

SENATE BILL No. 529

November 3, 1987, Introduced by Senators KELLY, O'BRIEN, IRWIN and BARCIA and referred to the Committee on Finance.

A bill to provide for the certification by municipalities of certain neighborhood organizations as neighborhood improvement authorities; to require these authorities to prepare and adopt budgets; to provide for the levy and collection of special assessments for certain purposes; to require the creation of a special account to hold revenues collected from the imposition of special assessments; and to impose certain duties upon and grant certain powers to municipalities and neighborhood improvement authorities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Eligible project" means an undertaking listed in sec-
3 tion 3.

1 (b) "Fiscal year" means the fiscal year for a neighborhood
2 improvement authority, which shall be from October 1 to
3 September 30 of the following year.

4 (c) "Legislative body" means the council, board, commission,
5 or other entity vested with the legislative power of a
6 municipality.

7 (d) "Municipality" means a city, township, or village of
8 this state.

9 (e) "Neighborhood" means a geographically-contiguous, resi-
10 dential area within a municipality that evidences certain social,
11 ethnic, cultural, or geographic similarities.

12 (f) "Neighborhood area" means a street by street description
13 of an area whose residents are democratically represented by a
14 neighborhood organization that is seeking certification as a
15 neighborhood improvement authority for the described area, which
16 description is included in the articles of incorporation of the
17 organization.

18 (g) "Neighborhood improvement authority" means a neighbor-
19 hood organization certified as provided in this act.

20 (h) "Neighborhood organization" means an organization quali-
21 fied to be certified as a neighborhood improvement authority.

22 (i) "Residential unit" means a house, building, structure,
23 shelter, or mobile home, or a portion of a house, building,
24 structure, shelter, or mobile home, used as a dwelling by 1 or
25 more individuals. Residential unit includes an apartment unit, a
26 room in a boarding or rooming house, a mobile home, a mobile home
27 space, and each unit of a multiple family dwelling, but does not

1 include a hotel, motel, motor home, or other tourist
2 accommodation when used as a temporary accommodation for guests
3 or tourists.

4 Sec. 2. (1) A legislative body may certify by resolution a
5 neighborhood organization as a neighborhood improvement authority
6 to represent, within the municipality's boundaries, a neighbor-
7 hood area that contains not less than 1,500 and not more than
8 4,500 residential units. A legislative body may certify 1 or
9 more neighborhood improvement authorities. A legislative body
10 that certifies a neighborhood organization pursuant to this sec-
11 tion shall levy a special assessment pursuant to this act against
12 the property within the area represented by the certified neigh-
13 borhood improvement authority for the purpose of defraying the
14 cost of eligible projects contracted for by the neighborhood
15 improvement authority as provided in this act.

16 (2) A neighborhood improvement authority certified under
17 this act is a public body corporate and has the power over, and
18 is subject to the limitations of state law concerning, the expen-
19 diture of public funds collected pursuant to this act.

20 Sec. 3. The following projects may be implemented within
21 the neighborhood area with funds from a special assessment
22 imposed pursuant to this act:

23 (a) Snow-clearing and removal from streets and alleys.

24 (b) Weed-cutting, public ways beautification, and environ-
25 mental services.

26 (c) Public safety services.

1 (d) Planning, communication, and development of
2 housing-related activities and other services related to
3 preservation of the neighborhood.

4 Sec. 4. (1) Upon submission of a petition for certification
5 by a neighborhood organization at a public hearing held not more
6 than 90 days nor less than 45 days after the certification peti-
7 tion is filed, a legislative body may certify the neighborhood
8 organization as the neighborhood improvement authority for that
9 neighborhood area. A petition submitted pursuant to this subsec-
10 tion shall contain the names, addresses, and zip codes of more
11 than 50% of the residents of the neighborhood area of the neigh-
12 borhood organization.

13 (2) The petition for certification as a neighborhood
14 improvement authority shall be accompanied by documents contain-
15 ing all of the following:

16 (a) The names and addresses of the president, treasurer, and
17 members of the council of the proposed authority.

18 (b) Evidence of a surety bond conditioning the performance
19 of the treasurer and running to the proposed neighborhood
20 improvement authority in an amount equal to the gross funds man-
21 aged at any 1 time by the treasurer.

22 (c) The proposed boundaries of the proposed neighborhood
23 improvement authority, which shall be as stated in the articles
24 of incorporation of the neighborhood organization and identical
25 to the neighborhood area represented by the neighborhood
26 organization.

