

Legislative Analysis



BUSINESS IMPROVEMENT ZONES: URBAN TOWNSHIPS IN KENT COUNTY

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Senate Bill 334 (Substitute S-2)
Sponsor: Sen. Dave Hildebrand
House Committee: Commerce
Senate Committee: Economic Development

Complete to 9-19-11

A SUMMARY OF SENATE BILL 334 AS PASSED BY THE SENATE 5-18-11

The bill would allow business improvement zones to be established in certain "urban townships" in the same way they can now be established in cities and villages. The bill is an amendment to Chapter 2 of Public Act 120 of 1961.

The bill defines an urban township as a township that (1) has a population of at least 17,000 as of the most recent federal decennial census and (2) is located in a county with a population between 600,000 and 800,000 as of the most recent federal decennial census. According to the Senate Fiscal Agency, this means the bill applies only Byron, Cascade, Gaines, and Plainfield townships in Kent County.

Under such a program, property owners and business owners in a specified geographic area band together to create a district in which special assessments can be levied, typically based on property values, with the proceeds used to fund enhancement projects. The revenue stream can also be used to support bonds to pay for a variety of streetscape improvements, such as lighting, benches, and plantings. While such a zone is often a privately managed entity it requires the authorization of the local unit of government to make the assessments binding and to collect the assessments.

The establishment of such a zone requires the submission of petitions by interested parties, approval of a zone plan by affected property owners, approval of the zone and the plan by the governing body of the local unit of government, and an election involving affected property owners conducted by the local clerk.

Business improvement zones were authorized when PA 120 of 1961 was amended to add a Chapter 2; this was accomplished by Public Acts 260 and 261 of 2001. Under that legislation, this kind of zone can be established in a city or village. Such a zone can be funded by assessments levied against property within the zone area (other than residential and tax-exempt property) and would be authorized to operate under a zone plan for a seven-year period. A zone could subsequently be renewed for an additional seven years and a new plan adopted.

FISCAL IMPACT:

Senate Bill 334 would have an indeterminate fiscal impact on local government. To the extent that the assessment was collected by the local unit, there would be some associated administrative costs to the local unit of government. However, under the act, the business improvement zone may assist the local unit of government in the collection of the assessment to keep collection costs at a minimum.

The bill would have no fiscal impact on state government.

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