

HOUSE BILL No. 5667

May 23, 2012, Introduced by Reps. Haveman, Roy Schmidt, Lyons, Price, MacGregor, Crawford, Heise, Yonker, Wayne Schmidt, Haugh, Shaughnessy, Kowall, Foster, Dillon and Howze and referred to the Committee on Local, Intergovernmental, and Regional Affairs.

A bill to provide for the creation, operation, and dissolution of neighborhood enhancement districts within certain local units of government; to provide for neighborhood improvement and enhancement projects; to provide for levying, collecting, and disbursement of a special assessment against benefited parcels; to provide for the issuance of bonds and other obligations; to provide for creating and approving certain plans; and to provide for establishing advisory boards.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 Sec. 2. As used in this act:

4 (a) "Assessable property" means real property in a district
5 that is not exempt from special assessment under applicable federal

1 or state law or by another provision in this act and any parcel of
2 property that is exempt from special assessment under applicable
3 federal or state law or by another provision in this act but for
4 which the property owner who owns the property at the time the
5 special assessment is levied has consented in writing to the levy
6 of the special assessment.

7 (b) "Assessment" means an assessment imposed under this act
8 against assessable property.

9 (c) "Assessment revenues" means the funds collected from
10 assessments levied within a district under this act, including any
11 interest on the assessments.

12 (d) "Blighted" means that term as described in section 2 of
13 the brownfield redevelopment financing act, 1996 PA 381, MCL
14 125.2652.

15 (e) "Chief administrative officer" means the manager or
16 administrator of a city or village in a city or village that has a
17 manager or administrator, or the mayor or village president in a
18 city or village that does not have a manager or administrator, or
19 the person designated by that chief administrative officer.

20 (f) "District plan" means a written plan meeting the
21 requirements of section 5 that is approved by resolution of the
22 governing body of the city or village in which the district is
23 located.

24 (g) "Governing body" means the governing body of a city or
25 village in which a district is located or proposed.

26 (h) "Neighborhood district" or "district" means the area
27 designated in a resolution adopted by the governing body of the

1 city or village as the area to be served by the projects to be
2 undertaken pursuant to a district plan.

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

5 (j) "Property owner" means the record legal title holder, or
6 an agent authorized by the record legal title holder, of assessable
7 property according to the property tax records of the treasurer of
8 the city or village in which the district is located.

9 Sec. 3. The governing body of a city or village may establish
10 1 or more districts within its jurisdictional boundaries as
11 follows:

12 (a) The creation of a district may be initiated as follows:

13 (i) The governing body may initiate the creation of a district
14 by adopting a resolution of intent to create a district.

15 (ii) Alternatively, the property owners who own at least 51% of
16 the assessable property within the district as ultimately
17 determined may file a petition with the clerk of the city or
18 village in which the proposed district is located to initiate the
19 creation of a district and, if the governing body determines that
20 the creation of a district is in the best interests of the property
21 owners of property within the proposed district and those residing
22 in the proposed district, the governing body may then adopt a
23 resolution of intent to create a district.

24 (b) The resolution of intent to create a district shall
25 specify the proposed boundaries of the district, state the purpose
26 of the proposed district including the work to be done or the
27 projects to be undertaken within the proposed district, provide

1 estimates of the costs of the work to be done and the projects to
2 be undertaken in the proposed district, and set the date, time, and
3 place of a public hearing to be held on the creation of the
4 district.

5 (c) The clerk of the city or village shall give written notice
6 of the date, time, place, and purpose of the public hearing,
7 together with a drawing showing the boundaries of the proposed
8 district, by publication in a newspaper of general circulation in
9 the city or village at least 14 days prior to the date of the
10 hearing, by mailing by first-class mail to the property owners of
11 property within the proposed district, and, if the city or village
12 has a website, by posting on the city's or village's website. Any
13 notice given by mail may rely upon the last city or village tax
14 assessment records. The method of giving notice by mail as provided
15 in this section is declared to be the method that is reasonably
16 certain to inform those to be notified of the pending proceedings.

17 (d) At the public hearing, the governing body shall hear
18 anyone wishing to speak on the creation of the proposed district
19 and shall receive any written statements, documents, or other
20 information regarding the creation of the proposed district.

21 (e) If, prior to the close of the public hearing concerning
22 the proposed creation of a district, written objections to the
23 creation of the proposed district are filed by the property owners
24 of at least 30% of the assessable property in the district as it is
25 finally determined, the governing body shall not proceed to create
26 the district until petitions supporting the creation of the
27 district meeting the signature requirements of subdivision (a) (ii)

1 are filed with the clerk of the city or village in which the
2 district is located.

