

SENATE BILL NO. 306

May 08, 2019, Introduced by Senator MACGREGOR and referred to the Committee on Economic and Small Business Development.

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 sections 1 and 10 (MCL 125.981 and 125.990), section 1 as amended by 2003 PA 209 and section 10 as amended by 2018 PA 262.

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, **unless the local governmental unit expressly designates**
7 **property classified as residential real property as assessable**
8 **property as part of its special assessment proceedings.**

9 (ii) Property owned by the federal, a state, or a local unit of
10 government where property is exempt from the collection of taxes
11 under the general property tax act, 1893 PA 206, MCL 211.1 to
12 ~~211.157.~~**211.155.**

13 (iii) One or more classes of property owners whose property
14 meets all of the following conditions:

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

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

21 (b) "Business improvement district" means 1 or more portions
22 of a local governmental unit or combination of contiguous portions
23 of 2 or more local governmental units that are predominantly
24 commercial or industrial in use.

25 (c) "District" means a business improvement district or a
26 principal shopping district.

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

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

1 (f) "Principal shopping district" means a portion of a local
2 governmental unit designated by the governing body of the local
3 governmental unit that is predominantly commercial and that
4 contains at least 10 retail businesses.

5 (g) "Urban township" means a township that is an urban
6 township as defined in section 2 of the local development financing
7 act, 1986 PA 281, MCL 125.2152, **402 of the recodified tax increment**
8 **financing act, 2018 PA 57, MCL 125.4402**, and is a township located
9 in a county with a population of more than 750,000.

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

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

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

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

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

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

5 (f) Construct, maintain, and operate malls with bus stops,
6 information centers, and other buildings that will serve the public
7 interest.

8 (g) Acquire by purchase, gift, or condemnation and own,
9 maintain, or operate real or personal property necessary to
10 implement this section.

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

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

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

25 (4) One member of the board of the principal shopping district
26 shall be from the adjacent residential area, 1 member shall be a
27 representative of the local governmental unit, and a majority of
28 the members shall be nominees of individual businesses located
29 within the principal shopping district. The board shall be

1 appointed by the chief executive officer of the local governmental
 2 unit with the concurrence of the legislative body of the local
 3 governmental unit. However, if all of the following requirements
 4 are met, a business may appoint a member of the board of a
 5 principal shopping district, which member shall be counted toward
 6 the majority of members required to be nominees of businesses
 7 located within the principal shopping district:

8 (a) The business is located within the principal shopping
 9 district.

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

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

14 (d) The special assessment district is divided into special
 15 assessment rate zones reflecting varying levels of special
 16 benefits.

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

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

22 (5) If the boundaries of the principal shopping district are
 23 the same as those of a downtown district designated under ~~1975 PA~~
 24 ~~197, MCL 125.1651 to 125.1681,~~ **part 2 of the recodified tax**
 25 **increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230,** the
 26 governing body may provide that the members of the board of the
 27 downtown development authority, which manages the downtown
 28 district, shall compose the board of the principal shopping
 29 district, in which case subsection (4) does not apply.

1 (6) The members of the board of a business improvement
2 district shall be determined by the local governmental unit as
3 provided in this subsection. The board of a business improvement
4 district shall consist of all of the following:

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

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

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

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

28 (a) The geographic boundaries of the business improvement
29 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.

8 Sec. 10. As used in this chapter:

9 (a) "Assessable property" means ~~real~~ **1 or more of the**
10 **following:**

11 (i) **Real** property in a zone area other than ~~property classified~~
12 ~~as residential real property under section 34c of the general~~
13 ~~property tax act, 1893 PA 206, MCL 211.34c, or real property exempt~~
14 ~~from the collection of taxes under the general property tax act,~~
15 ~~1893 PA 206, MCL 211.1 to 211.155.~~

16 (ii) **Real property in a zone area classified as residential**
17 **real property under section 34c of the general property tax act,**
18 **1893 PA 206, MCL 211.34c, only if the 1 plan for the zone area**
19 **designates property classified as residential real property in the**
20 **zone area as assessable property under the zone plan.**

21 (b) "Assessment" means an assessment imposed under this
22 chapter against assessable property for the benefit of the property
23 owners.

24 (c) "Assessment revenues" means the money collected by a
25 business improvement zone from any assessments, including any
26 interest on the assessments.

27 (d) "Board" means the board of directors of a business
28 improvement zone.

29 (e) "Business improvement zone" means a business improvement

1 zone created under this chapter.

2 (f) "Nonprofit corporation" means a nonprofit corporation
3 organized under the nonprofit corporation act, 1982 PA 162, MCL
4 450.2101 to 450.3192, and that complies with all of the following:

5 (i) The articles of incorporation of the nonprofit corporation
6 provide that the nonprofit corporation may promote a business
7 improvement zone and may also provide management services related
8 to the implementation of a zone plan.

9 (ii) The nonprofit corporation is exempt from federal income
10 tax under section 501(c)(4) or ~~501(e)(6)~~ **(6)** of the internal
11 revenue code, 28 USC 501.

12 (g) "Person" means an individual, partnership, corporation,
13 limited liability company, association, or other legal entity.

14 (h) "Project" means any activity for the benefit of property
15 owners authorized by section 10a to enhance the business
16 environment within a zone area.

17 (i) "Property owner" means a person who owns, or an agent
18 authorized in writing by a person who owns, assessable property
19 according to the records of the treasurer of the city or village in
20 which the business improvement zone is located.

21 (j) "Qualifying period" means the period in which a business
22 improvement zone is authorized to operate and impose and collect
23 assessments, beginning on the date that the business improvement
24 zone is approved by the property owners voting on the question as
25 provided in section 10f and ending 7 to 10 calendar years after
26 that date as determined in the petition described in section 10c.
27 The 10-year period or qualifying period of a business improvement
28 zone that was created before ~~the date of the amendatory act that~~
29 ~~added this sentence~~ **June 28, 2018** begins on the date that the

1 business improvement zone was approved by the property owners
2 voting on the question as provided in section 10f.

3 (k) "Zone area" means the area designated in the zone plan as
4 the area to be served by the business improvement zone.

5 (l) "Zone plan" means a set of goals, strategies, objectives,
6 and guidelines for the operation of a business improvement zone.