

HOUSE BILL No. 5608

February 12, 2002, Introduced by Reps. Hale, Daniels, Minore, Hardman, Lipsey, Waters, Phillips, Bogardus and Lemmons and referred to the Committee on Local Government and Urban Policy.

A bill to provide for the creation, operation, and dissolution of neighborhood improvement zones; and to authorize the collection of certain assessments.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "neighborhood improvement zone act".

3 Sec. 2. As used in this act:

4 (a) "Assessable property" means real property in a zone area
5 other than real property exempt from the collection of taxes
6 under the general property tax act, 1893 PA 206, MCL 211.1 to
7 211.157.

8 (b) "Assessment" means an assessment imposed under this
9 chapter against assessable property for the benefit of the
10 property owners.

1 (c) "Assessment revenues" means the money collected by a
2 neighborhood improvement zone from any assessments, including any
3 interest on the assessments.

4 (d) "Board" means the board of directors of a neighborhood
5 improvement zone.

6 (e) "Neighborhood improvement zone" means a neighborhood
7 improvement zone created under this act.

8 (f) "Nonprofit corporation" means a nonprofit corporation
9 organized under the nonprofit corporation act, 1982 PA 162,
10 MCL 450.2101 to 450.3192, and which complies with all of the
11 following:

12 (i) The articles of incorporation of the nonprofit corpora-
13 tion provide that the nonprofit corporation may promote a neigh-
14 borhood improvement zone and may also provide management services
15 related to the implementation of a zone plan.

16 (ii) The nonprofit corporation is exempt from federal income
17 tax under section 501(c)(4) or 501(c)(6) of the internal revenue
18 code of 1986.

19 (g) "Person" means an individual, partnership, corporation,
20 limited liability company, association, or other legal entity.

21 (h) "Project" means any activity for the benefit of property
22 owners authorized by section 3 to enhance the neighborhood envi-
23 ronment within a zone area.

24 (i) "Property owner" means a person who owns, or an agent
25 authorized in writing by a person who owns, assessable property
26 according to the records of the treasurer of the city or village
27 in which the neighborhood improvement zone is located.

1 (j) "7-year period" means the period in which a neighborhood
2 improvement zone is authorized to operate, beginning on the date
3 that the neighborhood improvement zone is created or renewed and
4 ending 7 calendar years after that date.

5 (k) "Zone area" means the area designated in the zone plan
6 as the area to be served by the neighborhood improvement zone.

7 (l) "Zone plan" means a set of goals, strategies, objec-
8 tives, and guidelines for the operation of a neighborhood
9 improvement zone, as approved at a meeting of property owners
10 conducted under section 6.

11 Sec. 3. (1) A neighborhood improvement zone is a public
12 body corporate and may do 1 or more of the following for the ben-
13 efit of property owners located in the neighborhood improvement
14 zone:

15 (a) Acquire, through purchase, lease, or gift, construct,
16 develop, improve, maintain, operate, or reconstruct park areas,
17 planting areas, and related facilities within the zone area.

18 (b) Acquire, construct, clean, improve, maintain, recon-
19 struct, or relocate sidewalks, street curbing, street medians,
20 fountains, and lighting within the zone area.

21 (c) Develop and propose lighting standards within the zone
22 area.

23 (d) Acquire, plant, and maintain trees, shrubs, flowers, or
24 other vegetation within the zone area.

25 (e) Provide or contract for security services with other
26 public or private entities and purchase equipment or technology
27 related to security services within the zone area.

1 (f) Promote and sponsor cultural or recreational
2 activities.

3 (g) Engage in economic development activities, including,
4 but not limited to, promotion of business, retail, or industrial
5 development, developer recruitment, business recruitment, busi-
6 ness marketing, business retention, public relations efforts, and
7 market research.

8 (h) Engage in other activity with the purpose to enhance the
9 prosperity, enjoyment, appearance, image, and safety of the zone
10 area.

