

SUBSTITUTE FOR  
SENATE BILL NO. 484

A bill to amend 1961 PA 120, entitled  
"An act to authorize the development or redevelopment of principal shopping districts of certain cities; to permit the creation of certain boards; and to authorize the collection of revenue and the bonding of certain cities for the development or redevelopment projects,"  
by amending the title and sections 1, 2, 3, 4, and 5 (MCL 125.981, 125.982, 125.983, 125.984, and 125.985), as amended by 1992 PA 146.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 TITLE  
2 An act to authorize the development or redevelopment of  
3 principal shopping districts ~~of certain cities~~ AND BUSINESS  
4 IMPROVEMENT DISTRICTS; to permit the creation of certain boards;  
5 TO PROVIDE FOR THE OPERATION OF PRINCIPAL SHOPPING DISTRICTS AND  
6 BUSINESS IMPROVEMENT DISTRICTS; and to authorize the collection

1 of revenue and the bonding of certain cities for the development  
2 or redevelopment projects.

3 Sec. 1. (1) As used in this act:

4 (A) "BUSINESS IMPROVEMENT DISTRICT" MEANS 1 OR MORE PORTIONS  
5 OF A CITY OR COMBINATION OF CONTIGUOUS PORTIONS OF 2 OR MORE  
6 CITIES THAT ARE PREDOMINANTLY COMMERCIAL OR INDUSTRIAL IN USE.

7 (B) "DISTRICT" MEANS A BUSINESS IMPROVEMENT DISTRICT OR A  
8 PRINCIPAL SHOPPING DISTRICT.

9 (C) ~~(a)~~ "Highways" means public streets, highways, and  
10 alleys.

11 (D) ~~(b)~~ "Principal shopping district" means a portion of a  
12 city designated by the governing body of the city that is predom-  
13 inantly commercial and that contains at least 10 retail  
14 businesses.

15 (2) A city with a master plan for the physical development  
16 of the city ~~that~~ ~~either~~ includes an urban design plan des-  
17 ignating a principal shopping district or includes the develop-  
18 ment or redevelopment of a principal shopping district, ~~in~~  
19 ~~respect to the principal shopping district~~ OR 1 OR MORE CITIES  
20 THAT ESTABLISH A BUSINESS IMPROVEMENT DISTRICT BY RESOLUTION, may  
21 do 1 or more of the following:

22 (a) Open, widen, extend, realign, pave, maintain, or other-  
23 wise improve highways and construct, reconstruct, maintain, or  
24 relocate pedestrian walkways.

25 (b) Prohibit or regulate vehicular traffic where necessary  
26 to carry out the purposes of the development or redevelopment  
27 project.

1 (c) Regulate or prohibit vehicular parking on highways.

2 (d) Acquire, own, maintain, DEMOLISH, DEVELOP, IMPROVE, or  
3 operate PROPERTIES, off-street parking lots, or structures.

4 (e) Contract for the operation or maintenance by others of  
5 city off-street parking lots or structures, or appoint agents for  
6 the operation or maintenance.

7 (f) Construct, maintain, and operate malls with bus stops,  
8 information centers, and other buildings that will serve the  
9 public interest.

10 (g) Acquire by purchase, gift, or condemnation and own,  
11 maintain, or operate real or personal property necessary to  
12 implement this section.

13 (h) Promote economic activity in the ~~principal shopping~~  
14 district by undertakings including, but not limited to, conduct-  
15 ing market research and public relations campaigns, developing,  
16 coordinating, and conducting retail and institutional promotions,  
17 and sponsoring special events and related activities. A business  
18 may prohibit the use of its name or logo in a public relations  
19 campaign, promotion, or special event or related activity for the  
20 ~~principal shopping~~ district.

21 (i) Provide for OR CONTRACT WITH OTHER PUBLIC OR PRIVATE  
22 ENTITIES FOR the ADMINISTRATION, maintenance, security, and oper-  
23 ation of a ~~principal shopping~~ district within the city.

24 (3) A city that provides for ongoing activities under sub-  
25 section (2)(h) or (i) shall also provide for the creation of a  
26 board for the management of those activities.

1       (4) One member of the board of the principal shopping  
2 district shall be from the adjacent residential area, 1 member  
3 shall be a representative of city government, and a majority of  
4 the members shall be nominees of individual businesses located  
5 within the principal shopping district. The board shall be  
6 appointed by the chief executive officer of the city with the  
7 concurrence of the ~~governing~~ LEGISLATIVE body of the city.  
8 However, if all of the following requirements are met, a business  
9 may appoint a member of the board of a principal shopping dis-  
10 trict, which member shall be counted toward the majority of mem-  
11 bers required to be nominees of businesses located within the  
12 principal shopping district:

13       (a) The business is located within the principal shopping  
14 district.

