PRINCIPAL SHOPPING DISTRICTS AND BUSINESS IMPROVEMENT DISTRICTS

Act 120 of 1961

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.

History: 1961, Act 120, Imd. Eff. May 26, 1961 ;-- Am. 1984, Act 260, Imd. Eff. Dec. 13, 1984 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 1999, Act 49, Imd. Eff. June 15, 1999 ;-- Am. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2003, Act 209, Imd. Eff. Nov. 26, 2003
Popular Name: Shopping Areas Redevelopment Act

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The People of the State of Michigan enact:

Chapter 1
PRINCIPAL SHOPPING DISTRICT

125.981 Definitions; principal shopping district; business improvement district; creation, appointment, and composition of board.

Sec. 1.

(1) As used in this chapter:

(a) "Assessable property" means real property in a district area other than all of the following:

(i) Property classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, unless the local governmental unit expressly designates property classified as residential real property as assessable property as part of its special assessment proceedings.

(ii) 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, 1893 PA 206, MCL 211.1 to 211.155.

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

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

(B) 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.

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

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

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

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

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

(g) "Urban township" means a township that is an urban township as defined in section 402 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4402, and is a township located in a county with a population of more than 750,000.

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

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

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

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

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

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

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

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

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

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

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

(4) One member of the board of the principal shopping district shall be from the adjacent residential area, 1 member shall be a representative of the local governmental unit, and a majority of the members shall be nominees of individual businesses located within the principal shopping district. The board shall be appointed by the chief executive officer of the local governmental unit with the concurrence of the legislative body of the local governmental unit. However, if all of the following requirements are met, a business may appoint a member of the board of a principal shopping district, which member shall be counted toward the majority of members required to be nominees of businesses located within the principal shopping district:

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

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

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

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

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

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

(5) If the boundaries of the principal shopping district are the same as those of a downtown district designated under part 2 of the recodified tax increment financing act, 2018 PA 57, MCL 125.4201 to 125.4230, the governing body may provide that the members of the board of the downtown development authority, which manages the downtown district, shall compose the board of the principal shopping district, in which case subsection (4) does not apply.

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

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

(b) Other members of the board shall be nominees of the businesses and property owners located within the business improvement district. If a class of business or property owners, as identified in the resolution described in subsection (8), is projected to pay more than 50% of the special assessment levied that benefits property in a business improvement district for the benefit of the business improvement district, the majority of the members of the board of the business improvement district shall be nominees of the business or property owners in that class. The board shall include no less than 1 owner of residential real property if residential real property is determined assessable property by the local governmental unit under subsection (1).

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

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

(a) The geographic boundaries of the business improvement district.

(b) The number of board members in that business improvement district.

(c) The different classes of property owners in the business improvement district.

(d) The class of business or property owners, if any, who are projected to pay more than 50% of the special assessment levied that benefits property in that business improvement district.

History: 1961, Act 120, Imd. Eff. May 26, 1961 ;-- Am. 1980, Act 287, Imd. Eff. Oct. 14, 1980 ;-- Am. 1984, Act 260, Imd. Eff. Dec. 13, 1984 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 1999, Act 49, Imd. Eff. June 15, 1999 ;-- Am. 2001, Act 261, Imd. Eff. Jan. 9, 2002 ;-- Am. 2003, Act 209, Imd. Eff.

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Nov. 26, 2003 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020
Popular Name: Shopping Areas Redevelopment Act

125.982 Principal shopping district project or business improvement project; methods or criteria for financing costs.

Sec. 2.

(1) The cost of the whole or any part of a principal shopping district project or business improvement district project as authorized in this chapter may be financed by 1 or more of the following methods:

(a) Grants and gifts to the local governmental unit or district.

(b) Local governmental unit funds.