11 (i) Acquire by purchase or gift, maintain, or operate real
12 or personal property necessary to implement this act.

13 (j) Solicit and accept gifts or grants to further the zone
14 plan.

15 (k) Sue or be sued.

16 (2) A neighborhood improvement zone may contract with a non-
17 profit corporation or any other public or private entity and may
18 pay a reasonable fee to the nonprofit corporation or other public
19 or private entity for services provided.

20 (3) A neighborhood improvement zone has the authority to
21 borrow money in anticipation of the receipt of assessments if all
22 of the following conditions are satisfied:

23 (a) The loan will not be requested or authorized, or will
24 not mature, within 90 days before the expiration of the 7-year
25 period.

26 (b) The amount of the loan does not exceed 50% of the annual
27 average assessment revenue of the neighborhood improvement zone

1 during the previous year or, in the case of a neighborhood
2 improvement zone that has been in existence for less than 1 year,
3 the loan does not exceed 25% of the projected annual assessment
4 revenue.

5 (c) The loan repayment period does not extend beyond the
6 7-year period.

7 (d) The loan is subject to the revised municipal finance
8 act, 2001 PA 34, MCL 141.2101 to 141.2821.

9 (4) The services provided by and projects of a neighborhood
10 improvement zone are services and projects of the neighborhood
11 improvement zone and are not services, functions, or projects of
12 the municipality in which the neighborhood improvement zone is
13 located. The services provided by and projects of a neighborhood
14 improvement zone are supplemental to the services, projects, and
15 functions of the city or village in which the neighborhood
16 improvement zone is located.

17 (5) The neighborhood improvement zone has no other authority
18 than the authority described in this act.

19 Sec. 4. (1) One or more neighborhood improvement zones may
20 be established within a city or village.

21 (2) The majority of all parcels included in a zone area,
22 both by area and by taxable value, shall be assessable property.
23 A zone area shall be contiguous, with the exception of public
24 streets, alleys, parks, and other public rights-of-way.

25 Sec. 5. (1) A person may initiate the establishment of a
26 neighborhood improvement zone by the delivery of a petition to

1 the clerk of the city or village in which a proposed zone area is
2 located. The petition shall include all of the following:

3 (a) The boundaries of the zone area.

4 (b) The signatures of property owners of parcels represent-
5 ing not less than 30% of the property owners within the zone
6 area, weighted as provided in section 8(2).

7 (c) A listing, by tax parcel identification number, of all
8 parcels within the zone area, separately identifying assessable
9 property.

10 (2) After a petition is filed pursuant to subsection (1),
11 the clerk shall notify all property owners within the zone area
12 of a public meeting of the property owners regarding the estab-
13 lishment of the neighborhood improvement zone to be held not less
14 than 45 days or more than 60 days after the filing of the
15 petition. The notice shall be sent by first-class mail to the
16 property owners not less than 14 days prior to the scheduled date
17 of the meeting. The notice shall include the specific location
18 and the scheduled date and time of the meeting.

19 Sec. 6. (1) At the meeting required by section 5, the prop-
20 erty owners may adopt a zone plan for submission to and approval
21 by the governing body of the city or village in which the neigh-
22 borhood improvement zone is located.

23 (2) A zone plan shall include all of the following:

24 (a) A description of the boundaries of the zone area suffi-
25 cient to identify each assessable property included.

1 (b) The proposed initial board of directors, except for a
2 director of the board who may be appointed by the city or village
3 under section 9(2).

4 (c) The method for removal, appointment, and replacement of
5 the board.

6 (d) A description of projects planned during the 7-year
7 period, including the scope, nature, and duration of the
8 projects.

9 (e) An estimate of the total amount of expenditures for
10 projects planned during the 7-year period.

11 (f) The proposed source or sources of financing for the
12 projects.

