

# HOUSE BILL No. 4809

June 5, 2003, Introduced by Reps. Hunter, Gaffney, Rivet, Lipsey, Tobocman, Kolb, Richardville, Howell, Kooiman, Farhat, LaSata, Jamnick, Woronchak, Pumford, Gleason, Condino, McConico and Huizenga and referred to the Committee on Commerce.

A bill to provide for the creation, operation, and dissolution of neighborhood improvement districts; to permit the creation of certain boards; and to authorize the collection and disbursement of revenue.

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

1       Sec. 1. This act shall be known and may be cited as the  
2 "neighborhood improvement district act".

3       Sec. 2. As used in this act:

4       (a) "Assessable property" means real property in a district  
5 area that is classified as residential real property under  
6 section 34c of the general property tax act, 1893 PA 206,  
7 MCL 211.34c, that is not exempt from the collection of taxes  
8 under the general property tax act, 1893 PA 206, MCL 211.1 to  
9 211.157.

10       (b) "Assessment" means an assessment imposed under this act

HOUSE BILL No. 4809

1 against assessable property for the benefit of the property  
2 owners.

3 (c) "Assessment revenues" means the money collected by a  
4 neighborhood improvement district from any assessments, including  
5 any interest on the assessments.

6 (d) "Blighted" means that term as described in section 2 of  
7 the brownfield redevelopment financing act, 1996 PA 381, MCL  
8 125.2652.

9 (e) "Board" means the board of directors of a neighborhood  
10 improvement district.

11 (f) "District area" means the area designated in the district  
12 plan as the area to be served by the neighborhood improvement  
13 district.

14 (g) "District plan" means a set of goals, strategies,  
15 objectives, and guidelines for the operation of a neighborhood  
16 improvement district, as approved at a meeting of property owners  
17 conducted under section 6.

18 (h) "Neighborhood improvement district" means a neighborhood  
19 improvement district created under this act.

20 (i) "Person" means an individual, partnership, corporation,  
21 limited liability company, association, or other legal entity.

22 (j) "Project" means any activity for the benefit of property  
23 owners authorized by section 3 to enhance the neighborhood  
24 improvement district.

25 (k) "Property owner" means a person who owns, or an agent  
26 authorized in writing by a person who owns, assessable property  
27 according to the records of the treasurer of the city or village

1 in which the neighborhood improvement district is located.

2 (l) "7-year period" means the period in which a neighborhood  
3 improvement district is authorized to operate, beginning on the  
4 date that the neighborhood improvement district is created or  
5 renewed and ending 7 calendar years after that date.

6 Sec. 3. (1) A neighborhood improvement district is a public  
7 body corporate and may do 1 or more of the following for the  
8 benefit of property owners located in the neighborhood  
9 improvement district:

10 (a) Acquire, through purchase, lease, or gift, construct,  
11 develop, improve, maintain, operate, or reconstruct park areas,  
12 planting areas, and related facilities within the district area.

13 (b) Acquire, construct, clean, improve, maintain,  
14 reconstruct, or relocate sidewalks, street curbing, street  
15 medians, fountains, and lighting within the district area.

16 (c) Develop and propose lighting standards within the  
17 district area.

18 (d) Acquire, plant, and maintain trees, shrubs, flowers, or  
19 other vegetation within the district area.

20 (e) Provide or contract for security services with other  
21 public or private entities and purchase equipment or technology  
22 related to security services within the district area.

23 (f) Promote and sponsor cultural or recreational activities.

24 (g) Demolish abandoned buildings and make other improvements  
25 in the district area.

26 (h) Engage in other activity with the purpose to enhance the  
27 economic prosperity, enjoyment, appearance, image, and safety of

1 the district area.

2 (i) Acquire by purchase or gift, maintain, or operate real or  
3 personal property necessary to implement this act.

4 (j) Solicit and accept gifts or grants to further the  
5 development plan.

6 (k) Sue or be sued.

7 (2) A neighborhood improvement district has the authority to  
8 borrow money in anticipation of the receipt of assessments if all  
9 of the following conditions are satisfied:

10 (a) The loan will not be requested or authorized, or will not  
11 mature, within 90 days before the expiration of the 7-year  
12 period.

13 (b) The amount of the loan does not exceed 50% of the annual  
14 average assessment revenue of the neighborhood improvement  
15 district during the previous year or, in the case of a  
16 neighborhood improvement district that has been in existence for  
17 less than 1 year, the loan does not exceed 25% of the projected  
18 annual assessment revenue.