(c) The issuance of general obligation bonds of the local governmental unit subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(d) The issuance of revenue bonds by the local governmental unit under the revenue bond act of 1933, 1933 PA 94, MCL 141.101 to 141.140, or under any other applicable revenue bond act. The issuance of the bonds shall be limited to the part or parts of the district project that are public improvements.

(e) The levying of special assessments against land or interests in land, or both.

(f) Any other source.

(2) Beginning January 1, 2000, the proceeds of a bond, note, or other obligation issued to finance a project authorized under this chapter shall be used for capital expenditures, costs of a reserve fund securing the bonds, notes, or other obligations, and costs of issuing the bonds, notes, or other obligations. The proceeds of the bonds, notes, or other obligations shall not be used for operational expenses of a district.

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History: 1961, Act 120, Imd. Eff. May 26, 1961 ;-- Am. 1980, Act 287, Imd. Eff. Oct. 14, 1980 ;-- Am. 1984, Act 260, Imd. Eff. Dec. 13, 1984 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 1999, Act 49, Imd. Eff. June 15, 1999 ;-- Am. 2001, Act 261, Imd. Eff. Jan. 9, 2002 ;-- Am. 2003, Act 209, Imd. Eff. Nov. 26, 2003
Popular Name: Shopping Areas Redevelopment Act

125.983 District project as public improvement.

Sec. 3.

A district project as authorized under this chapter is a public improvement. The use in this chapter of the term "public improvement" does not prevent the levying of a special assessment for the cost of a part of a district project that represents special benefits.

History: 1961, Act 120, Imd. Eff. May 26, 1961 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 1999, Act 49, Imd. Eff. June 15, 1999 ;-- Am. 2001, Act 261, Imd. Eff. Jan. 9, 2002
Popular Name: Shopping Areas Redevelopment Act

125.984 Development or redevelopment of district; single improvement.

Sec. 4.

The development or redevelopment of a district, including the various phases of the development or redevelopment, is 1 project and, in the discretion of the governing body of the local governmental unit, may be financed as a single improvement.

History: 1961, Act 120, Imd. Eff. May 26, 1961 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 1999, Act 49, Imd. Eff. June 15, 1999 ;-- Am. 2003, Act 209, Imd. Eff. Nov. 26, 2003
Popular Name: Shopping Areas Redevelopment Act

125.985 Special assessments; levy; installment payments; maximum annual amounts; adjustment; special assessment bonds; full faith and credit; maturity; statutory or charter provisions; review; marketing and development plan; homestead deferment.

Sec. 5.

(1) If a local governmental unit elects to levy special assessments to defray all or part of the cost of the district project, then the special assessments shall be levied pursuant to applicable statutory or charter provisions or, if there are no applicable statutory or charter provisions, pursuant to statutory or charter provisions applicable to local governmental unit street improvements. If a local governmental unit charter does not authorize special assessments for the purposes set forth in this chapter, the charter provisions authorizing special assessments for street improvements are made applicable to the purposes set forth in this chapter, without amendment to the charter. The total amount assessed for district purposes may be made payable in not more than 20 annual installments as determined by the governing body of the local governmental unit, the first installment to be payable in not more than 18 months after the date of the confirmation of the special assessment roll.

(2) A special assessment shall be levied against assessable property on the basis of the special benefits to that parcel from the total project. There is a rebuttable presumption that a district project specially benefits all assessable property located within the district.

(3) This subsection applies to a principal shopping district only if the principal shopping district is designated by the governing body of a local governmental unit after July 14, 1992. The special assessments annually levied on a parcel under this chapter shall not exceed the product of $10,000.00 and the number of businesses on that parcel. A business located on a single parcel shall not be responsible for a special assessment in excess of $10,000.00 annually. When the special assessment district is created, a lessor of a parcel subject to a special assessment may unilaterally revise an existing lease to a business located on that parcel to recover from that business all or part of the special assessment, as is proportionate considering the portion of the parcel occupied by the business.