13 (g) If the proposed financing includes assessments, the
14 projected amount or rate of the assessments for each year and the
15 basis upon which the assessments are to be imposed on assessable
16 property.

17 (h) A listing, by tax parcel identification number, of all
18 parcels within the zone area, separately identifying assessable
19 property.

20 (i) A plan of dissolution for the neighborhood improvement
21 zone.

22 (3) A zone plan shall be considered adopted by the property
23 owners if a majority of the property owners voting at the meeting
24 approve the zone plan. The votes of the property owners at the
25 meeting shall be weighted in the manner indicated in
26 section 8(2).

1 (4) Any zone plan adopted under this section shall be
2 presented to the clerk of the city or village in which the zone
3 area is located.

4 Sec. 7. (1) If a zone plan is adopted and presented to the
5 clerk of the city or village in accordance with section 6, the
6 governing body of the city or village shall within 45 days sched-
7 ule a public hearing of the governing body to review the zone
8 plan and any proposed assessment and to receive public comment.
9 The clerk shall notify all owners of parcels within the zone area
10 of the public hearing by first-class mail.

11 (2) At the public hearing, or at the next regularly sched-
12 uled meeting of the governing body of the city or village, the
13 governing body shall approve or reject the establishment of the
14 neighborhood improvement zone and the zone plan as adopted by the
15 property owners under section 6(3). If the governing body
16 rejects the establishment of the neighborhood improvement zone
17 and the zone plan, the clerk shall notify all property owners
18 within the zone of a reconvened meeting of the property owners
19 which shall be held not sooner than 10 days or later than 21 days
20 after the date of the rejection by the governing body. The
21 notice shall be sent by first-class mail to the property owners
22 not less than 7 days prior to the scheduled date of the meeting
23 and shall include the specific location and the scheduled date
24 and time of the meeting, as determined by the person initiating
25 the establishment of the neighborhood improvement zone under sec-
26 tion 5(1). At the reconvened meeting, the property owners may
27 amend the zone plan if approved by a majority of the property

1 owners as provided in section 6(3). The amended zone plan may be
2 resubmitted to the clerk of the city or village without the
3 requirement of a new petition under section 5 for approval or
4 rejection at a meeting of the governing body of the city or vil-
5 lage not later than 60 days after the amended zone plan is resub-
6 mitted to the clerk. If a zone plan is not rejected within 60
7 days of the date the amended zone plan is resubmitted to the
8 clerk, the amended zone plan is considered approved by the gov-
9 erning body of the city or village. If the amended zone plan is
10 rejected by the governing body, then the amended zone plan may
11 not be resubmitted without the delivery of a new petition under
12 section 5.

13 (3) Approval of the neighborhood improvement zone and zone
14 plan shall serve as a determination by the city or village that
15 any assessment set forth in the zone plan, including the basis
16 for allocating the assessment, is appropriate, subject only to
17 the approval of the neighborhood improvement zone and the zone
18 plan by the property owners in accordance with section 8.

19 (4) If the governing body of the city or village approves
20 the neighborhood improvement zone and zone plan or if the amended
21 zone plan is considered approved under subsection (2), the clerk
22 of the city or village shall set an election pursuant to
23 section 8 not more than 60 days following the approval.

24 (5) The clerk of the city or village shall send to the prop-
25 erty owners notice by first-class mail of the election not less
26 than 30 days before the election and publish the notice at least
27 twice in a newspaper of general circulation in the city or

1 village in which the zone area is located. The first publication
2 shall not be less than 10 days or more than 30 days prior to the
3 date scheduled for the election. The second publication shall
4 not be published less than 1 week after the first publication.

5 (6) The election described in this section and section 8 is
6 not an election subject to the Michigan election law, 1954
7 PA 116, MCL 168.1 to 168.992.

8 (7) The person who filed the petition under section 5, the
9 proposed board members, and the property owners may, at the
10 option and under the direction of the clerk, assist the clerk of
11 the city or village in conducting the election to keep the
12 expenses of the election at a minimum.