3 (f) After the public hearing held as required in subdivision
4 (d) and subject to the requirements of subdivisions (e) and (g),
5 the governing body may by resolution approved by a majority of its
6 members create a district. The resolution shall include a
7 description of and drawing depicting the district boundaries, a
8 list of the addresses and parcel numbers for each parcel included
9 in the district, and the purpose for which the district is created.

10 (g) Property shall not be added to the district unless notice
11 is given as provided in subdivision (c), or by personal service to
12 the property owners of the property in the entire proposed
13 district, and a hearing afforded to the property owners. If a
14 petition is required because property is added to the district
15 which makes the original petition insufficient, then a supplemental
16 petition shall be filed containing sufficient additional signatures
17 of property owners.

18 (h) The resolution adopted as provided in subdivision (f) may
19 also create the district advisory board as provided in section 4
20 and may also direct the preparation of a proposed district plan as
21 provided in section 5.

22 Sec. 4. (1) After creating a district, the governing body
23 shall form a district advisory board.

24 (2) A district advisory board shall consist of not fewer than
25 5 or more than 9 persons appointed by the chief administrative
26 officer with the consent of the governing body who are property
27 owners or representatives of property owners of assessable property

1 within the district or are residents of the district. At least 3
2 members of the district advisory board shall be residents of the
3 district. Alternatively, the governing body may designate the
4 governing board of a neighborhood association as the district
5 advisory board if the district is entirely located within the
6 neighborhood area of the neighborhood association.

7 (3) Meetings of the district advisory board shall be conducted
8 in compliance with the open meetings act, 1976 PA 267, MCL 15.261
9 to 15.275, and records of a district advisory board are public
10 records under the freedom of information act, 1976 PA 442, MCL
11 15.231 to 15.246.

12 Sec. 5. (1) The district advisory board shall prepare or cause
13 to be prepared a district plan.

14 (2) A district plan shall include the district boundaries, the
15 activities and projects for the benefit and enhancement of a
16 district, together with cost estimates, proposed methods of
17 financing each activity and project, and timetables for undertaking
18 each activity and project.

19 (3) If included in the district plan approved as provided in
20 this act, a city or village may engage in or undertake the
21 following activities and projects within a district:

22 (a) Acquire real property for parks and acquire, construct,
23 install, improve, and maintain park improvements and recreational
24 facilities.

25 (b) Acquire, improve, and maintain rights-of-way including
26 streets, sidewalks, alleys, snow-melt systems, and other
27 improvements.

1 (c) Acquire, improve, and maintain other public open areas
2 such as plazas, gathering places, pavilions, shelters,
3 amphitheaters, and other improvements and amenities.

4 (d) Acquire, construct, install, maintain, and improve street
5 lighting improvements.

6 (e) Demolish abandoned, dilapidated, blighted, or
7 nonconforming structures.

8 (f) Provide enhanced public safety or security services that
9 may include additional policing, installation of surveillance
10 technology, and other work.

11 (g) Provide enhanced code enforcement services.

12 (h) Make and maintain landscaping improvements in public
13 areas, parks, and rights-of-way.

14 (i) Operate or sponsor recreational programs and operate
15 recreational facilities.

16 (j) Engage in promotional or marketing activities.

17 (k) Provide enhanced signage.

18 (l) Acquire property for, and make and maintain, parking
19 improvements.

20 (m) Undertake studies and planning.

21 (n) Provide enhanced broadband or other telecommunications
22 services.

23 (o) Create and finance the implementation of neighborhood
24 architectural or other themes.

25 (p) Engage in neighborhood organizational activities.

26 (4) A district plan shall provide a termination date.

27 (5) If a district plan will be financed in whole or in part by

1 levying special assessments pursuant to this act, the district plan
2 shall include the proposed special assessment roll, an explanation
3 of the special assessment methodology, the number of special
4 assessment installments, the interest rate to be charged on
5 installments, and the procedure, if any, that is available to
6 persons for whom paying the special assessment would constitute a
7 hardship.

8 (6) If a district plan will be financed in whole or in part by
9 the issuance of bonds in anticipation of the levy of special
10 assessments, the district plan shall detail the amount of the bond
11 issue, including the anticipated professional service fees and
12 other issuance costs.