(4) The $10,000.00 maximum amounts in subsection (3) shall be adjusted each January 1, beginning January 1, 1994, pursuant to the annual average percentage increase or decrease in the Detroit Consumer Price Index for all items as reported by the United States Department of Labor. The adjustment for each year shall be made by comparing the Detroit Consumer Price Index for the 12-month period ending the preceding October 31 with the corresponding Detroit Consumer Price Index of 1 year earlier. The percentage increase or decrease shall then be multiplied by the current amounts under subsection (3) authorized by this section. The product shall be rounded up to the nearest multiple of 50 cents and shall be the new amount.

(5) The local governmental unit may issue special assessment bonds in anticipation of the collection of the special assessments for a district project and, by action of its governing body, may pledge its full faith and credit for the prompt payment of the bonds. Special assessment bonds issued under this section are subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821. The last maturity on the bonds shall be not later than 2 years after the due date of the last installment on the special assessments. Special assessment bonds may be issued pursuant to statutory or charter provisions applicable to the issuance by the local governmental unit of special assessment bonds for the improvement or, if there are no

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applicable statutory or charter provisions, pursuant to statutory or charter provisions applicable to the issuance by the local governmental unit of special assessment bonds for street improvements.

(6) If a district project in a district designated by the governing body of a local governmental unit after July 14, 1992 is financed by special assessments, the governing body of the local governmental unit shall review the special assessments every 5 years, unless special assessment bonds are outstanding.

(7) Before a local governmental unit levies a special assessment under this chapter that benefits property within a business improvement district, the business improvement district board shall develop a marketing and development plan that details all of the following:

(a) The scope, nature, and duration of the business improvement district project or projects.

(b) The different classes of property owners who are going to be assessed and the projected amount of the special assessment on the different classes.

(8) A local governmental unit that levies a special assessment under this chapter that benefits property within a business improvement district is considered to have approved the marketing and development plan described in subsection (7).

(9) Any notice required as part of the special assessment process shall include a statement that a property owner of residential real property within a business improvement district may seek a homestead deferment for a special assessment under this act in the same manner as provided in section 4 of 1976 PA 225, MCL 211.764.

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History: 1961, Act 120, Imd. Eff. May 26, 1961 ;-- Am. 1980, Act 287, Imd. Eff. Oct. 14, 1980 ;-- Am. 1984, Act 260, Imd. Eff. Dec. 13, 1984 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 1999, Act 49, Imd. Eff. June 15, 1999 ;-- Am. 2001, Act 261, Imd. Eff. Jan. 9, 2002 ;-- Am. 2003, Act 209, Imd. Eff. Nov. 26, 2003 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020
Popular Name: Shopping Areas Redevelopment Act

125.986 Special assessments; off-street parking lots or structures.

Sec. 6.

If off-street parking lots or structures are essential to the principal shopping district project, if 1 or more off-street parking lots or structures are already owned by the local governmental unit and were acquired through the issuance of revenue bonds, and if the remaining parking lots or structures are to be financed in whole or in part by special assessments and special assessment bonds, then the local governmental unit, to place all parking lots or structures on the same basis, may include as a part of the cost of parking lots or structures for the project the amount necessary to retire all or any part of the outstanding revenue bonds, inclusive of any premium not exceeding 5% necessary to be paid upon the redemption or purchase of those outstanding bonds. From the proceeds of the special assessments or from the sale of bonds issued in anticipation of the payment of the special assessments, the local governmental unit shall retire by redemption or purchase the outstanding revenue bonds. This section does not authorize the refunding of noncallable bonds without the consent of the holders of the bonds.

History: 1961, Act 120, Eff. May 26, 1961 ;-- Am. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 2003, Act 209, Imd. Eff. Nov. 26, 2003
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125.987 Additional powers.

Sec. 7.

The powers granted by this chapter are in addition to and not in derogation of any other powers granted by law or charter.

