

Act No. 79  
Public Acts of 2023  
Approved by the Governor  
July 11, 2023  
Filed with the Secretary of State  
July 12, 2023  
EFFECTIVE DATE: Sine Die  
(91st day after final adjournment of the 2023 Regular Session)

**STATE OF MICHIGAN  
102ND LEGISLATURE  
REGULAR SESSION OF 2023**

Introduced by Senators Shink, Bayer, Chang, Santana, Wojno and Klinefelt

## **ENROLLED SENATE BILL No. 164**

AN ACT to amend 1961 PA 120, entitled “An act to authorize the development or redevelopment of principal shopping districts and business improvement districts; to permit the creation of certain boards; to provide for the operation of principal shopping districts and business improvement districts; to provide for the creation, operation, and dissolution of business improvement zones; and to authorize the collection of revenue and the bonding of certain local governmental units for the development or redevelopment projects,” by amending sections 10, 10b, 10c, 10e, and 10f (MCL 125.990, 125.990b, 125.990c, 125.990e, and 125.990f), as amended by 2020 PA 91.

*The People of the State of Michigan enact:*

Sec. 10. As used in this chapter:

(a) “Assessable property” means real property in a zone area other than property classified as residential real property under section 34c of the general property tax act, 1893 PA 206, MCL 211.34c, or real property exempt from the collection of taxes under the general property tax act, 1893 PA 206, MCL 211.1 to 211.155.

(b) “Assessment” means an assessment imposed under this chapter against assessable property for the benefit of the property owners.

(c) “Assessment revenue” means the money collected by a business improvement zone from any assessments, including any interest on the assessments.

(d) “Board” means the board of directors of a business improvement zone.

(e) “Business improvement zone” means a business improvement zone created under this chapter.

(f) “Nonprofit corporation” means a nonprofit corporation organized under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, and that complies with all of the following:

(i) The articles of incorporation of the nonprofit corporation provide that the nonprofit corporation may promote a business improvement zone and may also provide management services related to the implementation of a zone plan.

(ii) The nonprofit corporation is exempt from federal income tax under section 501(c)(4) or (6) of the internal revenue code of 1986, 26 USC 501.

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

(h) "Project" means any activity within a zone area for the benefit of property owners authorized by section 10a.

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

(j) "Proportional voting" means voting with an allocation of votes under section 10f(7) if provided for in a zone plan or a proposed zone plan.

(k) "Qualifying period" means the period in which a business improvement zone is authorized to operate and impose and collect assessments, beginning on the date that the business improvement zone is approved by the property owners voting on the question as provided in section 10f and ending 7 to 10 calendar years after that date as determined in the petition described in section 10c. The 10-year period or qualifying period of a business improvement zone that was created before June 28, 2018 begins on the date that the business improvement zone was approved by the property owners voting on the question as provided in section 10f.

(l) "Zone area" means the area designated in the zone plan as the area to be served by the business improvement zone.

(m) "Zone plan" means a set of goals, strategies, objectives, and guidelines for the operation of a business improvement zone.

Sec. 10b. (1) One or more business improvement zones may be established within a city or village.

(2) A zone area must be contiguous, with the exception of public streets, alleys, parks, and other public rights-of-way.

(3) A business improvement zone may be established in a city or village even if the city or village has established a principal shopping district or business improvement district under chapter 1. Assessable property must not be included in any of the following:

(a) More than 1 business improvement zone established under this chapter.

(b) Both a principal shopping district and a business improvement district established under chapter 1.

(4) A zone plan may provide for assessments. If a zone plan provides for assessments, the zone plan must include a basis for the allocation of assessments in compliance with section 10h on the basis of 1 or more of the following:

(a) Assessed value.

(b) Taxable value.

(c) Square footage.

(d) Street frontage.

(e) Any other factor relating to assessable property identified in the zone plan.

(5) If the zone plan for a zone area provides a basis for the allocation of assessments on the basis of assessed value, the majority of all properties within the zone area, both by assessed value and square footage, must be assessable property.

(6) If the zone plan for a zone area provides a basis for the allocation of assessments on a basis other than assessed value, the majority of all properties within the zone area, both by taxable value and square footage, must be assessable property.

