



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5325 (Substitute H-1 as reported without amendment)
House Bill 5720 (Substitute S-2 as reported)
Sponsor: Representative Chris Afendoulis (H.B. 5325)
Representative Rob VerHeulen (H.B. 5720)
House Committee: Local Government
Senate Committee: Economic Development and International Investment

CONTENT

House Bill 5325 (H-1) and House Bill 5720 (S-2) would amend Chapter 1 (Principal Shopping District) and Chapter 2 (Business Improvement Zone) of Public Act 120 of 1961 which authorizes the creation, operation, and dissolution of principle shopping districts, business developmental districts, and business improvement zones, to revise these chapters' respective definitions of "assessable property".

Chapter 1 of the Act authorizes the development or redevelopment of principal shopping districts and business improvement districts. Under Chapter 1, the cost of the whole or any part of a principal shopping district project or business improvement district project may be financed by one or more methods, including the levying of special assessments against land or interests in land, or both. A special assessment must be levied against assessable property on the basis of the special benefits to that parcel from the total project. House Bill 5325 (H-1) would eliminate an exclusion of property classified as residential real property under the General Property Tax Act from the definition of "assessable property".

Under Chapter 2, a business improvement zone established within a city or village may be funded in whole or in part by one or more assessments on assessable property. An assessment may be imposed against assessable property only on the basis of the benefits to assessable property afforded by the zone plan. House Bill 5720 (S-2), "assessable property" would mean real property in a zone area other than real property exempt from the collection of taxes under the General Property Tax Act, unless the one plan for the zone area designated property classified as residential real property in the zone area as assessable property under the zone plan.

MCL 125.981 (H.B. 5325)
125.990 (H.B. 5720)

Legislative Analyst: Nathan Leaman

FISCAL IMPACT

The bills would have no fiscal impact on the State and an indeterminate fiscal impact on local governments. The changes in the bills would increase the potential revenue for principal shopping districts, business improvement districts, and business improvement zones through the inclusion of residential real property in the definition of assessable property. The actual

fiscal impact for each district or zone would depend on specific decisions made by the district or zone. If a district maintained the current assessment rate, it would realize increased revenue because of the increase in assessable property. A district also could lower the assessment rate and realize the same total revenue because of the addition of new property. A district or zone also could raise or lower the assessment rate regardless of the changes in the bills.

Date Completed: 12-3-18

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.