13 (7) A plan may include as activity and project costs the
14 following:

15 (a) Amounts to be paid to contractors, subcontractors,
16 consultants, planners, attorneys, financial advisors, surveyors,
17 architects, engineers, and other professionals.

18 (b) Amounts to be paid to the city or village for special,
19 enhanced, or additional services to the district that are not
20 provided to others in the city or village.

21 (c) Amounts for the acquisition, leasing, construction,
22 installation, demolition, alteration, maintenance, repair,
23 replacement, operation, use, or improvement of real or personal
24 property in the district.

25 (d) Reimbursement of the city or village for administrative,
26 oversight, and other costs it incurs that are attributable to the
27 district and the planning and implementation of projects and

1 activities in the district.

2 (e) Any other costs paid for any activity or project permitted
3 under this act.

4 (8) If the nature of the activity or project is such that a
5 periodic redetermination of costs will be necessary without a
6 change in the district boundaries, the district plan shall include
7 in its estimate of costs any projected incremental increases. If at
8 any time during the term of the district plan an actual incremental
9 cost increase exceeds the estimate therefor by 10% or more, notice
10 shall be given as provided in section 6(c) and a hearing afforded
11 to the property owners of property to be assessed.

12 (9) A district plan may be amended or extended for a period
13 not to exceed 7 years or the useful life of any capital
14 improvements to be made pursuant to the plan in the same manner as
15 it was first approved.

16 Sec. 6. A district plan may be approved in the following
17 manner:

18 (a) The district advisory board shall make a recommendation
19 regarding any proposed district plan. A governing body shall not
20 consider a proposed district plan until the district advisory board
21 recommends the adoption of the proposed district plan.

22 (b) After receiving the recommendation of the district
23 advisory board, the governing body shall set the date, time, and
24 place of a public hearing to be held on the approval of the
25 district plan.

26 (c) The clerk of the city or village shall give written notice
27 of the date, time, place, and purpose of the public hearing,

1 together with a drawing showing the boundaries of the district and,
2 if any parcels are to be specially assessed, a list by addresses
3 and parcel number of the parcels to be specially assessed, by
4 publication in a newspaper of general circulation in the city or
5 village at least 14 days prior to the date of the hearing, by
6 mailing by first-class mail to the property owners of property
7 within the district, and, if the city or village has a website, by
8 posting on the city's or village's website. The notice shall also
9 state that a copy of the entire district plan is available for
10 inspection or copying in the office of the city or village clerk
11 during normal city or village visiting hours. If periodic
12 redeterminations of cost will be necessary, the notice shall state
13 that those redeterminations may be made without further notice to
14 property owners. Any notice given by mail may rely upon the last
15 city or village tax assessment records. The method of giving notice
16 by mail as provided in this section is declared to be the method
17 that is reasonably certain to inform those to be notified of the
18 pending proceedings. Failure to give notice as required in this
19 subdivision shall not invalidate an entire special assessment roll,
20 but only the assessment on property affected by the lack of notice.
21 A special assessment shall not be declared invalid as to any
22 property if the property owner actually received notice, waived
23 notice, or paid any part of the special assessment. If an
24 assessment is declared void by court or Michigan tax tribunal
25 decree or judgment, a reassessment against the property may be
26 made.

27 (d) At the public hearing the governing body shall hear anyone

1 wishing to speak regarding the proposed district plan and shall
2 receive any written statements, documents, or other information
3 regarding the proposed district plan.

4 (e) If, prior to the close of the public hearing concerning
5 the district plan, written objections to the district plan are
6 filed by the property owners of at least 30% of the assessable
7 property in the district, the approval the district plan shall be
8 approved only by a 2/3 vote of the members of the governing body.

9 (f) A governing body may, prior to approving a district plan,
10 modify the plan as it deems necessary or advisable after
11 considering the recommendations of the district advisory board and
12 information provided as the public hearing. However, if any
13 modification will result in the increase of any special assessment
14 levied against any parcel by 10% or more, notice shall be given as
15 provided in subdivision (b) and a hearing afforded to the property
16 owners of property to be assessed.

17 (g) Except as provided in subdivision (e), after the public
18 hearing held as required subdivision (d), the governing body may by
19 resolution approved by a majority of its members approve the
20 district plan.

21 (h) A city or village may take all steps necessary to
22 implement an approved district plan. In its resolution approving a
23 district plan or by a subsequent resolution, a governing body may
24 delegate part or all of the implementation of an approved district
25 plan to the district advisory board.