(7) A zone plan may provide for caps on the assessment amounts paid by an owner of assessable property and for caps on the growth of assessment amounts.

Sec. 10c. A person may initiate the establishment of a business improvement zone by the delivery of a petition to the clerk of the city or village in which a proposed zone area is located. The petition must include all of the following:

(a) An attached map and description of the geographic boundaries of the zone area sufficient to identify each assessable property included.

(b) The signatures of property owners of parcels of assessable property within the zone area, or their authorized agents, representing not less than 30% of the property owners of assessable property within the zone area. In determining whether the threshold under this subdivision is met, the number of required signatures must be determined and the signatures of property owners must be allocated, in the same manner as any proportional vote provided in the proposed zone plan under subdivision (d).

(c) An attached listing, by tax parcel identification number, of all parcels within the zone area, separately identifying assessable property.

(d) An attached zone plan, which must include all of the following:

(i) The proposed initial board of directors for the zone, except for a member of the board of directors who may be appointed by the city or village under section 10g(2).

(ii) The method for removal, appointment, and replacement of the members of the board.

(iii) A description of projects planned during the qualifying period, including the scope, nature, and duration of the projects.

(iv) An estimate of the total amount of expenditures for projects planned during the qualifying period.

(v) The proposed source or sources of financing for the projects planned during the qualifying period.

(vi) If the proposed financing includes assessments, the projected amount or rate of the assessments for each year and the basis to be used in allocating the assessment to be imposed on assessable property.

(vii) A plan of dissolution for the business improvement zone.

(viii) Beginning on June 28, 2018, the number of calendar years in the qualifying period, not more than 10 calendar years and not less than 7 calendar years.

(ix) If proportional voting will apply, a description of the proportional voting mechanism to be used or, if proportional voting will not apply, a statement to that effect.

(e) A basis for allocating assessments in the zone area that is consistent with section 10b.

Sec. 10e. (1) If a petition is delivered to the clerk of the city or village in accordance with section 10c, the governing body of the city or village shall within 28 days schedule a public hearing of the governing body to review the zone plan and any proposed assessment and to receive public comment. The clerk shall notify all owners of parcels within the zone area of the public hearing by first-class mail.

(2) At the public hearing required under subsection (1), or at the next regularly scheduled meeting of the governing body of the city or village, the governing body shall approve or reject the establishment of the business improvement zone and the zone plan attached to the petition under section 10c. If the governing body rejects the establishment of the business improvement zone and the zone plan, the clerk shall notify all property owners within the proposed zone of a meeting of the property owners within the proposed zone, which must be held not sooner than 7 days or later than 21 days after the date of the rejection by the governing body. The notice must be sent by first-class mail to the property owners not less than 7 days before the scheduled date of the meeting and must include the specific location and the scheduled date and time of the meeting, as determined by the person initiating the establishment of the business improvement zone under section 10c.

(3) At the meeting, the property owners may amend the zone plan if approved by a majority of the property owners voting at the meeting, using proportional voting if applicable under the zone plan. The amended zone plan may be resubmitted to the clerk of the city or village without the requirement of a new petition under section 10c for approval or rejection at a meeting of the governing body of the city or village not later than 28 days after the amended zone plan is resubmitted to the clerk. If a zone plan is not rejected within 56 days of the date the amended zone plan is resubmitted to the clerk, the amended zone plan is considered approved by the governing body of the city or village. If the amended zone plan is rejected by the governing body, then the amended zone plan may not be resubmitted without the delivery of a new petition under section 10c.

(4) A governing body of a city or village shall consider the establishment of a business improvement zone and a zone plan for the business improvement zone under this section if all of the following apply:

(a) The zone plan complies with the requirements of section 10c.

(b) The zone plan for the business improvement zone provides that the services to be provided by the business improvement zone and the projects under the zone plan would be supplemental to the services, projects, and functions of the city or village.

(c) The zone plan provides a basis for allocating assessments that complies with this chapter.

(5) Approval of the business improvement zone and zone plan serves as a determination by the city or village that any assessment set forth in the zone plan, including the basis for allocating the assessment, is appropriate, subject only to the approval of the business improvement zone and the zone plan by the property owners in accordance with section 10f.