15       (b) The principal shopping district was designated by the  
16 governing body of a city after ~~the effective date of the amenda-~~  
17 ~~tory act that added this subdivision~~ JULY 14, 1992.

18       (c) The business is located within a special assessment dis-  
19 trict established under section 5.

20       (d) The special assessment district is divided into special  
21 assessment rate zones reflecting varying levels of special  
22 benefits.

23       (e) The business is located in the special assessment rate  
24 zone with the highest special assessment rates.

25       (f) The square footage of the business is greater than 5.0%  
26 of the total square footage of all businesses in that special  
27 assessment rate zone.

1 (5) If the boundaries of the principal shopping district are  
2 the same as those of a downtown district designated under ~~Act~~  
3 ~~No. 197 of the Public Acts of 1975, being sections 125.1651 to~~  
4 ~~125.1681 of the Michigan Compiled Laws~~ 1975 PA 197, MCL 125.1651  
5 TO 125.1681, the governing body may provide that the members of  
6 the board of the downtown development authority, which manages  
7 the downtown district, shall compose the board of the principal  
8 shopping district, in which case subsection (4) does not apply.

9 (6) THE MEMBERS OF THE BOARD OF A BUSINESS IMPROVEMENT DIS-  
10 TRICT SHALL BE DETERMINED BY THE CITY AS PROVIDED IN THIS  
11 SUBSECTION. THE BOARD OF A BUSINESS IMPROVEMENT DISTRICT SHALL  
12 CONSIST OF ALL OF THE FOLLOWING:

13 (A) ONE REPRESENTATIVE OF THE CITY APPOINTED BY THE CHIEF  
14 EXECUTIVE OFFICER OF THE CITY WITH THE CONCURRENCE OF THE LEGIS-  
15 LATIVE BODY OF THE CITY IN WHICH THE BUSINESS IMPROVEMENT DIS-  
16 TRICT IS LOCATED. IF THE BUSINESS IMPROVEMENT DISTRICT IS  
17 LOCATED IN MORE THAN 1 CITY, THEN 1 REPRESENTATIVE FROM EACH CITY  
18 IN WHICH THE BUSINESS IMPROVEMENT DISTRICT IS LOCATED SHALL SERVE  
19 ON THE BOARD AS PROVIDED IN THIS SUBDIVISION.

20 (B) OTHER MEMBERS OF THE BOARD SHALL BE NOMINEES OF THE  
21 BUSINESSES AND PROPERTY OWNERS LOCATED WITHIN THE BUSINESS  
22 IMPROVEMENT DISTRICT. IF A CLASS OF BUSINESS OR PROPERTY OWNERS,  
23 AS IDENTIFIED IN THE RESOLUTION DESCRIBED IN SUBSECTION (8), IS  
24 PROJECTED TO PAY MORE THAN 50% OF THE SPECIAL ASSESSMENT LEVIED  
25 THAT BENEFITS PROPERTY IN A BUSINESS IMPROVEMENT DISTRICT FOR THE  
26 BENEFIT OF THE BUSINESS IMPROVEMENT DISTRICT, THE MAJORITY OF THE

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1 MEMBERS OF THE BOARD OF THE BUSINESS IMPROVEMENT DISTRICT SHALL  
2 BE NOMINEES OF THE BUSINESS OR PROPERTY OWNERS IN THAT CLASS.

3 (7) A CITY MAY CREATE 1 OR MORE BUSINESS IMPROVEMENT  
4 DISTRICTS.

5 (8) IF 1 OR MORE CITIES ESTABLISH A BUSINESS IMPROVEMENT  
6 DISTRICT BY RESOLUTION UNDER SUBSECTION (2), THE RESOLUTION SHALL  
7 IDENTIFY ALL OF THE FOLLOWING:

8 (A) THE GEOGRAPHIC BOUNDARIES OF THE BUSINESS IMPROVEMENT  
9 DISTRICT.

10 (B) THE NUMBER OF BOARD MEMBERS IN THAT BUSINESS IMPROVEMENT  
11 DISTRICT.

12 (C) THE DIFFERENT CLASSES OF PROPERTY OWNERS IN THE BUSINESS  
13 IMPROVEMENT DISTRICT.

14 (D) THE CLASS OF BUSINESS OR PROPERTY OWNERS, IF ANY, WHO  
15 ARE PROJECTED TO PAY MORE THAN 50% OF THE SPECIAL ASSESSMENT  
16 LEVIED THAT BENEFITS PROPERTY IN THAT BUSINESS IMPROVEMENT  
17 DISTRICT.

