



Senate Fiscal Agency
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Senate Bill 164 (as reported without amendment)
Sponsor: Senator Sue Shink
Committee: Economic and Community Development

CONTENT

The bill would amend Chapter 2 (Business Improvement Zones) of Public Act 120 of 1961, which authorizes the development of principal shopping districts and business improvement zones (BIZ), to do the following:

- Delete a requirement that a zone plan must allocate assessments on the basis of the benefit to assessable property.
- Allow a zone plan to include assessments if the plan provided for their allocation based on at least one of the factors that the bill prescribed.
- Specify that if the zone plan for a zone area provided a basis for the allocation of assessments based on assessed value, the majority of all properties within the proposed zone area, by assessed value and square footage, would have to be assessable property.
- Specify that if the zone plan for a zone area provided a basis for the allocation of assessments on a basis other than assessed value, the majority of all properties within the proposed zone area, by taxable value and square footage, would have to be assessable property.
- Allow a zone plan to include caps on the assessment amounts paid by an owner of assessable property and caps on the growth of assessment amounts.
- Delete a requirement that a proposed initial board of directors for a zone include at least one owner of residential real property if that property were determined assessable property.
- Require a petition for the establishment of a BIZ to include, if proportional voting would apply, a description of the proportional voting mechanism to be used or, if proportional voting would not apply, a statement to that effect.
- Delete a requirement that any notice required as part of the assessment process include a statement that a residential property owner within a BIZ may seek a homestead deferment for an assessment.
- Prescribe the allocations for the proportional vote of a property owner if a zone plan provided for proportional voting.
- Specify that the proportional vote allocated to any one property owner could not exceed 25% and prescribe procedures for reallocating votes in excess of that threshold.

MCL 125.990 et al.

BRIEF RATIONALE

Public Act 91 of 2020 amended Chapter 2 of Public Act 120 of 1961. Among other changes, PA 91 required that assessments be allocated on the benefits to assessable property rather than on taxable or assessed value and removed the ability of a zone plan to utilize weighted voting based on taxable or assessed value. Some people believe that the changes made by PA 91 have made Chapter 2 unusable. Accordingly, it has been suggested that PA 91's provisions be deleted.

PREVIOUS LEGISLATION

(Please note: This section does not provide a comprehensive account of all previous legislative efforts on the relevant subject matter.)

Senate Bill 164 is a reintroduction of Senate Bill 1224 of the 2021-2022 Legislative Session. The bill passed by the Senate and was discharged from the House Committee on Tax Policy but received no further action.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bill would have no fiscal impact on State government but could have a negative fiscal impact on local units of government. The bill would eliminate a requirement that cities and villages apply BIZ assessments first to property taxes owed by property owners, which would reduce revenue to cities or villages.

Date Completed: 5-5-23

Fiscal Analyst: Robert Canell

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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.