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BILL ANALYSIS



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Senate Bill 306 (as introduced 5-8-19)
Sponsor: Senator Peter MacGregor
Committee: Economic and Small Business Development

Date Completed: 5-21-19

CONTENT

The bill would amend Chapter 1 (Principal Shopping District) and Chapter 2 (Business Improvement Zone) of Public Act 120 of 1961, which authorizes the development of principal shopping districts and business improvement zones, to modify the definition of "assessable property".

The Act authorizes the development or redevelopment of principal shopping districts and business improvement districts. Under Chapter 1, the cost of the whole or any part of a principal shopping district project or business improvement district project may be financed by one or more methods, including the levying of special assessments against land or interests in land, or both. A special assessment must be levied against assessable property on the basis of the special benefits to that parcel from the total project.

Under Chapter 1, "assessable property" means real property in a district area other than the following:

- Property owned by the Federal, a state, or a local unit of government where property is exempt from the collection of taxes under the General Property Tax Act.
- One or more classes of property owners whose property is exempt from the collection of taxes under the General Property Tax Act other than property previously identified, and as a class has been determined by the legislative body of the local governmental unit not to be benefited by a project for which special assessments are to be levied.

The term also means real property in a district area other than property classified as residential real property under the General Property Tax Act.

Under the bill, instead, the term would include real property in a district area other than property classified as residential real property under the General Property Tax Act unless the local governmental unit expressly designated property classified as residential real property as assessable property as part of its special assessment proceedings.

Under Chapter 2 of Public Act 120 of 1961, one or more business improvement zones may be established within a city or village. A business improvement zone may be funded in whole or in part by one or more assessments on assessable property. An assessment under Chapter 2 is in addition to any taxes or special assessments otherwise imposed on assessable property. An assessment may be imposed against assessable property only on the basis of the benefits to assessable property afforded by the zone plan.

Chapter 2 defines "assessable property" as real property in a zone area other than property classified as residential real property under the General Property Tax Act or real property exempt from the collection of taxes under that Act. Under the bill, the term would mean one or more of the following:

- Real property in a zone area other than real property exempt from the collection of taxes under the General Property Tax Act.
- Real property in a zone area classified as residential real property under the General Property Tax Act, only if the one plan for the zone area designated property classified as residential real property in the zone area as assessable property under the zone plan.

MCL 125.981 & 125.990

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on the State and no net fiscal impact on local governments. The distribution of assessments would change in any district that chose to include residential real property as assessable property, but such a change would not affect the total amount of revenue assessed for the district.

Fiscal Analyst: Ryan Bergan

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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.