26 Sec. 7. A city or village may fund activities and projects in
27 a district from the following sources:

1 (a) Funds of the city or village that the governing body
2 budgets for that purpose.

3 (b) Federal, state, or private grants.

4 (c) Gifts and donations from individuals or entities.

5 (d) Fees or rents for services or the use of real or personal
6 property owned by the city or village within the district.

7 (e) Special assessments levied against assessable property
8 within the district in accordance with section 8.

9 (f) For capital improvement projects, the issuance of bonds in
10 anticipation of the collection of special assessments levied
11 pursuant to section 8.

12 Sec. 8. (1) The city or village may specially assess
13 assessable property within the district for costs of activities or
14 projects within the district.

15 (2) The special assessment roll shall be prepared by the chief
16 administrative officer of the city or village and included as part
17 of the district plan.

18 (3) The hearing on a proposed district plan shall constitute
19 the hearing on a proposed special assessment roll that is part of
20 the district plan. Approval of a district plan shall constitute
21 confirmation of a special assessment roll that is part of the
22 district plan. After the governing body's approval of a district
23 plan, all special assessments on a special assessment roll that is
24 part of the district plan shall be final and conclusive unless an
25 action contesting an assessment is filed in the Michigan tax
26 tribunal or a court of competent jurisdiction within 30 days after
27 the date of the approval of the district plan.

1 (4) An assessment roll that is part of a district plan shall
2 list by address and parcel number all of the parcels of land within
3 the district, the names of the property owners of each parcel, an
4 identification as to whether each parcel is assessable property,
5 and the total amount to be assessed against each parcel of land.
6 The amount to be assessed against an assessable parcel shall be the
7 relative portion of the whole sum to be levied against all parcels
8 of land in the special assessment district as the benefit to the
9 parcel of land bears to the total benefit to all parcels of land in
10 the special assessment district. If it is determined that all or
11 any portion of a special assessment should be levied based on the
12 value of the assessable property being assessed, that assessment or
13 portion of the assessment shall be based on the taxable value of
14 the property as determined under section 27a of the general
15 property tax act, 1893 PA 206, MCL 211.27a.

16 (5) A parcel of land within a district that has been specially
17 assessed for any other improvement or activity, which prior special
18 assessment has not been fully paid but no payments of which prior
19 special assessment are delinquent, shall be exempt from payment of
20 any special assessment installment due under this act for any year
21 in which that prior special assessment has not been fully paid but
22 no payments of that prior special assessment are delinquent. This
23 exemption does not apply to a special assessment made against any
24 parcel of land for failure to comply with requirements of any
25 federal or state law or local ordinance requirement.

26 (6) A parcel of land within a district against which a millage
27 has been levied by a downtown development authority pursuant to

1 section 12 of 1975 PA 197, MCL 125.1662, shall be exempt from
2 payment of any special assessment installment due under this act
3 for any year in which that millage levy is made against that parcel
4 of land.

5 (7) Except for capital expenditures, any special assessment or
6 installments approved pursuant to this act shall not exceed 7 years
7 in duration. Special assessments and special assessment
8 installments for capital expenditures shall not exceed the useful
9 life of the acquisition or other capital improvement.

10 (8) The governing body may provide that special assessments
11 are payable in 1 or more installments, but the amount of an
12 installment shall not be less than 1/2 of the amount of any
13 subsequent installment. The amount of each installment, if more
14 than 1, need not be extended upon the special assessment roll until
15 after approval of the district plan. Subject to the provisions of
16 section 6(f), the amount of installments for activities or projects
17 subject to periodic cost revision may be extended upon the special
18 assessment roll by the governing body without additional public
19 hearings or public notice. The first installment of a special
20 assessment shall be due on or before the time after approval of the
21 district plan as the governing body shall fix. Subsequent
22 installments shall be due at intervals of 12 months from the due
23 date of the first installment or from a date the governing body
24 shall fix.

25 (9) All installments shall include interest on the unpaid
26 principal amount of the special assessment, payable annually on
27 each installment due date, at a rate to be set by the governing

1 body, not exceeding 1% above the average rate of interest borne by
2 special assessment bonds issued by the city or village in
3 anticipation of all or part of the unpaid installments, or, if
4 bonds are not issued by the township, a county, a drainage
5 district, or an authority, not exceeding 8% per annum, commencing
6 in each case from a date fixed by the governing body. Future due
7 installments of an assessment against any parcel of land may be
8 paid to the city or village treasurer at any time in full, with
9 interest accrued through the month in which the final installment
10 is paid.

