

## 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) or a Principal Shopping District (PSD) to promote economic development within a defined area of the municipality. 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 ten (10) years.

### WHO IS ELIGIBLE TO APPLY?

Only cities, villages and urban townships may create a BID or a PSD. An urban township is defined in the Local Development Finance Act (PA 281 of 1986) and includes townships located in a county with a population greater than 750,000. A PSD may be created within the municipality in a commercial area containing a minimum of 10 retail businesses. A BID is defined as one or more portions of an eligible municipality or combinations of contiguous portions of two or more municipalities and is “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 and may solely be created within either a city or village.

### WHAT IS THE PROCESS?

By resolution a city, village, or urban township may create a BID to fund activities for the district. The chief executive officer, with concurrence of the legislative body of the municipality, shall appoint one member to the BID board as a representative of the local governmental unit. The remaining members of the BID will be nominees of the business and property owners located within the district. The board will oversee the management of the BID activities. If the BID is located in more than one jurisdiction, each local governmental unit shall appoint a representative to the board.

To establish a PSD, the municipality must have a master plan that includes an urban design plan designating a PSD or the development of a PSD. The board of a PSD shall be appointed by the chief executive officer of the local governmental unit with the concurrence of the legislative body of the local governmental unit. One member of the board shall be from the

adjacent residential area, one member shall be a representative of the local governmental unit, and a majority of the members shall be nominees of individual businesses located within the PSD. If the boundaries of a PSD are the same as those of a Downtown Development Authority (PA 197 of 1975), the governing body may designate that the DDA board shall compose the PSD board as well.

One or more BIZs may be created by business owners within a city or village, whereby the business owners petition the city or village clerk to create the boundaries of the proposed zone. However, there are specific limitations provided in Chapter 2 of the act regarding the eligible combinations of Business Improvement Districts and Business Improvement Zones within the same municipality.

### WHAT ARE THE DISTRICT AND ZONE POWERS?

Subject to the approval of the governmental entity that has jurisdiction over the highway, a city, village or urban township is empowered through its BID/PSD to maintain and modify roads and pedestrian walkways and prohibit or regulate vehicular traffic or parking where necessary for a BID/PSD project. The BID/PSD may also own, operate, or contract for off-street parking lots or structures. The designated BID/PSD board also has the ability to acquire, own, maintain, demolish, develop, improve, or operate properties per the established plan for that district. Additional common activities undertaken by a BID/PSD is the promotion of 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. The districts may also provide or contract with other public or private entities for 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, municipal funds, levying of special assessments, general obligation or revenue bonds, and any other source.

The type of projects financed by a BIZ within the zone area include owning, maintaining and operating park areas and planting areas; and acquiring, owning, maintaining, reconstructing, or relocating sidewalks, street curbing, street medians, fountains and lighting. Any and all improvements

proposed within a BIZ shall adhere to the “zone plan” which outlines the goals, strategies, objectives and guidelines for the operation of the business improvement zone. The zone may also provide or contract for security services with other public or private entities and purchase equipment related to security services. Lastly, like PSDs/BIDs the BIZs may promote and sponsor cultural or recreational activities and engage in economic development activities, including promotion of business, retail, or industrial development, recruitment and retention.

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 ten (10) year operating period of the zone, does not exceed 50 percent of the annual average assessment revenue in the previous year.

## 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 is immune from civil or administrative liability arising from any actions of the BIZ.

## SUPPORTING STATUTE

*Act 120 of 1961: Principal Shopping Districts and Business Improvement Districts*

## CONTACT

For more information, contact the MEDC customer contact center at 517.373.9808.