

## BUSINESS IMPROVEMENT DISTRICT / PRINCIPAL SHOPPING DISTRICT / BUSINESS IMPROVEMENT ZONE (BID/PSD/BIZ)

Through the provisions of Public Act 120 of 1961, cities, villages, and urban townships may create a Business Improvement District (BID) and/or Principal Shopping District (PSD) to promote economic development. A BID/PSD allows a municipality to collect revenues, levy special assessments and issue bonds in order to address the maintenance, security and operation of that district. A provision under Chapter 2 of the Act allows a Business Improvement Zone (BIZ) to be created by private property owners of those parcels in a zone plan within a city or village. A BIZ may levy special assessments to finance activities and projects outlined within a zone plan for a period of seven years.

### WHO IS ELIGIBLE TO APPLY?

Only cities, villages and urban townships may create a PSD. An urban township is defined in PA 281 of 1986 and includes townships located in a county with a population greater than 750,000. A PSD may be created if the municipality has a commercial area containing a minimum of 10 retail businesses and the municipality has a master plan that includes an urban design plan designating a PSD or the development of a PSD.

Only cities, villages and urban townships may create and have one or more BIDs. A BID may be one or more portions of an eligible municipality or combinations of contiguous portions of two or more municipalities. The designated BID areas must be predominately commercial or industrial use.

A BIZ is created by a petition driven by at least 30 percent of the property owners within a zone plan.

### HOW DOES IT WORK?

An eligible local governmental unit may establish by resolution a BID and begin to fund activities for the district. The chief executive officer of the city shall determine the members of the BID board for the district to serve as an advisory board to the city. If the BID is located in more than one jurisdiction, each local governmental unit shall appoint

a representative to the board. The remaining members of the BID will be nominees of businesses and property owners located within the district.

A city, village or urban township may establish a PSD and begin to fund activities for the district. The chief executive officer of the jurisdiction may appoint a PSD management board for the district to serve as an advisory board to the city. If the boundaries of a PSD are the same as those of a Downtown Development Authority (DDA) (PA 197 of 1975), the governing body may designate that the DDA board shall compose the PSD Board as well.

A city, village or urban township is empowered through its BID/PSD to:

- Open, widen, extend, realign, pave, maintain or otherwise improve roads and construct, reconstruct, maintain or relocate pedestrian walkways.
- Prohibit or regulate vehicular traffic or parking where necessary for a BID/PSD project.
- Acquire, own, maintain, demolish, develop, improve, or operate properties, off-street parking lots or structures.
- Contract or appoint agents for the operation or maintenance of city off-street parking lots or structures.
- Construct, maintain and operate malls with bus stops, information centers and other public interest buildings.
- Acquire by purchase, gift, or condemnation and own, maintain or operate real or personal property.
- Promote economic development in the district through conducting market research and public relations campaigns, developing, coordinating and conducting retail and institutional promotions and sponsoring special events and related activities.

- Provide or contract the administration, maintenance, security and operation of the district.

The cost of projects within a BID or PSD may be financed by:

- Grants and gifts to the city or district.
- City funds.
- The issuance of general obligation bonds or revenue bonds under the Revenue Bond Act of 1933, or under any other applicable revenue bond act. The issuance of the bonds shall be limited to the part or parts of the district project that are public improvements and not to fund general operations of the PSD/BID.
- The levying of special assessments against land or interests in land or both.
- Any other source.

A BIZ is created by business owners within the established zone whereby they petition the city or village clerk to create the boundaries of the proposed zone. The BIZ is under no authority of the city or village.

The cost of projects within a BIZ may be financed by:

- Grants and gifts, special assessments and loans in anticipation of the receipts of assessments as long as the repayment period of the loan does not extend beyond the seven-year operating period of the zone, does not exceed 50 percent of the annual average assessment revenue in the previous year.

The type of projects financed by a BIZ within the zone area would include specifically:

- Acquire, construct, develop, improve, maintain, operate, or reconstruct park areas, planting areas and related facilities.
- Acquire, construct, clean, improve, maintain, reconstruct, or relocate sidewalks, street curbing, street medians, fountains and lighting.

- Develop and propose lighting standards.
- Provide or contract for security services with other public or private entities and purchase equipment related to security services.
- Promote and sponsor cultural or recreational activities and engage in economic development activities, including promotion of business, retail, or industrial development, recruitment and retention.

### WHAT IS THE PROCESS?

An eligible local governmental unit may establish the boundaries of a BID/PSD by resolution. The resolution must contain the following if one or more local governmental units establish a BID:

1. The geographic boundaries of the district.
2. The number of board members in the district.
3. The different classes of property owners in that district.
4. The class of business or property owners, if any, who are projected to pay more than 50 percent of the special assessment levied.

A BIZ is established by a petition delivered to the clerk of a city/village that consists of:

1. The signatures of property owners of parcels representing not less than 30 percent of the property owners within the designated zone area.
2. The boundaries of the zone area.
3. A listing, by tax parcel numbers within the zone area that separately identifies assessable property.
4. After a petition is filed, the clerk shall notify all property owners with the zone area of a public meeting of the property owners regarding the establishment of the BIZ.

One or more BIZ may be established in a city or village even if the entity has established a BID or PSD.

### **WHY WOULD A COMMUNITY WANT TO ESTABLISH THIS PROGRAM?**

A BID/PSD provides business with the opportunity to come together and use their expertise, experience and financing to improve the marketing, infrastructure and operational aspects of their business area, each of which has an impact on their individual businesses.

The same applies for a BIZ, except the authority lies within the board of directors of the BIZ. The city or village cannot be held liable for any of their actions.

There are no annual or project reports required to be filed with the State of Michigan for BID/PSDs or BIZs.

### **SUPPORTING STATUTE**

Act 120 of 1961

For more information, contact the Michigan Economic Development Corporation<sup>SM</sup> (MEDC) Customer Assistance Center at 517.373.9808.