11 (10) If an installment of a special assessment is not paid
12 when due, then the installment shall be considered to be delinquent
13 and there shall be collected, in addition to interest as provided
14 by this section, a penalty at the rate of not more than 1% for each
15 month, or fraction of a month, that the installment remains unpaid
16 before being reported to the governing body for reassessment upon
17 the city or village tax roll.

18 (11) All special assessments, including any part of the
19 special assessment deferred as to payment, shall from the date of
20 approval of the district plan constitute a lien upon the respective
21 parcels of land assessed. That lien shall be of the same character
22 and effect as the lien created for city or village ad valorem
23 property taxes and shall include accrued interest and penalties.

24 (12) The approval of a district plan shall constitute
25 direction that any special assessments that are part of the
26 district plan be collected. The city or village clerk shall deliver
27 to the city or village treasurer that special assessment roll, to

1 which the clerk shall attach the clerk's warrant commanding the
2 treasurer to collect the special assessments in accordance with the
3 governing body's directions. That warrant shall further require the
4 treasurer, 90 days before the date on which the city or village
5 sends its ad valorem property tax bills, to submit to the governing
6 body a sworn statement setting forth the addresses, parcel numbers,
7 and property owners of the assessable property for which special
8 assessment installments are delinquent and the amount of the
9 delinquency, including accrued interest and penalties computed to
10 the date 90 days before the date on which the tax bills are sent.
11 Upon receiving the special assessment roll and warrant, the
12 treasurer shall proceed to collect the special assessments as they
13 become due.

14 (13) A property owner who by reason of hardship is unable to
15 pay a special assessment installment may have the assessment
16 deferred by application to the city or village treasurer. Upon
17 receipt of evidence of hardship, the city or village may defer
18 partial or total payment of the special assessment installment. The
19 governing body may adopt an ordinance to define hardship and to
20 permit deferred or partial payment of a special assessment
21 installment. As a condition of granting the deferred or partial
22 payment of a special assessment installment, the governing body
23 shall require that any deferred special assessment installment
24 constitute a recorded lien against the property.

25 (14) If the city or village treasurer reports as delinquent
26 any special assessment installment or part of the special
27 assessment installment, the governing body shall certify the same

1 to the city or village assessor, who shall reassess on the annual
2 city or village tax roll of the year in a column headed "special
3 assessments" the delinquent sum, with interest and penalties to 90
4 days before the date of sending the tax bills that year, and an
5 additional penalty of 6% of the total amount. Thereafter the laws,
6 charter provisions, and ordinances relating to city or village ad
7 valorem property taxes shall be applicable to the reassessments.

8 (15) If any parcel of land is divided after a district plan is
9 approved that includes a special assessment against that parcel,
10 but before the collection of that special assessment, the chief
11 administrative officer shall apportion the uncollected amounts
12 among the several divisions, and the report of the apportionment
13 shall be, unless appealed in writing by any party within 14 days of
14 the date of notice of the apportionment to the governing body,
15 conclusive upon all parties. The chief administrative officer shall
16 send a written notice of the apportionment to the parties at the
17 addresses as are on the city or village tax records or as provided
18 in writing to the chief administrative officer. If an appeal is
19 made, the governing body shall hold a public hearing providing at
20 least 14 days' notice by first-class mail of the date, time, and
21 place of the public hearing. After the public hearing, the
22 apportionment made by the governing body shall be conclusive upon
23 all parties.

24 (16) If the special assessments that are part of a district
25 plan prove insufficient for any reason, including the
26 noncollection, to pay for principal and interest on the bonds
27 issued in anticipation of the collection of the special assessment,

1 then the governing body shall make additional pro rata assessments
2 to supply the deficiency, but the total amount assessed against any
3 parcel of land shall not exceed the value of the benefits received
4 from the improvement. Should the total amount collected on
5 assessments prove larger than necessary by more than 5% of the
6 original special assessment roll approved as part of a district
7 plan, then the surplus shall be prorated among the properties
8 assessed in accordance with the amount assessed against each and
9 applied toward the payment of the next city or village tax levied
10 against the properties, respectively, or, if there be no such tax,
11 then it shall be refunded to the persons who are the property
12 owners of the properties on the date of the passage of the
13 governing body's resolution ordering such refund. Any surplus of 5%
14 or less may be used to fund other activities or projects benefiting
15 the district.

