

HOUSE BILL NO. 6225

June 14, 2022, Introduced by Reps. Rabhi and Brann and referred to the Committee on Commerce and Tourism.

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 10b, 10c, 10e, 10f, 10j, 10k, and 10l (MCL 125.990b, 125.990c, 125.990e, 125.990f, 125.990j, 125.990k, and 125.990l), as amended by 2020 PA 91.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10b. (1) One or more business improvement zones may be
2 established within a city or village.

3 (2) The ~~zone plan shall allocate assessments on the basis of~~
4 ~~the benefit to assessable property.~~ **majority of all parcels**
5 **included in the zone area, both by area and by taxable value, must**
6 **be assessable property.** A zone area ~~shall~~**must** be contiguous, with
7 the exception of public streets, alleys, parks, and other public
8 rights-of-way.

9 (3) A business improvement zone may be established in a city
10 or village even if the city or village has established a principal
11 shopping district or business improvement district under chapter 1.
12 Assessable property ~~shall~~**must** not be included in any of the
13 following:

14 (a) More than 1 business improvement zone established under
15 this chapter.

16 (b) Both a principal shopping district and a business
17 improvement district established under chapter 1.

18 Sec. 10c. A person may initiate the establishment of a
19 business improvement zone by the delivery of a petition to the
20 clerk of the city or village in which a proposed zone area is
21 located. The petition ~~shall~~**must** include all of the following:

22 (a) An attached map and description of the geographic
23 boundaries of the zone area sufficient to identify each assessable
24 property included.

25 (b) The signatures of property owners of parcels representing
26 not less than 30% of the property owners within the zone area,
27 **weighted as provided in section 10f(7) if applicable under the zone**
28 **plan attached under subdivision (d) .**

1 (c) An attached listing, by tax parcel identification number,
2 of all parcels within the zone area, separately identifying
3 assessable property.

4 (d) An attached zone plan, which ~~shall~~**must** include all of the
5 following:

6 (i) The proposed initial board of directors for the zone,
7 including no less than 1 owner of residential real property if
8 residential real property is determined assessable property by the
9 local governmental unit under section 10, except for a member of
10 the board of directors who may be appointed by the city or village
11 under section 10g(2).

12 (ii) The method for removal, appointment, and replacement of
13 the board.

14 (iii) A description of projects planned during the qualifying
15 period, including the scope, nature, and duration of the projects.

16 (iv) An estimate of the total amount of expenditures for
17 projects planned during the qualifying period.

18 (v) The proposed source or sources of financing for the
19 projects.

20 (vi) If the proposed financing includes assessments, the
21 projected amount or rate of the assessments for each year and the
22 formula to be used in allocating the assessment to be imposed on
23 ~~the basis of the benefit to~~ assessable property.

24 (vii) A plan of dissolution for the business improvement zone.

25 (viii) Beginning on ~~the effective date of the amendatory act~~
26 ~~that added this subparagraph,~~ **June 28, 2018**, the number of calendar
27 years in the qualifying period, not more than 10 calendar years and
28 not less than 7 calendar years.

29 **(ix) If votes of property owners will be weighted under section**

1 10f(7), a description of the weighting system to be used or, if
 2 votes of property owners will not be weighted under section 10f(7),
 3 a statement to that effect.

4 (e) A ~~formula~~**basis** for allocating assessments in the zone
 5 area, ~~that is based on the benefit to assessable~~
 6 ~~property.~~**including, but not limited to, assessments based upon**
 7 **taxable value or assessments based on assessed value.**

8 Sec. 10e. (1) If a petition is delivered to the clerk of the
 9 city or village in accordance with section 10c, the governing body
 10 of the city or village shall within 28 days schedule a public
 11 hearing of the governing body to review the zone plan and any
 12 proposed assessment and to receive public comment. The clerk shall
 13 notify all owners of parcels within the zone area of the public
 14 hearing by first-class mail.