19 (c) The loan repayment period does not extend beyond the  
20 7-year period.

21 (d) The loan is subject to the revised municipal finance act,  
22 2001 PA 34, MCL 141.2101 to 141.2821.

23 (3) The services provided by and projects of a neighborhood  
24 improvement district are services and projects of the  
25 neighborhood improvement district and are not services,  
26 functions, or projects of the municipality in which the  
27 neighborhood improvement district is located. The services

1 provided by and projects of a neighborhood improvement district  
2 are supplemental to the services, projects, and functions of the  
3 city or village in which the neighborhood improvement district is  
4 located.

5 (4) The neighborhood improvement district has no other  
6 authority than the authority described in this act.

7 Sec. 4. (1) One or more neighborhood improvement districts  
8 may be established within a city or village.

9 (2) The majority of all parcels included in a district area,  
10 both by area and by taxable value, shall be assessable property.  
11 A district area shall be contiguous, with the exception of public  
12 streets, alleys, parks, and other public rights-of-way.

13 Sec. 5. (1) A person may initiate the establishment of a  
14 neighborhood improvement district by the delivery of a petition  
15 to the clerk of the city or village in which a proposed district  
16 area is located. The petition shall include all of the  
17 following:

18 (a) The boundaries of the district area.

19 (b) The signatures of property owners of parcels representing  
20 not less than 30% of the property owners within the district  
21 area.

22 (c) A listing, by tax parcel identification number, of all  
23 parcels within the district area, separately identifying  
24 assessable property.

25 (2) After a petition is filed pursuant to subsection (1), the  
26 clerk shall notify all property owners within the district area  
27 of a public meeting of the property owners regarding the

1 establishment of the neighborhood improvement district to be held  
2 not less than 45 days or more than 60 days after the filing of  
3 the petition. The notice shall be sent by first-class mail to  
4 the property owners not less than 14 days prior to the scheduled  
5 date of the meeting. The notice shall include the specific  
6 location and the scheduled date and time of the meeting.

7       Sec. 6. (1) At the meeting required by section 5, the  
8 property owners may adopt a district plan for submission to and  
9 approval by the governing body of the city or village in which  
10 the neighborhood improvement district is located.

11       (2) A district plan shall include all of the following:

12       (a) A description of the boundaries of the district area  
13 sufficient to identify each assessable property included.

14       (b) The proposed initial board of directors, except for a  
15 director of the board who may be appointed by the city or village  
16 under section 9(2).

17       (c) The method for removal, appointment, and replacement of  
18 the board.

19       (d) A description of projects planned during the 7-year  
20 period, including the location, scope, nature, and duration of  
21 the projects.

22       (e) An estimate of the total amount of expenditures for  
23 projects planned during the 7-year period.

24       (f) The proposed source or sources of financing for the  
25 projects.

26       (g) If the proposed financing includes assessments, the  
27 projected amount or rate of the assessments for each year and the

1 basis upon which the assessments are to be imposed on assessable  
2 property.

3 (h) A listing, by tax parcel identification number, of all  
4 parcels within the district area, separately identifying  
5 assessable property.

6 (i) A plan of dissolution for the neighborhood improvement  
7 district.

8 (j) The identification of all blighted property inside the  
9 district area.

10 (k) A written plan for providing hardship exemptions to the  
11 assessment as determined by the board.

12 (3) A district plan shall be considered adopted by the  
13 property owners if a majority of the property owners voting at  
14 the meeting approve the district plan.

15 (4) Any district plan adopted under this section shall be  
16 presented to the clerk of the city or village in which the  
17 district area is located.

18 (5) The assessment shall not be greater than \$300.00 if the  
19 neighborhood improvement district is located in a city with a  
20 population of 750,000 or more.

21 Sec. 7. (1) If a district plan is adopted and presented to  
22 the clerk of the city or village in accordance with section 6,  
23 the governing body of the city or village shall within 45 days  
24 schedule a public hearing of the governing body to review the  
25 district plan and any proposed assessment and to receive public  
26 comment. The clerk shall notify all owners of parcels within the  
27 district area of the public hearing by first-class mail.

