  
2 pursuant to this act. There is a rebuttable presumption that a  
3 ~~principal shopping~~ district project specially benefits all non-  
4 residential properties located within the ~~principal shopping~~  
5 district.

6 (3) This subsection applies to a principal shopping district  
7 only if the principal shopping district is designated by the gov-  
8 erning body of a city after ~~the effective date of the amendatory~~  
9 ~~act that added this subsection~~ JULY 14, 1992. The special  
10 assessments annually levied on a parcel under this act shall not  
11 exceed the product of \$10,000.00 and the number of businesses on  
12 that parcel. A business located on a single parcel shall not be  
13 responsible for a special assessment in excess of \$10,000.00  
14 annually. When the special assessment district is created, a  
15 lessor of a parcel subject to a special assessment may unilater-  
16 ally revise an existing lease to a business located on that  
17 parcel to recover from that business all or part of the special  
18 assessment, as is proportionate considering the portion of the  
19 parcel occupied by the business.

20 (4) The \$10,000.00 maximum amounts in subsection (3) shall  
21 be adjusted each January 1, beginning January 1, 1994, pursuant  
22 to the annual average percentage increase or decrease in the  
23 Detroit consumer price index for all items as reported by the  
24 United States department of labor. The adjustment for each year  
25 shall be made by comparing the Detroit consumer price index for  
26 the 12-month period ending the preceding October 31 with the  
27 corresponding Detroit consumer price index of 1 year earlier.

1 The percentage increase or decrease shall then be multiplied by  
2 the current amounts under subsection (3) authorized by this  
3 section. The product shall be rounded up to the nearest multiple  
4 of 50 cents and shall be the new amount.

5 (5) The city may issue special assessment bonds in anticipa-  
6 tion of the collection of the special assessments for a  
7 ~~principal shopping~~ district project and, by action of its gov-  
8 erning body, may pledge its full faith and credit for the prompt  
9 payment of the bonds. The last maturity on the bonds shall be  
10 not later than 2 years after the due date of the last installment  
11 on the special assessments. Special assessment bonds may be  
12 issued pursuant to statutory or charter provisions applicable to  
13 the issuance by the city of special assessment bonds for the  
14 improvement or, if there are no applicable statutory or charter  
15 provisions, pursuant to statutory or charter provisions applica-  
16 ble to the issuance by the city of special assessment bonds for  
17 street improvements.

18 (6) If a ~~principal shopping~~ district project in a  
19 ~~principal shopping~~ district designated by the governing body of  
20 a city after ~~the effective date of the amendatory act that added~~  
21 ~~this subsection~~ JULY 14, 1992 is financed by special assess-  
22 ments, the governing body of the city shall review the special  
23 assessments every 5 years, unless special assessment bonds are  
24 outstanding.

25 (7) BEFORE A CITY LEVIES A SPECIAL ASSESSMENT UNDER THIS ACT  
26 THAT BENEFITS A BUSINESS IMPROVEMENT DISTRICT, THE BUSINESS

1 IMPROVEMENT DISTRICT BOARD SHALL DEVELOP A MARKETING AND  
2 DEVELOPMENT PLAN THAT DETAILS ALL OF THE FOLLOWING:

3       (A) THE SCOPE, NATURE, AND DURATION OF THE BUSINESS IMPROVE-  
4 MENT DISTRICT PROJECT OR PROJECTS.

5       (B) THE DIFFERENT CLASSES OF PROPERTY OWNERS WHO ARE GOING  
6 TO BE ASSESSED AND THE PROJECTED AMOUNT OF THE SPECIAL ASSESSMENT  
7 ON THE DIFFERENT CLASSES.