15 (2) At the public hearing required under subsection (1), or at
 16 the next regularly scheduled meeting of the governing body of the
 17 city or village, the governing body shall approve or reject the
 18 establishment of the business improvement zone and the zone plan
 19 attached to the petition under section 10c. If the governing body
 20 rejects the establishment of the business improvement zone and the
 21 zone plan, the clerk shall notify all property owners within the
 22 proposed zone of a meeting of the property owners within the
 23 proposed zone, which ~~shall~~**must** be held not sooner than 7 days or
 24 later than 21 days after the date of the rejection by the governing
 25 body. The notice ~~shall~~**must** be sent by first-class mail to the
 26 property owners not less than 7 days ~~prior to~~**before** the scheduled
 27 date of the meeting and shall include the specific location and the
 28 scheduled date and time of the meeting, as determined by the person
 29 initiating the establishment of the business improvement zone under

1 section ~~10c(1)~~. **10c.** Any notice required as part of the assessment
2 process ~~shall~~ **must** include a statement that a property owner of
3 residential real property within a business improvement zone may
4 seek a homestead deferment for an assessment under this act in the
5 same manner as provided in section 4 of 1976 PA 225, MCL 211.764.

6 (3) At the meeting, the property owners may amend the zone
7 plan if approved by a majority of the property owners voting at the
8 meeting. **The votes of the property owners at the meeting must be**
9 **weighted in the manner indicated in section 10f(7) if applicable**
10 **under the zone plan to be amended.** The amended zone plan may be
11 resubmitted to the clerk of the city or village without the
12 requirement of a new petition under section 10c for approval or
13 rejection at a meeting of the governing body of the city or village
14 not later than 28 days after the amended zone plan is resubmitted
15 to the clerk. If a zone plan is not rejected within 56 days of the
16 date the amended zone plan is resubmitted to the clerk, the amended
17 zone plan is considered approved by the governing body of the city
18 or village. If the amended zone plan is rejected by the governing
19 body, then the amended zone plan may not be resubmitted without the
20 delivery of a new petition under section 10c.

21 (4) A governing body of a city or village shall consider the
22 establishment of a business improvement zone and a zone plan for
23 the business improvement zone under this section if all of the
24 following apply:

25 (a) The zone plan complies with the requirements of section
26 10c.

27 (b) The zone plan for the business improvement zone provides
28 that the services to be provided by the business improvement zone
29 and the projects under the zone plan would be supplemental to the

1 services, projects, and functions of the city or village.

2 (c) The zone plan provides a basis for allocating assessments
3 that complies with this chapter.

4 (5) Approval of the business improvement zone and zone plan
5 ~~shall serve~~ **serves** as a determination by the city or village that
6 any assessment set forth in the zone plan, including the basis for
7 allocating the assessment, is appropriate, subject only to the
8 approval of the business improvement zone and the zone plan by the
9 property owners in accordance with section 10f.

10 (6) If the governing body of the city or village approves the
11 business improvement zone and zone plan or if the amended zone plan
12 is considered approved under subsection (3), the clerk of the city
13 or village shall set an election pursuant to section 10f not more
14 than 49 days following the approval.

15 (7) The clerk of the city or village shall send to the
16 property owners notice by first-class mail of the election not less
17 than 28 days before the election and publish the notice at least
18 once in a newspaper of general circulation in the city or village
19 in which the zone area is located not less than 7 days or more than
20 21 days ~~prior to~~ **before** the date scheduled for the election. Any
21 notice required as part of the assessment process ~~shall~~ **must**
22 include a statement that a property owner of residential real
23 property within a business improvement zone may seek a homestead
24 deferment for an assessment under this act in the same manner as
25 provided in section 4 of 1976 PA 225, MCL 211.764.

26 (8) The election described in this section and section 10f is
27 not an election subject to the Michigan election law, 1954 PA 116,
28 MCL 168.1 to 168.992.

29 (9) The person who filed the petition under section 10c, the

1 proposed board members, and the property owners may, at the option
2 and under the direction of the clerk, assist the clerk of the city
3 or village in conducting the election to keep the expenses of the
4 election at a minimum.