1           (2) At the public hearing, or at the next regularly scheduled  
2 meeting of the governing body of the city or village, the  
3 governing body shall approve or reject the establishment of the  
4 neighborhood improvement district and the district plan as  
5 adopted by the property owners under section 6(3). If the  
6 governing body rejects the establishment of the neighborhood  
7 improvement district and the district plan, the clerk shall  
8 notify all property owners within the district area of a  
9 reconvened meeting of the property owners which shall be held not  
10 sooner than 10 days or later than 21 days after the date of the  
11 rejection by the governing body. If the governing body rejects  
12 the establishment of the neighborhood improvement district and  
13 the district plan, the clerk shall state the specific reasons for  
14 the rejection. The notice shall be sent by first-class mail to  
15 the property owners not less than 14 days prior to the scheduled  
16 date of the meeting and shall include the specific location and  
17 the scheduled date and time of the meeting, as determined by the  
18 person initiating the establishment of the neighborhood  
19 improvement district under section 4. At the reconvened meeting,  
20 the property owners may amend the district plan if approved by a  
21 majority of the property owners as provided in this act. The  
22 amended district plan may be resubmitted to the clerk of the city  
23 or village without the requirement of a new petition under  
24 section 5 for approval or rejection at a meeting of the governing  
25 body of the city or village not later than 60 days after the  
26 amended district plan is resubmitted to the clerk. If a district  
27 plan is not rejected within 60 days of the date the amended



1 district plan is resubmitted to the clerk, the amended district  
2 plan is considered approved by the governing body of the city or  
3 village. If the amended district plan is rejected by the  
4 governing body, then the amended district plan may not be  
5 resubmitted without the delivery of a new petition under section  
6 5.

7 (3) Approval of the neighborhood improvement district and  
8 district plan shall serve as a determination by the city or  
9 village that any assessment set forth in the district plan,  
10 including the basis for allocating the assessment, is  
11 appropriate, subject only to the approval of the neighborhood  
12 improvement district and the district plan by the property owners  
13 in accordance with section 8.

14 (4) If the governing body of the city or village approves the  
15 neighborhood improvement district and district plan or if the  
16 amended district plan is considered approved under subsection  
17 (2), the clerk of the city or village shall set an election  
18 pursuant to section 8 not more than 60 days following the  
19 approval.

20 (5) The clerk of the city or village shall send to the  
21 property owners notice by first-class mail of the election not  
22 less than 30 days before the election and publish the notice at  
23 least once in a newspaper of general circulation in the city or  
24 village in which the district area is located. The publication  
25 shall not be less than 10 days or more than 30 days prior to the  
26 date scheduled for the election.

27 (6) The election described in this section and section 8 is

1 not an election subject to the Michigan election law, 1954

2 PA 116, MCL 168.1 to 168.992.

3 (7) The person who filed the petition under section 5, the  
4 proposed board members, and the property owners may, at the  
5 option and under the direction of the clerk, assist the clerk of  
6 the city or village in conducting the election to keep the  
7 expenses of the election at a minimum.

8 Sec. 8. (1) All property owners as of the date of the  
9 delivery of the petition as provided in section 5 are eligible to  
10 participate in the election. The election shall be conducted by  
11 mail. The question to be voted on by the property owners is the  
12 adoption of the district plan and the establishment of the  
13 neighborhood improvement district, including the identity of the  
14 initial board.

15 (2) A district plan and the proposal for the establishment of  
16 a neighborhood improvement district, including the identity of  
17 the initial board, shall be considered adopted upon the approval  
18 of more than 60% of the property owners voting in the election.

19 (3) Upon acceptance or rejection of a neighborhood  
20 improvement district and district plan by the property owners,  
21 the resulting neighborhood improvement district or the person  
22 filing the petition under section 5 shall, at the request of the  
23 city or village, reimburse the city or village for all or a  
24 portion of the reasonable expenses incurred to comply with this  
25 act. The governing body of the city or village may forgive and  
26 choose not to collect all or a portion of the reasonable expenses  
27 incurred to comply with this act.

1           (4) Adoption of a neighborhood improvement district and  
2 district plan under this section authorizes the creation of the  
3 neighborhood improvement district and the implementation of the  
4 district plan for the 7-year period.

5           (5) Adoption of a neighborhood improvement district and  
6 district plan under this section and the creation of the  
7 neighborhood improvement district does not relieve the  
8 neighborhood improvement district from following, or does not  
9 waive any rights of the city or village to enforce, any  
10 applicable laws, statutes, or ordinances. A neighborhood  
11 improvement district created under this act shall comply with all  
12 applicable state and federal laws.

13           (6) A city or village that approves a neighborhood  
14 improvement district within its boundaries is immune from civil  
15 or administrative liability arising from any actions of that  
16 neighborhood improvement district to the same extent as protected  
17 by the immunity conferred by 1964 PA 170, MCL 691.1401 to  
18 691.1419.