13 Sec. 8. (1) All property owners as of the date of the
14 delivery of the petition as provided in section 5 are eligible to
15 participate in the election. The election shall be conducted by
16 mail. The question to be voted on by the property owners is the
17 adoption of the zone plan and the establishment of the neighbor-
18 hood improvement zone, including the identity of the initial
19 board.

20 (2) Votes of property owners shall be weighted in proportion
21 to the amount that the taxable value of their respective real
22 property for the preceding calendar year bears to the taxable
23 value of all assessable property in the zone area, but in no case
24 shall the total number of votes assigned to any 1 property owner
25 be equal to more than 25% of the total number of votes eligible
26 to be cast in the election.

1 (3) A zone plan and the proposal for the establishment of a
2 neighborhood improvement zone, including the identity of the
3 initial board, shall be considered adopted upon the approval of
4 more than 60% of the property owners voting in the election, with
5 votes weighted as provided in subsection (2).

6 (4) Upon acceptance or rejection of a neighborhood improve-
7 ment zone and zone plan by the property owners, the resulting
8 neighborhood improvement zone or the person filing the petition
9 under section 5 shall, at the request of the city or village,
10 reimburse the city or village for all or a portion of the reason-
11 able expenses incurred to comply with this act. The governing
12 body of the city or village may forgive and choose not to collect
13 all or a portion of the reasonable expenses incurred to comply
14 with this act.

15 (5) Adoption of a neighborhood improvement zone and zone
16 plan under this section authorizes the creation of the neighbor-
17 hood improvement zone and the implementation of the zone plan for
18 the 7-year period.

19 (6) Adoption of a neighborhood improvement zone and zone
20 plan under this section and the creation of the neighborhood
21 improvement zone does not relieve the neighborhood improvement
22 zone from following, or does not waive any rights of the city or
23 village to enforce, any applicable laws, statutes, or
24 ordinances. A neighborhood improvement zone created under this
25 act shall comply with all applicable state and federal laws.

26 (7) To the extent not protected by the immunity conferred by
27 1964 PA 170, MCL 691.1401 to 691.1419, a city or village that

1 approves a neighborhood improvement zone within its boundaries is
2 immune from civil or administrative liability arising from any
3 actions of that neighborhood improvement zone.

4 Sec. 9. (1) The day-to-day activities of the neighborhood
5 improvement zone and implementation of the zone plan shall be
6 managed by a board of directors.

7 (2) The board shall consist of an odd number of directors
8 and shall not be smaller than 5 and not larger than 15 in
9 number. The board may include 1 director nominated by the chief
10 executive of the city or village and approved by the governing
11 body of the city or village.

12 (3) The duties and responsibilities of the board shall be
13 prescribed in the zone plan and to the extent applicable shall
14 include all of the following duties and responsibilities:

15 (a) Developing administrative procedures relating to the
16 implementation of the zone plan.

17 (b) Recommending amendments to the zone plan.

18 (c) Scheduling and conducting an annual meeting of the prop-
19 erty owners.

20 (d) Developing a zone plan for the next 7-year period.

21 (4) Members of the board shall serve without compensation.
22 However, members of the board may be reimbursed for their actual
23 and necessary expenses incurred in the performance of their offi-
24 cial duties as members of the board.

25 Sec. 10. (1) A neighborhood improvement zone may be funded
26 in whole or in part by 1 or more assessments on assessable
27 property, as provided in the zone plan. An assessment under this

1 chapter shall be in addition to any taxes or special assessments
2 otherwise imposed on assessable property.

3 (2) An assessment shall be imposed against assessable prop-
4 erty only on the basis of the benefits to assessable property
5 afforded by the zone plan. There is a rebuttable presumption
6 that a zone plan and any project specially benefits all asses-
7 sable property in a zone area.

