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BILL ANALYSIS



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House Bill 4871 (Substitute H-2 as passed by the House)
Sponsor: Representative Stephanie Chang
House Committee: Commerce and Trade
Senate Committee: Economic Development and International Investment

Date Completed: 4-26-18

CONTENT

The bill would amend Chapter 2 (Business Improvement Zone) of Public Act 120 of 1961, which authorizes the development of principal shopping districts and business improvement zones, to modify the period in which a business improvement zone may be authorized to operate.

Chapter 2 authorizes a city or village to establish one or more business improvement zones. A Business Improvement Zone (BIZ) may engage in specific activities for the benefit of property owners located in the zones. A business improvement zone may be funded in whole or in part by one or more assessments on assessable property, as provided in a zone plan. A person may initiate the establishment of a BIZ the delivering a petition to the clerk of the city or village in which a proposed zone area is located.

The petition must be signed by the property owners representing at least 30% of the property owners within the zone area. If the city or village approves the establishment of the BIZ, after a public hearing, an election must be held among the owners of assessable property in the zone.

The term "10-year period" is used throughout the chapter, and means the period in which a BIZ is authorized to operate, beginning on the date that the BIZ is created or renewed, and ending 10 calendar years after that date. The bill would replace the term "10-year period" with the term "qualifying period". "Qualifying period" would mean the period in which a BIZ is authorized to operate and collect assessments, beginning on the date the business improvement zone is approved by the property owners voting on the question and ending seven to 10 calendar years after that date as determined in the BIZ petition. The 10-year period or qualifying period of a BIZ that was created before the bill's effective date would begin on the date that the BIZ assessment was approved by the property owners voting on its establishment.

In addition, the Act requires a business improvement zone petition to include an attached zone plan. The plan must contain specified information, including the following:

- A description of projects planned during the 10-year qualifying period, including the scope, nature, and duration of the projects.
- An estimate of the total amount of expenditures for projects planned during the 10-year qualifying period.
- The proposed source or sources of financing for the projects.

- If the proposed financing includes assessments, the projected amount or rate of the assessments for each year and the basis upon which the assessments are to be imposed on assessable property.

The bill would replace "10-year period" with "qualifying period" in these provisions, and would require a zone plan to include, beginning on the bill's effective date, the number of calendar years in the qualifying period, not more than 10 calendar years and not less than seven calendar years.

The term "10-year period" also is used in provisions that do the following:

- Authorize a BIZ to borrow money in anticipation of assessments if the loan will not be requested or authorized, or will not mature, within 90 days before the 10-year period expires, the loan repayment period does not extend beyond the 10-year period, and other conditions are met.
- Specify that adoption of a BIZ and zone plan authorizes the creation of the zone and the implementation of the zone plan for the 10-year period.
- Include in the duties of the board of directors of a BIZ the development of a zone plan for the next 10-year period.
- Require the board, before any 10-year period expires, to notify property owners of a special meeting to approve a new zone plan for the next 10-year period.
- State that approval of the new zone plan by more than 60% of the property owners voting at the special meeting constitutes reauthorization of the BIZ for an additional 10-year period.

The bill would replace these references to "10-year period" with "qualifying period".

MCL 125.990 et al.

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Ryan Bergan

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.