

Legislative Analysis



REVISE QUALIFYING PERIOD FOR BUSINESS IMPROVEMENT ZONES

Phone: (517) 373-8080
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House Bill 4871 (H-2) as reported from committee
Sponsor: Rep. Stephanie Chang
Committee: Commerce and Trade
Complete to 3-7-18

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 262 of 2018)

SUMMARY:

House Bill 4871 would amend Public Act 120 of 1961, the statute that governs business improvement zones (BIZs), to change the time period for which a business improvement zone is authorized to operate. (MCL 125.990 et al.)

Currently under the act, a business improvement zone is authorized within a specified “10-year period,” beginning on the date that the business improvement zone is created or renewed, and ending 10 calendar years after that date. The bill would change this term to “qualifying period” and define it as beginning on the date that the BIZ is approved by the property owners voting on it and ending 7 to 10 years after that date, as determined in the zone plan.

The 10-year period or qualifying period of a BIZ that was created before the effective date of the bill would begin on the date that the BIZ was approved by the property owners voting on it.

The bill would make complementary changes in other sections of the act to reference the “qualifying period” as opposed to “10-year period.” Finally, beginning on the effective date of the bill, a zone plan would have to include the number of calendar years in the qualifying period, between 7 and 10 calendar years.

BRIEF BACKGROUND:

A business improvement zone is a public body created and led by property owners within a specific geographic areas. The zone can be funded by an assessment on assessable property. Revenue is used for various improvement projects in the zone, including, but not limited to, construction of park areas, improvement of sidewalks and lighting, and promotion of the area.¹

¹ See “Business Improvement District/Principal Shopping District/Business Improvement Zone (Bid/PSD/BIZ). Michigan Economic Development Corporation, 07/16. <https://www.michiganbusiness.org/cm/Files/Fact-Sheets/BusinessImprovementDistrict.pdf?rnd=1519315337938>

BRIEF DISCUSSION:

According to testimony before the House Committee on Commerce and Trade, House Bill 4871 is intended to address an existing business improvement zone's uncertainty regarding the time period of authority. The BIZ was approaching its renewal year, but lacked clarity on when the 10-year authorizing period began. The bill will provide certainty to existing zones with regard to their time period of authority.

Additionally, it has been noted that business improvement zones can lead to demonstrable improvements in specific areas, with projects like sidewalk clean-up and landscape improvements, but they are not widely used across the state. It may be the case that a 10-year commitment to the zone is too long for potential business participants. By giving flexibility for a zone to exist for between 7 and 10 years, the bill may have the effect of inducing more zones across the state.

FISCAL IMPACT:

House Bill 4871 would have no fiscal impact on state or local government.

POSITIONS:

Representatives of the following entities indicated support for the bill (2-27-18):

Michigan Municipal League

Detroit Development Partnership

Small Business Association of Michigan

Legislative Analyst: Patrick Morris
Fiscal Analyst: Ben Gielczyk

■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.