18 Sec. 2. (1) The cost of the whole or any part of a principal  
19 shopping district project OR BUSINESS IMPROVEMENT DISTRICT  
20 PROJECT as authorized in this act may be financed by 1 or more of  
21 the following methods:

22 (a) Grants and gifts to the city OR DISTRICT.

23 (b) City funds.

24 (c) The issuance of general obligation bonds of the city.

25 (d) The issuance of revenue bonds by the city under the rev-  
26 enue bond act of 1933, ~~Act No. 94 of the Public Acts of 1933, as~~  
27 ~~amended, being sections 141.101 to 141.140 of the Michigan~~

1 ~~Compiled Laws~~ 1933 PA 94, MCL 141.101 TO 141.140, or under any  
2 other applicable revenue bond act. The issuance of the bonds  
3 shall be limited to the part or parts of the ~~principal shopping~~  
4 district project that are public improvements.

5 (e) The levying of special assessments against land or  
6 interests in land, or both.

7 (F) ANY OTHER SOURCE.

(2) BEGINNING JANUARY 1, 2000, A BOND, NOTE, OR OTHER  
OBLIGATION ISSUED TO FINANCE A PROJECT AUTHORIZED UNDER THIS ACT  
SHALL MEET ALL OF THE FOLLOWING CRITERIA:

(A) THE PROCEEDS OF THE BONDS, NOTES, OR OTHER OBLIGATIONS ARE  
USED FOR CAPITAL EXPENDITURES, COSTS OF A RESERVE FUND SECURING THE  
BONDS, NOTES, OR OTHER OBLIGATIONS, AND COSTS OF ISSUING THE BONDS,  
NOTES, OR OTHER OBLIGATIONS. THE PROCEEDS OF THE BONDS, NOTES, OR  
OTHER OBLIGATIONS SHALL NOT BE USED FOR OPERATIONAL EXPENSES OF A  
DISTRICT.

(B) THE WEIGHTED AVERAGE MATURITY OF THE BONDS, NOTES, OR OTHER  
OBLIGATIONS DOES NOT EXCEED THE USEFUL LIFE OF THE CAPITAL ASSETS.

(C) THE BONDS, NOTES, OR OTHER OBLIGATIONS SHALL NOT IN WHOLE  
OR IN PART APPRECIATE IN PRINCIPAL AMOUNT OR BE SOLD AT A DISCOUNT  
OF MORE THAN 10%.

(D) IF BONDS, NOTES, OR OTHER OBLIGATIONS ARE ISSUED TO REFUND  
BONDS, NOTES, OR OTHER OBLIGATIONS THAT MEET THE CONDITIONS  
DESCRIBED IN SUBDIVISIONS (A), (B), AND (C), THE NET PRESENT VALUE  
OF THE PRINCIPAL AND INTEREST TO BE PAID ON THE REFUNDING BONDS,  
NOTES, OR OTHER OBLIGATIONS, EXCLUDING THE COST OF ISSUANCE, WILL BE  
LESS THAN THE NET PRESENT VALUE OF THE PRINCIPAL AND INTEREST TO BE  
PAID ON THE BONDS, NOTES, OR OTHER OBLIGATIONS BEING REFUNDED, AS  
CALCULATED USING A METHOD APPROVED BY THE DEPARTMENT OF TREASURY.

8 Sec. 3. A ~~principal shopping~~ district project as autho-  
9 rized by this act is a public improvement. The use in this act  
10 of the term "public improvement" does not prevent the levying of  
11 a special assessment for the cost of a part of a ~~principal~~  
12 ~~shopping~~ district project that represents special benefits.

13 Sec. 4. The development or redevelopment of a ~~principal~~  
14 ~~shopping~~ district, including the various phases of the develop-  
15 ment or redevelopment, is 1 project and, in the discretion of the  
16 governing body of the city, may be financed as a single  
17 improvement.

18 Sec. 5. (1) If a city elects to levy special assessments to  
19 defray all or part of the cost of the ~~principal shopping~~ dis-  
20 trict project, then the special assessments shall be levied pur-  
21 suant to applicable statutory or charter provisions or, if there  
22 are no applicable statutory or charter provisions, pursuant to  
23 statutory or charter provisions applicable to city street

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24 improvements. If a city charter does not authorize special  
25 assessments for the purposes set forth in this act, the charter  
26 provisions authorizing special assessments for street  
27 improvements are made applicable to the purposes set forth in

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1 this act, without amendment to the charter. The total amount  
2 assessed for ~~principal shopping~~ district purposes may be made  
3 payable in not more than 20 annual installments as determined by  
4 the governing body of the city, the first installment to be pay-  
5 able in not more than 18 months after the date of the confirma-  
6 tion of the special assessment roll.