(6) If the governing body of the city or village approves the business improvement zone and zone plan or if the amended zone plan is considered approved under subsection (3), the clerk of the city or village shall set an election pursuant to section 10f not more than 49 days following the approval.

(7) The clerk of the city or village shall send to the property owners notice by first-class mail of the election not less than 28 days before the election and publish the notice at least once in a newspaper of general circulation in the city or village in which the zone area is located not less than 7 days or more than 21 days before the date scheduled for the election.

(8) The election described in this section and section 10f is not an election subject to the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

(9) The person that filed the petition under section 10c, the proposed board members, and the property owners may, at the option and under the direction of the clerk, assist the clerk of the city or village in conducting the election to minimize the expenses of the election incurred by the city or village.

Sec. 10f. (1) All property owners as of the date of the delivery of the petition as provided in section 10c are eligible to participate in the election. The election must be conducted by mail. The question to be voted on by the property owners is the adoption of the zone plan and the establishment of the business improvement zone, including the identity of the initial board.

(2) A zone plan and the proposal for the establishment of a business improvement zone, including the identity of the initial board, are considered adopted upon the approval of more than 60% of the property owners voting in the election, using proportional voting if applicable under the zone plan.

(3) Upon acceptance or rejection of a business improvement zone and zone plan by the property owners, the resulting business improvement zone or the person filing the petition under section 10c shall, at the request of the city or village, reimburse the city or village for all or a portion of the reasonable expenses incurred to comply with this chapter. The governing body of the city or village may forgive and choose not to collect all or a portion of the reasonable expenses incurred to comply with this chapter.

(4) Adoption of a business improvement zone and zone plan under this section authorizes the creation of the business improvement zone and the implementation of the zone plan for the qualifying period.

(5) Adoption of a business improvement zone and zone plan under this section and the creation of the business improvement zone does not relieve the business improvement zone from following, or does not waive any rights of the city or village to enforce, any applicable laws, statutes, or ordinances. A business improvement zone created under this chapter shall comply with all applicable state and federal laws.

(6) To the extent not protected by the immunity conferred by 1964 PA 170, MCL 691.1401 to 691.1419, a city or village that approves a business improvement zone within its boundaries is immune from civil or administrative liability arising from any actions of that business improvement zone.

(7) Subject to subsection (8), if a zone plan provides for proportional voting, the proportional vote of a property owner must be allocated as follows:

(a) If the zone plan for the zone area provides a basis for allocating assessments based upon taxable value, the votes of property owners may be proportionate to the amount that the taxable value of their respective real property for the preceding calendar year bears to the taxable value of all assessable property in the zone area for that calendar year.

(b) If the zone plan for the zone area provides for allocation of assessments based upon assessed value, the votes of property owners may be proportionate to the amount that the assessed value of their respective real property for the preceding calendar year bears to the assessed value of all assessable property in the zone area for that calendar year.

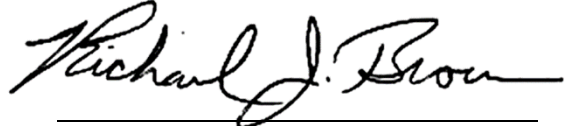
(c) If the zone plan for the zone area provides a basis for allocating assessments other than taxable value or assessed value, the votes of property owners may be proportionate to the amount that the assessment for their respective real property for the prior calendar year bears to the total value of assessments for assessable property in the zone area in that calendar year.

(8) The proportional vote allocated to any 1 property owner must not exceed 25% of the total vote. If the proportional vote of a single property owner under this section exceeds 25%, the amount in excess of 25% must be reallocated among the remaining property owners in proportion to the amount that the assessment of their respective assessable property for the prior calendar year bears to the assessment of all assessable property in the zone area owned by the remaining property owners during that calendar year. For purposes of this subsection, property owners that are affiliates shall be treated as a single property owner.

(9) As used in this section, "affiliate" means that term as defined in section 907 of the Michigan strategic fund act, 1984 PA 270, MCL 125.20907.



Secretary of the Senate



Clerk of the House of Representatives

Approved \_\_\_\_\_

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Governor