16 (17) If any special assessment is, in the opinion of the
17 governing body, invalid by reason of irregularities or
18 informalities in the proceedings, or if the Michigan tax tribunal
19 or any court of competent jurisdiction shall adjudge any special
20 assessment to be illegal, the governing body shall, whether the
21 activity or project has been undertaken or not and whether any part
22 of the special assessment has been paid or not, have power to
23 proceed from the last step at which the proceedings were legal and
24 cause a new special assessment to be made for the same purpose for
25 which the former special assessment was made. All proceedings on
26 the reassessment and its collection shall be conducted in the same
27 manner as provided for the original assessment, and whenever an

1 assessment or any part a special assessment levied upon any
2 premises has been so set aside, if that special assessment has been
3 paid and not refunded, the payment so made shall be applied to the
4 reassessment.

5 (18) Any public or private entity whose property in a district
6 is exempt by law from special assessment may agree to pay the
7 special assessments against that property and, if it does so, the
8 special assessment, including all installments, shall be a valid
9 claim against that entity and a valid lien upon that property.

10 Sec. 9. A city or village by resolution of its governing body
11 adopted after the district plan is approved may borrow money and
12 issue the bonds of the city or village in anticipation of the
13 collection of special assessments levied pursuant to an approved
14 district plan to defray all or any part of the cost of any capital
15 improvement made under this act. Bonds issued under this section
16 shall not exceed the amount of the special assessments in
17 anticipation of the collection of which they are issued. Bonds may
18 be issued in anticipation of the collection of special assessments
19 levied in respect to 1 or more public improvements, but no district
20 shall be compelled to pay the obligation of any other district. The
21 city or village may pledge its full faith and credit for the prompt
22 payment of the principal of and interest on the bonds authorized
23 under this section. The issuance of bonds under this section is
24 subject to the revised municipal finance act, 2001 PA 34, MCL
25 141.2101 to 141.2821.

26 Sec. 10. (1) If a governing body does not wish to issue bonds
27 to fund a capital improvements within a district, as an alternative

1 method of funding the cost of a capital improvement made within a
2 district under this act, after a district plan that includes a
3 special assessment roll is approved, the city or village may
4 advance the cost of the capital improvement from a city or village
5 neighborhood enhancement district revolving fund. The amount
6 advanced shall not exceed the amount that the governing body
7 anticipates will be collected by the special assessments. The
8 amount advanced by the city or village shall bear interest at a
9 rate not exceeding 6% per annum. Repayment of the advancements can
10 be made from special assessments or installments of special
11 assessments levied against the assessable property in the benefited
12 district.

13 (2) The governing body by resolution may create and designate
14 a fund to be known as the neighborhood enhancement district
15 revolving fund to be initially funded by the transfer of the city
16 or village funds as the governing body shall designate. The
17 governing body may transfer funds from the neighborhood enhancement
18 district revolving fund to the fund from which they were originally
19 transferred, together with interest earned on such funds, when in
20 the judgment of the governing body funds should be transferred.

21 Sec. 11. The powers granted in this act may be exercised by
22 any city or village and shall be in addition to the powers granted
23 by any other statute. However, the powers granted by this act are
24 those expressly provided in this act and do not include any
25 incidental or implied powers.

26 Sec. 12. Interest earned from the investment of money
27 collected under a special assessment levied under this act or of

1 money received as bond proceeds from a bond issued under this act,
2 or money from interest or penalties charged and collected on an
3 unpaid special assessment under this act, shall only be used for
4 the following:

5 (a) To pay for the activity or project for which the special
6 assessment is levied.

7 (b) To pay the principal and interest of bonds that are issued
8 for the capital improvement for which the special assessment is
9 levied.

10 (c) To pay the principal and interest of an advance from the
11 city or village made pursuant to section 10.

12 Sec. 13. A city or village exercising any powers under this
13 act shall publish an annual activity and financial report that, at
14 a minimum, details by district the activities and projects within
15 the district, the amounts of any specials assessments or other
16 funds that are collected, the uses of the special assessments and
17 other funds, and the amounts of all expenditures. The report or
18 links to the report shall be posted on the city or village website,
19 if any, and notice of the availability of the report shall be sent
20 to all property owners of property within a district.

21 Sec. 14. Revenues collected and expenditures made under this
22 act shall be audited for each district within the city or village
23 as part of the annual audit of the city or village required to be
24 made by law.