19           Sec. 9. (1) The day-to-day activities of the neighborhood  
20 improvement district and implementation of the district plan  
21 shall be managed by a board of directors.

22           (2) The board shall consist of an odd number of directors and  
23 shall not be smaller than 5 and not larger than 15 in number.  
24 The board may include 1 director nominated by the chief executive  
25 of the city or village and approved by the governing body of the  
26 city or village.

27           (3) The duties and responsibilities of the board shall be

1 prescribed in the district plan and to the extent applicable  
2 shall include all of the following duties and responsibilities:

3 (a) Developing administrative procedures relating to the  
4 implementation of the district plan.

5 (b) Recommending amendments to the district plan.

6 (c) Scheduling and conducting an annual meeting of the  
7 property owners.

8 (d) Developing a district plan for the next 7-year period.

9 (4) Members of the board shall serve without compensation.

10 However, members of the board may be reimbursed for their actual  
11 and necessary expenses incurred in the performance of their  
12 official duties as members of the board.

13 Sec. 10. (1) A neighborhood improvement district may be  
14 funded in whole or in part by 1 or more assessments on assessable  
15 property, as provided in the district plan. An assessment under  
16 this act shall be in addition to any taxes or special assessments  
17 otherwise imposed on assessable property.

18 (2) An assessment shall be imposed against assessable  
19 property only on the basis of the benefits to assessable property  
20 afforded by the district plan. There is a rebuttable presumption  
21 that a district plan and any project specially benefits all  
22 assessable property in a district area.

23 (3) If a district plan provides for an assessment, the  
24 treasurer of the city or village in which the district area is  
25 located as an agent of the neighborhood improvement district  
26 shall collect the assessment imposed by the board under the  
27 district plan on all assessable property within the district area

1 in the amount authorized by the district plan.

2 (4) Except as provided in subsection (7), assessments shall  
3 be collected by the treasurer of the city or village as an agent  
4 of the neighborhood improvement district from each property owner  
5 and remitted promptly to the neighborhood improvement district.  
6 Assessment revenue is the property of the neighborhood  
7 improvement district and not the city or village in which the  
8 neighborhood improvement district is located. The neighborhood  
9 improvement district may, at the option and under the direction  
10 of the treasurer, assist the treasurer of the city or village in  
11 collecting the assessment to keep the expenses of collecting the  
12 assessment at a minimum.

13 (5) The neighborhood improvement district may institute a  
14 civil action to collect any delinquent assessment and interest.

15 (6) An assessment imposed under this act is not a special  
16 assessment collected under the general property tax act, 1893 PA  
17 206, MCL 211.1 to 211.157.

18 (7) An assessment is delinquent if it has not been paid  
19 within 90 days after it was due as provided under the district  
20 plan imposed under this act. Delinquent assessments shall be  
21 collected by the neighborhood improvement district. Delinquent  
22 assessments shall accrue interest at a rate of 1.5% per month  
23 until paid.

24 (8) If any portion of the assessment has not been paid within  
25 90 days after it was due, that portion of the unpaid assessment  
26 shall constitute a lien on the property. The lien amount shall  
27 be for the unpaid portion of the assessment and shall not include

1 any interest.

2       Sec. 11. (1) Expenses incurred in implementing any project  
3 or service of a neighborhood improvement district shall be  
4 financed in accordance with the district plan.

5       (2) Assessment revenues under section 10 are the funds of the  
6 neighborhood improvement district and not funds of the state or  
7 of the city or village in which the neighborhood improvement  
8 district is located. All money collected under section 10 shall  
9 be deposited in a financial institution in the name of the  
10 neighborhood improvement district. Assessment revenues may be  
11 deposited in an interest generating account. The neighborhood  
12 improvement district shall use the funds only to implement the  
13 district plan.

14       (3) All expenditures by a neighborhood improvement district  
15 shall be audited annually by a certified public accountant. The  
16 audit shall be completed within 9 months of the close of the  
17 fiscal year of the neighborhood improvement district. Within  
18 30 days after completion of an audit, the certified public  
19 accountant shall transmit a copy of the audit to the board and  
20 make copies of the audit available to the property owners and the  
21 public.

22       (4) If an annual audit required by this section contains  
23 material exceptions and the material exceptions are not  
24 substantially corrected within 90 days of the delivery of the  
25 audit, the neighborhood improvement district shall be dissolved  
26 in accordance with the district plan upon approval of the  
27 dissolution by the governing body of the city or village in which

1 the neighborhood improvement district is located.