5 Sec. 10f. (1) All property owners as of the date of the
6 delivery of the petition as provided in section 10c are eligible to
7 participate in the election. The election ~~shall~~**must** be conducted
8 by mail. The question to be voted on by the property owners is the
9 adoption of the zone plan and the establishment of the business
10 improvement zone, including the identity of the initial board.

11 (2) A zone plan and the proposal for the establishment of a
12 business improvement zone, including the identity of the initial
13 board, ~~shall be~~**are** considered adopted upon the approval of more
14 than 60% of the property owners voting in the election, **with votes**
15 **weighted as provided in subsection (7) if applicable under the zone**
16 **plan.**

17 (3) Upon acceptance or rejection of a business improvement
18 zone and zone plan by the property owners, the resulting business
19 improvement zone or the person filing the petition under section
20 10c shall, at the request of the city or village, reimburse the
21 city or village for all or a portion of the reasonable expenses
22 incurred to comply with this chapter. The governing body of the
23 city or village may forgive and choose not to collect all or a
24 portion of the reasonable expenses incurred to comply with this
25 chapter.

26 (4) Adoption of a business improvement zone and zone plan
27 under this section authorizes the creation of the business
28 improvement zone and the implementation of the zone plan for the
29 qualifying period.

1 (5) Adoption of a business improvement zone and zone plan
2 under this section and the creation of the business improvement
3 zone does not relieve the business improvement zone from following,
4 or does not waive any rights of the city or village to enforce, any
5 applicable laws, statutes, or ordinances. A business improvement
6 zone created under this chapter shall comply with all applicable
7 state and federal laws.

8 (6) To the extent not protected by the immunity conferred by
9 1964 PA 170, MCL 691.1401 to 691.1419, a city or village that
10 approves a business improvement zone within its boundaries is
11 immune from civil or administrative liability arising from any
12 actions of that business improvement zone.

13 **(7) If the zone area does not contain any residential**
14 **property, votes of property owners may be weighted as follows:**

15 **(a) If the zone plan for the zone area provides a basis for**
16 **allocating assessments based upon taxable value, the votes of**
17 **property owners may be weighted in proportion to the amount that**
18 **the taxable value of their respective real property for the**
19 **preceding calendar year bears to the taxable value of all**
20 **assessable property in the zone area.**

21 **(b) Subject to subsection (8), if the zone plan for the zone**
22 **area provides for allocation of assessments based upon assessed**
23 **value, the votes of property owners may be weighted in proportion**
24 **to the amount that the assessed value of their respective real**
25 **property for the preceding calendar year bears to the assessed**
26 **value of all assessable property in the zone area.**

27 **(c) If the zone plan for the zone area provides a basis for**
28 **allocating assessments other than taxable value or assessed value,**
29 **the votes of property owners may be weighted in proportion to the**

1 amount that the weighted value for their respective real property
 2 bears to the total weighted value of all assessable property in the
 3 zone area.

4 (8) If votes are weighted under subsection (7) (b), the
 5 weighted vote of a single property owner must not exceed 25% of the
 6 total votes of all property owners. If the weighted vote of a
 7 single property owner under subsection (7) (b) exceeds 25%, the
 8 amount in excess of 25% must be reallocated among the remaining
 9 property owners in proportion to the amount that the assessed value
 10 of their respective real property for the preceding calendar year
 11 bears to the assessed value of all assessable property in the zone
 12 area owned by the remaining property owners. For purposes of this
 13 subsection, property owners that are affiliates shall be treated as
 14 a single property owner.

15 (9) As used in this section:

16 (a) "Affiliate" means that term as defined in section 90/ of
 17 the Michigan strategic fund act, 1984 PA 270, MCL 125.2090/.

18 (b) "Residential property" includes both of the following:

19 (i) Real property that is classified as residential under
 20 section 34c of the general property tax act, 1893 PA 206, MCL
 21 211.34c.

22 (ii) Real property that is not classified as residential under
 23 section 34c of the general property tax act, 1893 PA 206, MCL
 24 211.34c, but that has 1 or more housing units, regardless of
 25 whether the property is also used for nonhousing purposes.