1 (d) The articles of incorporation and the bylaws or
2 operating procedures, if any, of the neighborhood organization.
3 The articles of incorporation shall provide for at least all of
4 the following:

5 (i) The neighborhood organization has as its primary purpose
6 the service of the residential residents through self-help
7 improvement programs.

8 (ii) The neighborhood organization is incorporated under the
9 laws of this state as a nonprofit corporation and has specified
10 limitations on remuneration of its officers.

11 (iii) Participation in the neighborhood organization is open
12 to all residents of the neighborhood area that the organization
13 represents on a nondiscriminatory basis.

14 (iv) The neighborhood organization is operated under the
15 jurisdiction of a 5-person council, a president, and a treasurer
16 who are democratically elected by secret ballot by the residents
17 of the neighborhood area at regularly scheduled elections for
18 which public notice is provided.

19 (v) Voting participation in the election of a council or
20 officers is not conditioned upon payment of membership fees.

21 (vi) The neighborhood organization is eligible for a federal
22 income tax exemption under section 501(c) of the internal revenue
23 code.

24 (vii) The neighborhood organization has regular meetings and
25 a system of regular and periodic notification of events to all
26 residents of the neighborhood area.

1 (viii) A description of the neighborhood area.

2 (e) A statement by the register of deeds of the county in
3 which the neighborhood area of the neighborhood organization is
4 located that the neighborhood organization is qualified for cer-
5 tification under section 2.

6 Sec. 5. (1) A legislative body shall not certify more than
7 1 neighborhood organization as a neighborhood improvement author-
8 ity to represent all or any portion of a given neighborhood
9 area. Certification by the legislative body shall occur only
10 upon petition of a neighborhood organization and shall not occur
11 upon the initiative of the legislative body. A dispute as to the
12 boundaries of a neighborhood improvement authority shall be adju-
13 dicated in the circuit court in the county in which the area is
14 located.

15 (2) A legislative body shall not make a certification under
16 this act unless, within 20 days after the receipt of a certifica-
17 tion petition, the legislative body sends written notice of the
18 filing of the petition for certification and the date of the
19 public hearing at which certification will be considered to each
20 resident of the neighborhood area encompassed by the proposed
21 neighborhood improvement authority. The legislative body shall
22 not certify the petitioning neighborhood organization as the
23 neighborhood improvement authority for the proposed neighborhood
24 area if, before the date of the public hearing, a petition signed
25 by not less than 50% of the residents of the proposed neighbor-
26 hood area and stating its opposition to the certification of that
27 neighborhood organization is filed with the legislative body.

1 (3) If the legislative body refuses to certify the
2 neighborhood organization as a neighborhood improvement authority
3 or is prohibited from doing so under subsection (2), another cer-
4 tification petition may be filed not less than 180 days after the
5 refusal to certify.

6 Sec. 6. Upon certification, the council of a neighborhood
7 organization shall become the council of the neighborhood
8 improvement authority and shall prepare and adopt a balanced
9 budget covering the operation of the neighborhood improvement
10 authority for the next fiscal year. This budget shall be submit-
11 ted annually to the clerk of the municipality and shall contain
12 all of the following:

13 (a) An itemized statement of proposed services and
14 improvements.

15 (b) The estimated cost, as determined by a competitive bid-
16 ding process, of each proposed service and improvement.

17 (c) A statement of revenues estimated to be carried over
18 from the last fiscal year.

19 (d) A statement of revenues required to be collected pursu-
20 ant to this act for snow removal and other services eligible for
21 special assessment revenues.

22 (e) A statement itemized by source of all other expected
23 revenues.

24 Sec. 7. (1) Before adopting a budget under section 6 pro-
25 posing an eligible project that requires funding from a special
26 assessment levied pursuant to this act, the council of the
27 neighborhood improvement authority shall prepare a 2-year plan

1 for the eligible project and an estimate of its cost. The
2 council of the neighborhood improvement authority shall fix a
3 time and place where the council will meet and hear objections to
4 the proposed plan. Notice of the hearing shall be given both as
5 prescribed in section 11 and by a newsletter distributed to each
6 residence within the neighborhood area.

7 (2) At the hearing, the council of the neighborhood improve-
8 ment authority may revise, correct, amend, or change a plan for
9 an eligible project or an estimate of its cost.