7 (2) A special assessment shall be levied against a parcel on  
8 the basis of the special benefits to that parcel from the total  
9 project. To the extent that a parcel is used for residential  
10 purposes, the parcel shall not be considered to be benefited by a  
11 project for which special assessments are levied by a city pursu-  
12 ant to this act. There is a rebuttable presumption that a  
13 ~~principal shopping~~ district project specially benefits all non-  
14 residential properties located within the ~~principal shopping~~  
15 district.

16 (3) This subsection applies to a principal shopping district  
17 only if the principal shopping district is designated by the gov-  
18 erning body of a city after ~~the effective date of the amendatory~~  
19 ~~act that added this subsection~~ JULY 14, 1992. The special  
20 assessments annually levied on a parcel under this act shall not  
21 exceed the product of \$10,000.00 and the number of businesses on  
22 that parcel. A business located on a single parcel shall not be  
23 responsible for a special assessment in excess of \$10,000.00  
24 annually. When the special assessment district is created, a  
25 lessor of a parcel subject to a special assessment may unilater-  
26 ally revise an existing lease to a business located on that  
27 parcel to recover from that business all or part of the special

1 assessment, as is proportionate considering the portion of the  
2 parcel occupied by the business.

3       (4) The \$10,000.00 maximum amounts in subsection (3) shall  
4 be adjusted each January 1, beginning January 1, 1994, pursuant  
5 to the annual average percentage increase or decrease in the  
6 Detroit consumer price index for all items as reported by the  
7 United States department of labor. The adjustment for each year  
8 shall be made by comparing the Detroit consumer price index for  
9 the 12-month period ending the preceding October 31 with the cor-  
10 responding Detroit consumer price index of 1 year earlier. The  
11 percentage increase or decrease shall then be multiplied by the  
12 current amounts under subsection (3) authorized by this section.  
13 The product shall be rounded up to the nearest multiple of 50  
14 cents and shall be the new amount.

15       (5) The city may issue special assessment bonds in anticipa-  
16 tion of the collection of the special assessments for a  
17 ~~principal shopping~~ district project and, by action of its gov-  
18 erning body, may pledge its full faith and credit for the prompt  
19 payment of the bonds. The last maturity on the bonds shall be  
20 not later than 2 years after the due date of the last installment  
21 on the special assessments. Special assessment bonds may be  
22 issued pursuant to statutory or charter provisions applicable to  
23 the issuance by the city of special assessment bonds for the  
24 improvement or, if there are no applicable statutory or charter  
25 provisions, pursuant to statutory or charter provisions applica-  
26 ble to the issuance by the city of special assessment bonds for  
27 street improvements.

1       (6) If a ~~principal shopping~~ district project in a  
2 ~~principal shopping~~ district designated by the governing body of  
3 a city after ~~the effective date of the amendatory act that added~~  
4 ~~this subsection~~ JULY 14, 1992 is financed by special assess-  
5 ments, the governing body of the city shall review the special  
6 assessments every 5 years, unless special assessment bonds are  
7 outstanding.

8       (7) BEFORE A CITY LEVIES A SPECIAL ASSESSMENT UNDER THIS ACT  
9 THAT BENEFITS PROPERTY WITHIN A BUSINESS IMPROVEMENT DISTRICT,  
10 THE BUSINESS IMPROVEMENT DISTRICT BOARD SHALL DEVELOP A MARKETING  
11 AND DEVELOPMENT PLAN THAT DETAILS ALL OF THE FOLLOWING:

12       (A) THE SCOPE, NATURE, AND DURATION OF THE BUSINESS IMPROVE-  
13 MENT DISTRICT PROJECT OR PROJECTS.

14       (B) THE DIFFERENT CLASSES OF PROPERTY OWNERS WHO ARE GOING  
15 TO BE ASSESSED AND THE PROJECTED AMOUNT OF THE SPECIAL ASSESSMENT  
16 ON THE DIFFERENT CLASSES.

17       (8) A CITY THAT LEVIES A SPECIAL ASSESSMENT UNDER THIS ACT  
18 THAT BENEFITS PROPERTY WITHIN A BUSINESS IMPROVEMENT DISTRICT IS  
19 CONSIDERED TO HAVE APPROVED THE MARKETING AND DEVELOPMENT PLAN  
20 DESCRIBED IN SUBSECTION (7).