8 (3) If a zone plan provides for an assessment, the treasurer
9 of the city or village in which the zone area is located as an
10 agent of the neighborhood improvement zone shall collect the
11 assessment imposed by the board under the zone plan on all asses-
12 sable property within the zone area in the amount authorized by
13 the zone plan.

14 (4) Except as provided in subsection (7), assessments shall
15 be collected by the treasurer of the city or village as an agent
16 of the neighborhood improvement zone from each property owner and
17 remitted promptly to the neighborhood improvement zone.
18 Assessment revenue is the property of the neighborhood improve-
19 ment zone and not the city or village in which the neighborhood
20 improvement zone is located. The neighborhood improvement zone
21 may, at the option and under the direction of the treasurer,
22 assist the treasurer of the city or village in collecting the
23 assessment to keep the expenses of collecting the assessment at a
24 minimum.

25 (5) The neighborhood improvement zone may institute a civil
26 action to collect any delinquent assessment and interest.

1 (6) An assessment imposed under this act is not a special
2 assessment collected under the general property tax act, 1893
3 PA 206, MCL 211.1 to 211.157.

4 (7) An assessment is delinquent if it has not been paid
5 within 90 days after it was due as provided under the zone plan
6 imposed under this chapter. Delinquent assessments shall be col-
7 lected by the neighborhood improvement zone. Delinquent assess-
8 ments shall accrue interest at a rate of 1.5% per month until
9 paid.

10 (8) If any portion of the assessment has not been paid
11 within 90 days after it was due, that portion of the unpaid
12 assessment shall constitute a lien on the property. The lien
13 amount shall be for the unpaid portion of the assessment and
14 shall not include any interest.

15 Sec. 11. (1) Expenses incurred in implementing any project
16 or service of a neighborhood improvement zone shall be financed
17 in accordance with the zone plan.

18 (2) Assessment revenues under section 10 are the funds of
19 the neighborhood improvement zone and not funds of the state or
20 of the city or village in which the neighborhood improvement zone
21 is located. All money collected under section 10 shall be depos-
22 ited in a financial institution in the name of the neighborhood
23 improvement zone. Assessment revenues may be deposited in an
24 interest generating account. The neighborhood improvement zone
25 shall use the funds only to implement the zone plan.

26 (3) All expenditures by a neighborhood improvement zone
27 shall be audited annually by a certified public accountant. The

1 audit shall be completed within 9 months of the close of the
2 fiscal year of the neighborhood improvement zone. Within 30 days
3 after completion of an audit, the certified public accountant
4 shall transmit a copy of the audit to the board and make copies
5 of the audit available to the property owners and the public.

6 (4) If an annual audit required by this section contains
7 material exceptions and the material exceptions are not substan-
8 tially corrected within 90 days of the delivery of the audit, the
9 neighborhood improvement zone shall be dissolved in accordance
10 with the zone plan upon approval of the dissolution by the gov-
11 erning body of the city or village in which the neighborhood
12 improvement zone is located.

13 (5) The board shall publish an annual activity and financial
14 report. The report shall be available to the public. Each year,
15 every property owner shall be notified of the availability of the
16 annual activity and financial report.

17 (6) As used in this section, "financial institution" means a
18 state or nationally chartered bank or a state or federally
19 chartered savings and loan association, savings bank, or credit
20 union whose deposits are insured by an agency of the United
21 States government and that maintains a principal office or branch
22 office located in this state under the laws of this state or of
23 the United States.

24 Sec. 12. A zone plan may be amended. Amendments shall be
25 effective if approved by a majority of the property owners voting
26 on the amendment at the annual meeting of property owners or a
27 special meeting called for that purpose, with the votes of the

1 property owners weighted in accordance with section 8(2). A zone
2 plan amendment changing any assessment is effective only if also
3 approved by the governing body of the city or village in which
4 the neighborhood improvement zone is located.

