

Legislative Analysis



RESORT DISTRICT REHABILITATION ACT

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House Bill 4208 (Substitute H-2)
Sponsor: Rep. Dale Zorn
Committee: Local Government
First Analysis (6-18-13)

BRIEF SUMMARY: The bill would amend the Resort District Rehabilitation Act to require that two members of a township's resort district board of directors be residents of the resort district.

FISCAL IMPACT: As written, the bill would appear to have no state or local fiscal impact.

THE APPARENT PROBLEM:

In 1986 the Michigan legislature created the Resort District Rehabilitation Act, Public Act 59 of 1986. That act allowed a township to create a resort district in order "to halt or prevent property deterioration or increase property valuation . . . or . . . to eliminate the causes of that deterioration." A district can levy a millage of up to three mills on real and personal property and can issue bonds to finance a rehabilitation plan.

The kinds of rehabilitation projects listed in the act for such authorities include road construction and maintenance, street lighting, sanitary and storm sewers, storm water drainage, flood control, and garbage collection.

According to committee testimony, one resort district authority has been created in Michigan since the act was put in place. That district is located in Frenchtown Charter Township within Monroe County, along the Lake Erie shoreline. Since the creation of the Frenchtown Resort Authority, new subdivisions have joined to expand the resort district's geographic area. Since its inception, the resort district authority has transformed the region by means of a three-mill property tax levy of all property owners. The revenue raised has enabled 42 miles of paved roads, 6 large water storage tanks, 80 miles of storm drains, and flood protection offered by a series of walls and dikes.

Under current law, a resort district's governing board of directors comprises two elected officials of the township, two residents of an area that is or was a part of the original resort district, and one person designated by an industrial or commercial facility located in the township that has the highest state equalized valuation as of December 31 preceding the year the resort district was created.

Legislation has been introduced to require that two residents of the full resort district be members of a resort district authority's board of directors, enabling representation from subdivisions that join a resort district after its creation.

THE CONTENT OF THE BILL:

The bill would amend the Resort District Rehabilitation Act (MCL 125. 2202 & 2206) to make the following changes to the act:

** Section 6 of the act describes the board that would supervise and control an authority. The act currently says the board is to consist of two elected officials of the township, one individual designated by the industrial or commercial facility in the township with the highest state equalized valuation, and two residents of an area that is or was a resort association as described in Section 2(f).

House Bill 4208 (H-2) would replace the underlined language about board membership and specify instead that two of the members be residents of the resort district.

** The definition of "resort district" would be amended, only to update the manner in which statutes are now referenced in proposed bills. Currently and under the bill, that definition, in Section 2(f) refers to an area that encompasses a natural geographic feature (such as an inland lake or Great Lakes shoreline) where *a portion of the area is land that is or was part of a resort association incorporated under one of several cited statutes*. The statutes listed are acts governing summer resort and park associations, PA 230 of 1897; summer resort and assembly associations, PA 39 of 1889; suburban homestead, villa park and summer resort associations, PA 69 of 1887; and the incorporation of summer resort owners, PA 137 of 1929.

Note: The original version of House Bill 4208, as introduced, would have added two statutes to that list: the General Corporation Act, PA 327 of 1931; and the Nonprofit Corporation Act, PA 162 of 1982. Those references have been eliminated in the H-2 substitute version of the bill reported from committee.

** Finally, in the definition of "rehabilitation," where the act now refers to "storm water drainage," the bill would refer instead to "storm water drainage facilities."

ARGUMENTS:

For:

The bill would require two members of a resort district authority's board of directors to be residents of the resort district, thereby ensuring representation from the subdivisions of homeowners who constitute the geographic area of a resort district. Without the change in the law, the only residents eligible to serve on the authority's board of directors are those who were within the district's boundaries at the time the resort district was created.

POSITIONS:

The Frenchtown Resort District Authority supports the bill. (5-2-13)

The Department of Licensing and Regulatory Affairs is neutral on the bill. (6-13-13)

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