2 (5) The board shall publish an annual activity and financial  
3 report. The report shall be available to the public. Each year,  
4 every property owner shall be notified of the availability of the  
5 annual activity and financial report.

6 (6) As used in this section, "financial institution" means a  
7 state or nationally chartered bank or a state or federally  
8 chartered savings and loan association, savings bank, or credit  
9 union whose deposits are insured by an agency of the United  
10 States government and that maintains a principal office or branch  
11 office located in this state under the laws of this state or of  
12 the United States.

13 Sec. 12. A district plan may be amended. Amendments shall  
14 be effective if approved by a majority of the property owners  
15 voting on the amendment at the annual meeting of property owners  
16 or a special meeting called for that purpose. A district plan  
17 amendment changing any assessment is effective only if also  
18 approved by the governing body of the city or village in which  
19 the neighborhood improvement district is located.

20 Sec. 13. (1) Prior to the expiration of any 7-year period,  
21 the board shall notify the property owners of a special meeting  
22 by first-class mail at least 14 days prior to the scheduled date  
23 of the meeting to approve a new district plan for the next 7-year  
24 period. Notice under this section shall include the specific  
25 location, scheduled date, and time of the meeting.

26 (2) Approval of the new district plan at the special meeting  
27 by 60% of the property owners of assessable property voting at

1 that meeting constitutes reauthorization of the neighborhood  
2 improvement district for an additional 7-year period, commencing  
3 as of the expiration of the 7-year period then in effect. If the  
4 new district plan reflects any new assessment, or reflects an  
5 extension of any assessment beyond the period previously approved  
6 by the city or village in which the neighborhood improvement  
7 district is located, the new or extended assessment shall be  
8 effective only with the approval of the governing body of the  
9 city or village.

10       Sec. 14. (1) Upon written petition duly signed by 20% of  
11 the property owners of assessable property within a district  
12 area, the board shall place on the agenda of the next annual  
13 meeting, if the next annual meeting is to be held not later than  
14 60 days after receipt of the written petition or a special  
15 meeting not to be held later than 60 days after receipt of the  
16 written petition, the issue of dissolution of the neighborhood  
17 improvement district. Notice of the next annual meeting or  
18 special meeting described in this subsection shall be made to all  
19 property owners by first-class mail not less than 14 days prior  
20 to the date of the annual or special meeting. The notice shall  
21 include the specific location and the scheduled date and time of  
22 the meeting.

23       (2) The neighborhood improvement district shall be dissolved  
24 upon a vote of more than 50% of the property owners of assessable  
25 property voting at the meeting. A dissolution shall not take  
26 effect until all contractual liabilities of the neighborhood  
27 improvement district have been paid and discharged.



1           (3) Upon dissolution of a neighborhood improvement district,  
2 the board shall dispose of the remaining physical assets of the  
3 neighborhood improvement district. The proceeds of any physical  
4 assets disposed of by the neighborhood improvement district and  
5 all money collected through assessments that is not required to  
6 defray the expenses of the neighborhood improvement district  
7 shall be refunded on a pro rata basis to persons from whom  
8 assessments were collected. If the board finds that the  
9 refundable amount is so small as to make impracticable the  
10 computation and refunding of the money, it may be transferred to  
11 the treasurer of the city or village in which the neighborhood  
12 improvement district is located for deposit in the treasury of  
13 the city or village to the credit of the general fund.

14           (4) Upon dissolution of a neighborhood improvement district,  
15 any remaining assets of the neighborhood improvement district  
16 shall be transferred to the treasurer of the city or village in  
17 which the neighborhood improvement district is located for  
18 deposit in the treasury of the city or village to the credit of  
19 the general fund.

20           Sec. 15. (1) The board shall conduct business at a public  
21 meeting held in compliance with the open meetings act, 1976  
22 PA 267, MCL 15.261 to 15.275. Public notice of the time, date,  
23 and place of the meeting shall be given in the manner required by  
24 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

25           (2) A meeting of property owners under section 5 shall be  
26 conducted at a public meeting held in compliance with the open  
27 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice

1 of the time, date, and place of the meeting shall be given in the  
2 manner required by the open meetings act, 1976 PA 267, MCL 15.261  
3 to 15.275.

4 (3) A writing prepared, owned, used, in the possession of, or  
5 retained by the neighborhood improvement district in the  
6 performance of its duties under this act is a public record under  
7 the freedom of information act, 1976 PA 442, MCL 15.231 to  
8 15.246.

9 (4) All meetings of the board or property owners described in  
10 this act shall be conducted within the city or village in which  
11 the neighborhood improvement district is or is to be located.