10 (3) If, after a hearing held pursuant to this section, the
11 council of the neighborhood improvement authority votes by a roll
12 call resolution, subject to an override vote by the general mem-
13 bership of the neighborhood improvement authority at a meeting
14 called for that purpose, to proceed with the eligible project,
15 the neighborhood improvement authority shall approve the plan and
16 estimate of cost by resolution as originally presented or as
17 revised, corrected, amended, or changed; determine the exact fig-
18 ures for computing the amount of the cost estimate for each eli-
19 gible project for which funds are necessary through the imposi-
20 tion of a special assessment pursuant to this act; determine the
21 precise formula to apportion the amount of the special assess-
22 ments for each eligible project for which a special assessment is
23 sought equally between each residential unit within the neighbor-
24 hood area encompassed by the neighborhood improvement authority;
25 and prepare and complete the petitions required by section 8.
26 The information required by this subsection shall be made
27 available by the neighborhood improvement authority council

1 before a meeting of its members for the purpose of overriding the
2 approval of the plan by the neighborhood improvement authority.

3 (4) An eligible project for which funding by a special
4 assessment levied pursuant to this act is necessary shall not be
5 included in an adopted budget unless the petition required by
6 section 8 is verified and the special assessment to which the
7 petition relates is confirmed as part of a special assessment
8 roll.

9 Sec. 8. (1) An eligible project for which funds are
10 required to be collected pursuant to a special assessment levied
11 under this act shall not be implemented unless the neighborhood
12 improvement authority files with the clerk of the county, by
13 June 1 of each year, a special assessment petition for the par-
14 ticular improvement or service signed by more than 50% of the
15 residents of the neighborhood area represented by the neighbor-
16 hood improvement authority, the proposed budget of the neighbor-
17 hood improvement authority for the next fiscal year, and the
18 project plan for the eligible project. The petition shall con-
19 tain information notifying its signatories of the total cost of
20 the eligible project; the total amount necessary to be levied by
21 a special assessment; and the amount of the apportionment of the
22 special assessment on each residential unit within the neighbor-
23 hood area.

24 (2) Within 10 days after receipt of a petition filed pursu-
25 ant to subsection (1), the clerk of the county shall verify the
26 accuracy of the contents of, and the eligibility of the
27 signatories to, the petition and, if determined sufficient,

1 certify the petition as sufficient under this act. After this
2 determination is made, the sufficiency of the petition shall not
3 be subject to attack except in an action brought in a court of
4 competent jurisdiction within 30 days after verification by the
5 clerk of the county.

6 Sec. 9. (1) Immediately after verifying a petition submit-
7 ted pursuant to section 8, the clerk of the county shall transmit
8 the petition and the accompanying materials to the legislative
9 body of the municipality. The legislative body shall then direct
10 a special assessment roll to be made in which shall be entered
11 and described all the parcels of land to be assessed; the names
12 of the respective owners of each parcel of land, if known; and
13 the total amount to be assessed against each parcel of land,
14 which amount shall be determined by adding the fixed apportioned
15 amount per residential unit in the neighborhood area of the
16 neighborhood improvement authority for each residential unit of
17 the parcel of land to be assessed. After completing the special
18 assessment roll, the maker shall affix to this roll his or her
19 certificate stating that it was made pursuant to the resolution
20 of the neighborhood improvement authority adopted on a specific
21 date and that in making this roll, he or she, pursuant to his or
22 her best judgment, has conformed in all respects to the direc-
23 tions contained within the resolution and the laws of this
24 state.

25 (2) After a special assessment roll is completed, it shall
26 be reported to the legislative body of the municipality and filed
27 in the office of the clerk of the municipality. Before

1 confirming the special assessment roll, the legislative body
2 shall set a time and place when it will meet and hear and review
3 any objections to the roll, and shall cause notice of the hearing
4 and the filing of the roll to be published twice before the hear-
5 ing in a newspaper circulating in the municipality. In addition
6 to the notice required by section 11, the first publication shall
7 be at least 10 days before the hearing. The hearing may be
8 adjourned from time to time without further notice. A person
9 objecting to the special assessment roll shall file his or her
10 objection in writing with the clerk of the municipality before
11 the close of the hearing, or within a later time which the legis-
12 lative body grants.

13 (3) After the hearing at the same or at a subsequent meet-
14 ing, the legislative body may confirm the special assessment roll
15 as reported to it or as amended or corrected by it; refer it back
16 for revision; or annul it and direct a new roll to be made. When
17 a special assessment roll is confirmed, the clerk of the munici-
18 pality shall endorse the date of the confirmation on the roll.
19 After the confirmation, the special assessment roll and all
20 assessments on the roll shall be final and conclusive unless
21 attacked in a court of competent jurisdiction within 30 days
22 after the date of confirmation.