History: Add. 1992, Act 146, Imd. Eff. July 15, 1992 ;-- Am. 2001, Act 261, Imd. Eff. Jan. 9, 2002
Popular Name: Shopping Areas Redevelopment Act

Chapter 2
BUSINESS IMPROVEMENT ZONE

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125.990 Definitions.

Sec. 10.

As used in this chapter:

(a) "Assessable property" means real property in a zone area other than property classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, or real property exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

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

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

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

(e) "Business improvement zone" means a business improvement zone created under this chapter.

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

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

(ii) The nonprofit corporation is exempt from federal income tax under section 501(c)(4) or (6) of the internal revenue code of 1986, 26 USC 501.

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

(h) "Project" means any activity within a zone area for the benefit of property owners authorized by section 10a.

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

(j) "Proportional voting" means voting with an allocation of votes under section 10f(7) if provided for in a zone plan or a proposed zone plan.

(k) "Qualifying period" means the period in which a business improvement zone is authorized to operate and impose and collect assessments, beginning on the date that the business improvement zone is approved by the property owners voting on the question as provided in section 10f and ending 7 to 10 calendar years after that date as determined in the petition described in section 10c. The 10-year period or qualifying period of a business

improvement zone that was created before June 28, 2018 begins on the date that the business improvement zone was approved by the property owners voting on the question as provided in section 10f.

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

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

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2018, Act 262, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 79, Eff. Feb. 13, 2024

Popular Name: Shopping Areas Redevelopment Act

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125.990a Business improvement zone as public body corporate; powers; authority.

Sec. 10a.

(1) A business improvement zone is a public body corporate and may do 1 or more of the following for the benefit of property owners located in the business improvement zone:

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

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

(c) Develop and propose lighting standards within the zone area.

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

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

(f) Promote and sponsor cultural or recreational activities.

(g) Engage in economic development activities, including, but not limited to, promotion of business, retail, or industrial development, developer recruitment, business recruitment, business marketing, business retention, public relations efforts, and market research.

(h) Engage in other activities with the purpose to enhance the economic prosperity, enjoyment, appearance, image, and safety of the zone area.

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

(j) Solicit and accept gifts or grants to further the zone plan.

(k) Sue or be sued.

(l) Do all other acts and things necessary or convenient to exercise the powers, duties, and jurisdictions of the business improvement zone under this act or other laws that relate to the purposes, powers, duties, and jurisdictions of the business improvement zone.

(2) A business improvement zone may contract with a nonprofit corporation or any other public or private entity and may pay a reasonable fee to the nonprofit corporation or other public or private entity for services provided. Two or more business improvement zones may contract with the same nonprofit corporation or public or private entity under this subsection.

(3) A business improvement zone has the authority to borrow money in anticipation of the receipt of assessments if all of the following conditions are satisfied:

(a) The loan will not be requested or authorized, or will not mature, within 90 days before the expiration of the qualifying period.

(b) The amount of the loan does not exceed 50% of the annual average assessment revenue of the business improvement zone during the previous year or, in the case of a business improvement zone that has been in existence for less than 1 year, the loan does not exceed 25% of the projected annual assessment revenue.

(c) The loan repayment period does not extend beyond the qualifying period.

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

(4) The services provided by and projects of a business improvement zone are services and projects of the business improvement zone and are not services, functions, or projects of the municipality in which the business improvement zone is located. The services provided by and projects of a business improvement zone are supplemental to the services, projects, and functions of the city or village in which the business improvement zone is located.

(5) The business improvement zone has no other authority than the authority described in this act or authorized by other laws of this state.

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2018, Act 262, Imd. Eff. June 28, 2018
Popular Name: Shopping Areas Redevelopment Act

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125.990b Business improvement zone; establishment within city or village; basis for allocation of assessments.

Sec. 10b.

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

(2) A zone area must be contiguous, with the exception of public streets, alleys, parks, and other public rights-of-way.