5 Sec. 13. (1) Prior to the expiration of any 7-year period,
6 the board shall notify the property owners of a special meeting
7 by first-class mail at least 14 days prior to the scheduled date
8 of the meeting to approve a new zone plan for the next 7-year
9 period. Notice under this section shall include the specific
10 location, scheduled date, and time of the meeting.

11 (2) Approval of the new zone plan at the special meeting by
12 60% of the property owners of assessable property voting at that
13 meeting, with the vote of the property owners being weighted in
14 accordance with section 8(2), constitutes reauthorization of the
15 neighborhood improvement zone for an additional 7-year period,
16 commencing as of the expiration of the 7-year period then in
17 effect. If the new zone plan reflects any new assessment, or
18 reflects an extension of any assessment beyond the period previ-
19 ously approved by the city or village in which the neighborhood
20 improvement zone is located, the new or extended assessment shall
21 be effective only with the approval of the governing body of the
22 city or village.

23 Sec. 14. (1) Upon written petition duly signed by 20% of
24 the property owners of assessable property within a zone area,
25 the board shall place on the agenda of the next annual meeting,
26 if the next annual meeting is to be held not later than 60 days
27 after receipt of the written petition or a special meeting not to

1 be held later than 60 days after receipt of the written petition,
2 the issue of dissolution of the neighborhood improvement zone.
3 Notice of the next annual meeting or special meeting described in
4 this subsection shall be made to all property owners by
5 first-class mail not less than 14 days prior to the date of the
6 annual or special meeting. The notice shall include the specific
7 location and the scheduled date and time of the meeting.

8 (2) The neighborhood improvement zone shall be dissolved
9 upon a vote of more than 50% of the property owners of assessable
10 property voting at the meeting. A dissolution shall not take
11 effect until all contractual liabilities of the neighborhood
12 improvement zone have been paid and discharged.

13 (3) Upon dissolution of a neighborhood improvement zone, the
14 board shall dispose of the remaining physical assets of the
15 neighborhood improvement zone. The proceeds of any physical
16 assets disposed of by the neighborhood improvement zone and all
17 money collected through assessments that is not required to
18 defray the expenses of the neighborhood improvement zone shall be
19 refunded on a pro rata basis to persons from whom assessments
20 were collected. If the board finds that the refundable amount is
21 so small as to make impracticable the computation and refunding
22 of the money, it may be transferred to the treasurer of the city
23 or village in which the neighborhood improvement zone is located
24 for deposit in the treasury of the city or village to the credit
25 of the general fund.

26 (4) Upon dissolution of a neighborhood improvement zone, any
27 remaining assets of the neighborhood improvement zone shall be

1 transferred to the treasurer of the city or village in which the
2 neighborhood improvement zone is located for deposit in the trea-
3 sury of the city or village to the credit of the general fund.

4 Sec. 15. (1) The board shall conduct business at a public
5 meeting held in compliance with the open meetings act, 1976
6 PA 267, MCL 15.261 to 15.275. Public notice of the time, date,
7 and place of the meeting shall be given in the manner required by
8 the open meetings act, 1976 PA 267, MCL 15.261 to 15.275.

9 (2) A meeting of property owners under section 5 shall be
10 conducted at a public meeting held in compliance with the open
11 meetings act, 1976 PA 267, MCL 15.261 to 15.275. Public notice
12 of the time, date, and place of the meeting shall be given in the
13 manner required by the open meetings act, 1976 PA 267, MCL 15.261
14 to 15.275.

15 (3) A writing prepared, owned, used, in the possession of,
16 or retained by the neighborhood improvement zone in the per-
17 formance of its duties under this chapter is a public record
18 under the freedom of information act, 1976 PA 442, MCL 15.231 to
19 15.246.

20 (4) All meetings of the board or property owners described
21 in this act shall be conducted within the city or village in
22 which the neighborhood improvement zone is or is to be located.