23 (4) A special assessment roll made pursuant to this section
24 shall be confirmed before September 1 of each year. If a neigh-
25 borhood improvement authority has submitted more than 1 petition
26 pursuant to section 8 in order to receive funding from special
27 assessments levied pursuant to this act for more than 1 eligible

1 project, the municipality shall direct the special assessment
2 roll to encompass all special assessment petitions of the neigh-
3 borhood improvement authority that are verified by the clerk of
4 the county. However, in the hearing held pursuant to subsection
5 (2), each portion of the assessment on a parcel of land that
6 relates to a separate eligible project shall be considered
7 individually.

8 Sec. 10. The legislative body of a municipality shall not
9 confirm a special assessment roll made pursuant to section 9 if
10 or more of the following occur:

11 (a) The total aggregate amount of the special assessments to
12 be levied for a neighborhood improvement authority exceeds the
13 amount of revenues shown by the neighborhood improvement
14 authority's proposed budget to be necessary to be collected by
15 means of a special assessment levied pursuant to this act.

16 (b) The total aggregate amount of the special assessments to
17 be levied for a neighborhood improvement authority exceeds an
18 amount equal to 1 mill of the state equalized value of the prop-
19 erty within the neighborhood area.

20 (c) An eligible project for which a special assessment would
21 be levied does not reasonably benefit all property within the
22 neighborhood area.

23 (d) The neighborhood improvement authority does not comply,
24 within 60 days, with a request from the municipality that an
25 annual audit of its records and accounts be prepared by an inde-
26 pendent certified public accountant.

1 (e) The neighborhood improvement authority previously has
2 not complied with requirements of the municipality and state law
3 concerning the deposit and expenditure of funds it receives from
4 the levy of a special assessment.

5 Sec. 11. Notice of a hearing held or required pursuant to
6 this act shall be given pursuant to Act No. 162 of the Public
7 Acts of 1962, being sections 211.741 to 211.745 of the Michigan
8 Compiled Laws, and in addition shall be given by first-class mail
9 not less than 10 days before the date of the hearing to each res-
10 ident of the neighborhood area whose name appears on a list of
11 the registered electors who reside within the neighborhood area.

12 Sec. 12. (1) Upon confirmation of a special assessment
13 roll, the legislative body shall direct the treasurer of the
14 municipality to collect the special assessment due from the owner
15 of each parcel of land. Special assessments levied under this
16 act shall be due on or after October 1 and before December 1.
17 Collection shall be made by mailing by first-class mail a state-
18 ment to the owner of the assessed property containing a descrip-
19 tion of the property against which the special assessment is
20 levied, the number of residential units on the property, the
21 amount of the special assessment due, and the due date for pay-
22 ment of the special assessment. The expense of preparing and
23 mailing this statement shall be paid from funds collected for the
24 neighborhood improvement authority. Failure to send or receive
25 the statement shall not prejudice the right to collect or enforce
26 the payment of the special assessment.

1 (2) All overdue unpaid special assessments prior to their
2 transfer to the municipality's tax rolls, as provided by
3 subsection (3), shall bear interest of 8% per annum and be
4 subject to a delinquent penalty at the rate of 1% for each month,
5 or fraction of a month, that the special assessment remains
6 unpaid.

7 (3) A special assessment, and any interest or penalty owing
8 because of the failure to pay the entire special assessment
9 before September 15 of the subsequent year, shall be included in
10 a separate column in the regular tax roll for that year. These
11 amounts shall then become due, be collected, and be returned for
12 nonpayment pursuant to the general property tax act, Act No. 206
13 of the Public Acts of 1893, being sections 211.1 to 211.157 of
14 the Michigan Compiled Laws.

15 Sec. 13. (1) Less an amount equal to the cost of prepara-
16 tion and delivery of the special assessment statement and the
17 collection of the special assessment pursuant to section 12, the
18 money collected pursuant to section 12 shall be deposited in a
19 special account for use by the neighborhood improvement authority
20 in providing the eligible projects for which the special assess-
21 ments were imposed. Withdrawals from this special account shall
22 be made only upon cosignature of the president and treasurer of
23 the neighborhood improvement authority.

24 (2) Surplus revenues in a special account at the end of a
25 fiscal year may be retained in the special account for use in the
26 next fiscal year for paying the cost of a similar eligible
27 project.

1 (3) A special account may aggregate all special assessments
2 imposed for use by a neighborhood improvement authority, but all
3 records and expenditures for each eligible project for which
4 funds are collected shall be maintained separately.