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

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

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

(4) A zone plan may provide for assessments. If a zone plan provides for assessments, the zone plan must include a basis for the allocation of assessments in compliance with section 10h on the basis of 1 or more of the following:

(a) Assessed value.

(b) Taxable value.

(c) Square footage.

(d) Street frontage.

(e) Any other factor relating to assessable property identified in the zone plan.

(5) If the zone plan for a zone area provides a basis for the allocation of assessments on the basis of assessed value, the majority of all properties within the zone area, both by assessed value and square footage, must be assessable property.

(6) If the zone plan for a zone area provides a basis for the allocation of assessments on a basis other than assessed value, the majority of all properties within the zone area, both by taxable value and square footage, must be assessable property.

(7) A zone plan may provide for caps on the assessment amounts paid by an owner of assessable property and for caps on the growth of assessment amounts.

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 79, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990c Initiation by delivery of petition.

Sec. 10c.

A person may initiate the establishment of a business improvement zone by the delivery of a petition to the clerk of the city or village in which a proposed zone area is located. The petition must include all of the following:

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

(b) The signatures of property owners of parcels of assessable property within the zone area, or their authorized agents, representing not less than 30% of the property owners of assessable property within the zone area. In determining whether the threshold under this subdivision is met, the number of required signatures must be determined and the signatures of property owners must be allocated, in the same manner as any proportional vote provided in the proposed zone plan under subdivision (d).

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

(d) An attached zone plan, which must include all of the following:

(i) The proposed initial board of directors for the zone, except for a member of the board of directors who may be appointed by the city or village under section 10g(2).

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

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

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

(v) The proposed source or sources of financing for the projects planned during the qualifying period.

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

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

(viii) Beginning on June 28, 2018, the number of calendar years in the qualifying period, not more than 10 calendar years and not less than 7 calendar years.

(ix) If proportional voting will apply, a description of the proportional voting mechanism to be used or, if proportional voting will not apply, a statement to that effect.

(e) A basis for allocating assessments in the zone area that is consistent with section 10b.

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2018, Act 262, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act

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125.990d Repealed. 2013, Act 126, Imd. Eff. Oct. 9, 2013.

Compiler's Notes: The repealed section pertained to adoption of zone plan at public meeting.

125.990e Public hearing of governing body; notice; approval or rejection; amendment; resubmission; zone plan; assessment; election; publication of notice; assisting in conduct of election.

Sec. 10e.

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

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

(3) At the meeting, the property owners may amend the zone plan if approved by a majority of the property owners voting at the meeting, using proportional voting if applicable under the zone plan. The amended zone plan may be resubmitted to the clerk of the city or village without the requirement of a new petition under section 10c for approval or rejection at a meeting of the governing body of the city or village not later than 28 days after the amended zone plan is resubmitted to the clerk. If a zone plan is not rejected within 56 days of the date the amended zone plan is resubmitted to the clerk, the amended zone plan is considered approved by the governing body of the city or village. If the amended zone plan is rejected by the governing body, then the amended zone plan may not be resubmitted without the delivery of a new petition under section 10c.

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

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

(b) The zone plan for the business improvement zone provides that the services to be provided by the business improvement zone and the projects under the zone plan would be supplemental to the services, projects, and functions of the city or village.

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

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

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

(7) The clerk of the city or village shall send to the property owners notice by first-class mail of the election not less than 28 days before the election and publish the notice at least once in a newspaper of general circulation in the city or village in which the zone area is located not less than 7 days or more than 21 days before the date scheduled for the election.

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

(9) The person that filed the petition under section 10c, the proposed board members, and the property owners may, at the option and under the direction of the clerk, assist the clerk of the city or village in conducting the election to minimize the expenses of the election incurred by the city or village.

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History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 79, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990f Voting; eligibility; conduct; question; adoption of business improvement zone and zone plan; expenses; duration; compliance with state and federal laws; immunity of city or village; proportional voting; allocation requirements.