26 Sec. 10j. A zone plan may be amended. Amendments ~~shall be~~ **are**
 27 effective if approved by a majority of the property owners voting
 28 on the amendment at the annual meeting of property owners or a
 29 special meeting called for that purpose, **with the votes of the**

1 **property owners weighted in accordance with section 10f(7) if**
 2 **applicable under the zone plan to be amended.** A zone plan amendment
 3 changing any assessment is effective only if also approved by the
 4 governing body of the city or village in which the business
 5 improvement zone is located.

6 Sec. 10k. (1) ~~Prior to~~**Before** the expiration of any qualifying
 7 period, the board shall notify the property owners within the
 8 business improvement zone of a special meeting by first-class mail
 9 ~~at least~~**not less than** 14 days ~~prior to~~**before** the scheduled date
 10 of the meeting to approve a new zone plan for the next qualifying
 11 period. Notice under this section ~~shall~~**must** include the specific
 12 location, scheduled date, and time of the meeting and ~~shall~~**must**
 13 include a statement that a property owner of residential real
 14 property within a business improvement zone may seek a homestead
 15 deferment for an assessment under this act in the same manner as
 16 provided in section 4 of 1976 PA 225, MCL 211.764.

17 (2) Approval of the new zone plan at the special meeting by
 18 more than 60% of the property owners of assessable property voting
 19 at that meeting, **with the vote of the property owners weighted in**
 20 **accordance with section 10f(7) if applicable under the expiring**
 21 **zone plan**, constitutes reauthorization of the business improvement
 22 zone for an additional qualifying period, commencing as of the
 23 expiration of the qualifying period then in effect. If the new zone
 24 plan reflects any new assessment, or reflects an extension of any
 25 assessment beyond the period previously approved by the city or
 26 village in which the business improvement zone is located, the new
 27 or extended assessment ~~shall be~~**is** effective only with the approval
 28 of the governing body of the city or village.

29 Sec. 10l. (1) Upon written petition duly signed by 30% of the

1 property owners of assessable property within a zone area and
2 submitted no sooner than 2 years following the adoption of the
3 business improvement zone and zone plan, the board shall place on
4 the agenda of the next annual meeting, if the next annual meeting
5 is to be held not later than 63 days after receipt of the written
6 petition or a special meeting not to be held later than 63 days
7 after receipt of the written petition, the issue of dissolution of
8 the business improvement zone. Notice of the next annual meeting or
9 special meeting described in this subsection ~~shall~~**must** be made to
10 all property owners by first-class mail not less than 14 days ~~prior~~
11 ~~to~~**before** the date of the annual or special meeting. The notice
12 ~~shall~~**must** include the specific location and the scheduled date and
13 time of the meeting.

14 (2) The business improvement zone ~~shall be~~**is** dissolved upon a
15 vote of more than 50% of the property owners of assessable property
16 voting at the meeting, **with the votes of the property owners**
17 **weighted in accordance with section 10f(7) if applicable under the**
18 **zone plan governing the operation of the business improvement zone.**
19 A dissolution ~~shall~~**does** not take effect until the later of the end
20 of the second calendar year after the vote for dissolution or all
21 contractual liabilities of the business improvement zone have been
22 paid and discharged.

23 (3) Upon dissolution of a business improvement zone, the board
24 shall dispose of the remaining physical assets of the business
25 improvement zone. The proceeds of any physical assets disposed of
26 by the business improvement zone and all money collected through
27 assessments that is not required to defray the expenses of the
28 business improvement zone ~~shall~~**must** be refunded on a pro rata
29 basis to persons from whom assessments were collected. If the board

1 finds that the refundable amount is so small as to make
2 impracticable the computation and refunding of the money, it may be
3 transferred to the treasurer of the city or village in which the
4 business improvement zone is located for deposit in the treasury of
5 the city or village to the credit of the general fund.

6 (4) Upon dissolution of a business improvement zone, any
7 remaining assets of the business improvement zone ~~shall~~**must** be
8 transferred to the treasurer of the city or village in which the
9 business improvement zone is located for deposit in the treasury of
10 the city or village to the credit of the general fund.