Sec. 10f.

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

(2) A zone plan and the proposal for the establishment of a business improvement zone, including the identity of the initial board, are considered adopted upon the approval of more than 60% of the property owners voting in the election, using proportional voting if applicable under the zone plan.

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

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

(5) Adoption of a business improvement zone and zone plan under this section and the creation of the business improvement zone does not relieve the business improvement zone

from following, or does not waive any rights of the city or village to enforce, any applicable laws, statutes, or ordinances. A business improvement zone created under this chapter shall comply with all applicable state and federal laws.

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

(7) Subject to subsection (8), if a zone plan provides for proportional voting, the proportional vote of a property owner must be allocated as follows:

(a) If the zone plan for the zone area provides a basis for allocating assessments based upon taxable value, the votes of property owners may be proportionate to the amount that the taxable value of their respective real property for the preceding calendar year bears to the taxable value of all assessable property in the zone area for that calendar year.

(b) If the zone plan for the zone area provides for allocation of assessments based upon assessed value, the votes of property owners may be proportionate to the amount that the assessed value of their respective real property for the preceding calendar year bears to the assessed value of all assessable property in the zone area for that calendar year.

(c) If the zone plan for the zone area provides a basis for allocating assessments other than taxable value or assessed value, the votes of property owners may be proportionate to the amount that the assessment for their respective real property for the prior calendar year bears to the total value of assessments for assessable property in the zone area in that calendar year.

(8) The proportional vote allocated to any 1 property owner must not exceed 25% of the total vote. If the proportional vote of a single property owner under this section exceeds 25%, the amount in excess of 25% must be reallocated among the remaining property owners in proportion to the amount that the assessment of their respective assessable property for the prior calendar year bears to the assessment of all assessable property in the zone area owned by the remaining property owners during that calendar year. For purposes of this subsection, property owners that are affiliates shall be treated as a single property owner.

(9) As used in this section, "affiliate" means that term as defined in section 90l of the Michigan strategic fund act, 1984 PA 270, MCL 125.2090l.

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History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2018, Act 262, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 79, Eff. Feb. 13, 2024

Popular Name: Shopping Areas Redevelopment Act

125.990g Management of day-to-day activities; members; duties and responsibilities; reimbursement.

Sec. 10g.

(1) The board shall manage the activities of the business improvement zone and implementation of the zone plan.

(2) The board must consist of an odd number of directors and must not be smaller than 5 and not larger than 15 in number. The board may include 1 director nominated by the chief executive of the city or village and confirmed by the governing body of the city or village. A nomination not disapproved by a governing body within 60 days stands confirmed.

(3) The duties and responsibilities of the board must be prescribed in the zone plan and to the extent applicable must include all of the following duties and responsibilities:

(a) Developing administrative procedures relating to the implementation of the zone plan.
(b) Recommending amendments to the zone plan.
(c) Scheduling and conducting an annual meeting of the property owners.
(d) Developing a zone plan for the next qualifying period.
(4) Members of the board shall serve without compensation. However, members of the board may be reimbursed for their actual and necessary expenses incurred in the performance of their official duties as members of the board.

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2018, Act 262, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 80, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990h Assessments.

Sec. 10h.

(1) A business improvement zone may be funded in whole or in part by 1 or more assessments on assessable property, as provided in the zone plan. An assessment under this chapter is in addition to any taxes or special assessments otherwise imposed on assessable property. The business improvement zone, with the approval of the board, may enter into agreements with 1 or more property owners in the city or village providing for the provision of business zone activities or services to the property owner or owners by the business improvement zone in exchange for monetary contributions to the business improvement zone from the property owner or owners. An agreement providing for the provision of business zone activities or services described in this subsection must be in writing and must be made available to all property owners of assessable property in the zone area.
(2) An assessment may be imposed against assessable property only on the basis of the benefits to assessable property afforded by the zone plan. There is a rebuttable presumption that a zone plan and any project specially benefits all assessable property in a zone area.
(3) If a zone plan provides for an assessment, the treasurer of the city or village in which the zone area is located as an agent of the business improvement zone shall collect the assessment imposed by the board under the zone plan on all assessable property within the zone area in the amount authorized by the zone plan.
(4) The treasurer of the city or village in which the zone area is located, as an agent of the business improvement zone, shall collect the assessments from each property owner within the zone area and promptly remit the assessments collected to the business improvement zone. Assessment revenue is the property of the business improvement zone and not the city or village in which the business improvement zone is located. However, all payments to the treasurer shall be entirely applied first to the balance of any property taxes owed to the city or village and only then any remaining payment amount shall be considered assessment revenue belonging to the business improvement zone and applied to the assessment levied under this chapter. The business improvement zone may, at the option and under the direction of the treasurer, assist the treasurer of the city or village in collecting the assessment to minimize the expenses of collecting the assessment incurred by the city or village.
(5) The business improvement zone may institute a civil action to collect any delinquent assessment and interest.

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(6) An assessment is delinquent if it has not been paid within 90 days after it was due as provided under the zone plan imposed under this chapter. Except as otherwise provided in subsection (7), the business improvement zone shall collect delinquent assessments. Delinquent assessments accrue interest at a rate of 1.5% per month until paid.

(7) If any portion of the assessment has not been paid within 90 days after it was due, that portion of the unpaid assessment is a lien on the property. The lien amount is for the unpaid portion of the assessment and includes any applicable interest. Alternatively, a delinquent and unpaid assessment may, at the request of the business improvement zone, be returned as delinquent by the treasurer of the city or village and collected in the same manner as a delinquent tax special assessment along with any associated interest, fees, and costs under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155. However, property is not subject to forfeiture, foreclosure, and sale under sections 78 to 79a of the general property tax act, 1893 PA 206, MCL 211.78 to 211.79a, for nonpayment of an assessment under this chapter unless the property also is subject to forfeiture, foreclosure, and sale under sections 78 to 79a of the general property tax act, 1893 PA 206, MCL 211.78 to 211.79a, for delinquent property taxes. If a parcel of assessable property that has a delinquent and unpaid assessment is sold to a purchaser who is not related or affiliated to the seller, as determined by the board, the board may reduce or eliminate any delinquent and unpaid assessment on that parcel of assessable property if the property is not subject to forfeiture, foreclosure, and sale under sections 78 to 79a of the general property tax act, 1893 PA 206, MCL 211.78 to 211.79a. If the delinquent property taxes are paid, the property may not be forfeited, foreclosed, and sold for an unpaid assessment under this chapter.

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History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 80, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990i Audit.

Sec. 10i.

(1) Expenses incurred in implementing any project or service of a business improvement zone shall be financed in accordance with the zone plan.

(2) Assessment revenues under section 10h are the funds of the business improvement zone and not funds of the state or of the city or village in which the business improvement zone is located. All money collected under section 10h shall be deposited in a financial institution in the name of the business improvement zone. Assessment revenues may be deposited in an interest generating account. The business improvement zone shall use the funds only to implement the zone plan.

(3) All expenditures by a business improvement zone shall be audited annually by a certified public accountant. The audit shall be completed within 9 months of the close of the fiscal year of the business improvement zone. Within 30 days after completion of an audit, the certified public accountant shall transmit a copy of the audit to the board and make copies of the audit available to the property owners and the public.

(4) If an annual audit required by this section contains material exceptions, the board of the business improvement zone shall within 90 days of the delivery of the audit adopt a plan to remedy the exceptions and forward a copy of that plan to the city or village in which the business improvement zone is located.

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

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

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013
Popular Name: Shopping Areas Redevelopment Act

125.990j Zone plan amendment.

Sec. 10j.

A zone plan may be amended. Amendments are effective if approved by a majority of the property owners voting on the amendment at the annual meeting of property owners or a special meeting called for that purpose, using proportional voting if applicable under the zone plan. A zone plan amendment changing any assessment is effective only if also approved by the governing body of the city or village in which the business improvement zone is located.

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History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 80, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990k Expiration of qualifying period; special meeting to approve new zone plan; notice.

Sec. 10k.

(1) Before the expiration of any qualifying period, the board shall notify the property owners within the business improvement zone of a special meeting by first-class mail not less than 14 days before the scheduled date of the meeting to approve a new zone plan for the next qualifying period. Notice under this section must include the specific location, scheduled date, and time of the meeting.

(2) Approval of the new zone plan at the special meeting by more than 60% of the property owners of assessable property voting at that meeting, using proportional voting if applicable under the zone plan, constitutes reauthorization of the business improvement zone for an additional qualifying period, commencing as of the expiration of the qualifying period then in effect. If the new zone plan reflects any new assessment, or reflects an extension of any assessment beyond the period previously approved by the city or village in which the business improvement zone is located, the new or extended assessment is effective only with the approval of the governing body of the city or village.

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2018, Act 262, Imd. Eff. June 28, 2018 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act

80, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990l Dissolution.

Sec. 10l.

(1) Upon written petition duly signed by 30% of the property owners of assessable property within a zone area and submitted no sooner than 2 years following the adoption of the business improvement zone and zone plan, the board shall place on the agenda of the next annual meeting, if the next annual meeting is to be held not later than 63 days after receipt of the written petition or a special meeting not to be held later than 63 days after receipt of the written petition, the issue of dissolution of the business improvement zone. Notice of the next annual meeting or special meeting described in this subsection must be provided to all property owners by first-class mail not less than 14 days before the date of the annual or special meeting. The notice must include the specific location and the scheduled date and time of the meeting.

(2) The business improvement zone is dissolved upon a vote of more than 50% of the property owners of assessable property voting at the meeting, using proportional voting if applicable under the zone plan. A dissolution does not take effect until the later of the end of the second calendar year after the vote for dissolution or all contractual liabilities of the business improvement zone have been paid and discharged.

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

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

History: Add. 2001, Act 260, Eff. Mar. 1, 2002 ;-- Am. 2013, Act 126, Imd. Eff. Oct. 9, 2013 ;-- Am. 2020, Act 91, Imd. Eff. June 16, 2020 ;-- Am. 2023, Act 80, Eff. Feb. 13, 2024
Popular Name: Shopping Areas Redevelopment Act

125.990m Public meeting; compliance with open meetings act; public records; meeting location.

Sec. 10m.

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

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(2) A meeting of property owners under section 10c shall be conducted at a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice of the time, date, and place of the meeting shall be given in the manner required by the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

(3) A writing prepared, owned, used, in the possession of, or retained by the business improvement zone in the performance of its duties under this chapter is a public record under the freedom of information act, 1976 PA 442, MCL 15.231 to 15.246.

(4) All meetings of the board or property owners described in this act shall be conducted within the city or village in which the business improvement zone is or is to be located.

History: Add. 2001, Act 260, Eff. Mar. 1, 2002
Popular Name: Shopping Areas Redevelopment Act

125.990n Merger agreement.

Sec. 10n.

(1) Two or more business improvement zones within the same city or village may merge into a single business improvement zone if the board of each business improvement zone approves a merger agreement among the merging zones and the merger agreement also is approved by the governing body of the city or village in which the zones are located.

(2) The merger agreement shall include, without limitation, a manner of selecting the board of directors of the merged business improvement zone, a zone plan for the merged business improvement zone, and a plan for establishing and collecting assessments under the merged business improvement zone.

History: Add. 2013, Act 126, Imd. Eff. Oct. 9, 2013
Popular Name: Shopping Areas Redevelopment Act

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