

# SENATE BILL No. 658

September 20, 2001, Introduced by Senator STILLE and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.532) by adding section 267.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 267. (1) A QUALIFIED TAXPAYER WITH A REHABILITATION  
2 PLAN CERTIFIED AFTER THE EFFECTIVE DATE OF THIS SECTION AND  
3 BEFORE JANUARY 1, 2003 MAY CREDIT AGAINST THE TAX IMPOSED BY THIS  
4 ACT THE AMOUNT DETERMINED UNDER SUBSECTION (2) FOR THE QUALIFIED  
5 EXPENDITURES FOR REHABILITATING A HISTORIC BARN PURSUANT TO A  
6 REHABILITATION PLAN IN THE YEAR IN WHICH THE CERTIFICATION OF  
7 COMPLETED REHABILITATION OF THE HISTORIC BARN IS ISSUED UNDER  
8 SUBSECTION (4) PROVIDED THAT THE CERTIFICATION OF COMPLETED REHA-  
9 BILITATION WAS ISSUED NOT MORE THAN 5 YEARS AFTER THE  
10 REHABILITATION PLAN WAS CERTIFIED BY THE MICHIGAN HISTORICAL  
11 CENTER.

1       (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE 25% OF  
2 THE QUALIFIED EXPENDITURES THAT ARE MADE TO A HISTORIC BARN.

3       (3) A TAXPAYER IS ELIGIBLE FOR THE CREDIT UNDER THIS SECTION  
4 IF THE TAXPAYER COMPLIES WITH SUBSECTION (4) AND THE MICHIGAN  
5 HISTORICAL CENTER CERTIFIES BOTH OF THE FOLLOWING:

6       (A) THE HISTORIC BARN IS OF HISTORIC SIGNIFICANCE, AS DEMON-  
7 STRATED BY THE TAXPAYER TO THE SATISFACTION OF THE CENTER.

8       (B) THE TAXPAYER HAS SUBMITTED A REHABILITATION PLAN TO THE  
9 CENTER THAT MEETS ALL OF THE FOLLOWING CRITERIA:

10       (i) THE REHABILITATION OF THE HISTORIC BARN WILL NOT CAUSE  
11 THE APPEARANCE OF THE HISTORIC BARN TO BE MATERIALLY ALTERED SO  
12 THAT IT IS NO LONGER IDENTIFIABLE AS A HISTORIC BARN.

13       (ii) THE REHABILITATION PLAN PROVIDES FOR SUBSTANTIAL REHA-  
14 BILITATION OF THE HISTORIC BARN.

15       (iii) THE REHABILITATION PLAN PROVIDES THAT ALL REHABILITA-  
16 TION WORK THAT IS UNDERTAKEN WILL BE PERFORMED TO OR WITHIN THE  
17 WALLS, BOUNDARIES, OR STRUCTURES OF THE HISTORIC BARN.

18       (4) UPON COMPLETION OF THE REHABILITATION OF THE HISTORIC  
19 BARN, A TAXPAYER SHALL APPLY TO THE CENTER FOR A CERTIFICATION OF  
20 COMPLETED REHABILITATION. IF THE CENTER DETERMINES THAT THE  
21 REHABILITATION OF THE HISTORIC BARN WAS COMPLETED IN ACCORDANCE  
22 WITH THE REHABILITATION PLAN, THE CENTER SHALL ISSUE A CERTIFI-  
23 CATE OF COMPLETED REHABILITATION TO THE TAXPAYER.

24       (5) THE CENTER MAY INSPECT A HISTORIC BARN AT ANY TIME  
25 DURING THE REHABILITATION PROCESS OR AFTER REHABILITATION HAS  
26 BEEN COMPLETED. IF THE CENTER DETERMINES THAT THE REHABILITATION  
27 WAS NOT UNDERTAKEN AS REPRESENTED IN THE REHABILITATION PLAN OR

1 IF UNAPPROVED ALTERATIONS TO THE COMPLETED REHABILITATION ARE  
2 MADE DURING THE 5 YEARS AFTER THE TAX YEAR IN WHICH THE CREDIT  
3 WAS CLAIMED, THE CENTER MAY REVOKE CERTIFICATION OF THE COMPLETED  
4 REHABILITATION, IF SUCH CERTIFICATION HAS BEEN ISSUED. THE  
5 CENTER SHALL PROMPTLY NOTIFY THE DEPARTMENT OF A REVOCATION.

6 (6) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX  
7 YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS  
8 SECTION EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR,  
9 THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR  
10 SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX  
11 LIABILITY IN SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP,  
12 WHICHEVER OCCURS FIRST. A CARRYFORWARD UNDER THIS SUBSECTION MAY  
13 BE CLAIMED IN TAX YEARS AFTER THE 2002 TAX YEAR FOR A CREDIT  
14 BASED ON A REHABILITATION PLAN CERTIFIED BEFORE JANUARY 1, 2003.

15 (7) IF THE TAXPAYER SELLS A HISTORIC BARN FOR WHICH A CREDIT  
16 UNDER THIS SECTION WAS CLAIMED LESS THAN 5 YEARS AFTER THE YEAR  
17 IN WHICH THE CREDIT WAS CLAIMED, THE FOLLOWING PERCENTAGE OF THE  
18 CREDIT AMOUNT PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC BARN  
19 SHALL BE ADDED BACK TO THE TAX LIABILITY OF THE TAXPAYER IN THE  
20 YEAR OF THE SALE:

21 (A) IF THE SALE IS LESS THAN 1 YEAR AFTER THE YEAR IN WHICH  
22 THE CREDIT WAS CLAIMED, 100%.

23 (B) IF THE SALE IS AT LEAST 1 YEAR BUT LESS THAN 2 YEARS  
24 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 80%.

25 (C) IF THE SALE IS AT LEAST 2 YEARS BUT LESS THAN 3 YEARS  
26 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 60%.

1 (D) IF THE SALE IS AT LEAST 3 YEARS BUT LESS THAN 4 YEARS  
2 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 40%.

3 (E) IF THE SALE IS AT LEAST 4 YEARS BUT LESS THAN 5 YEARS  
4 AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 20%.

5 (F) IF THE SALE IS 5 YEARS OR MORE AFTER THE YEAR IN WHICH  
6 THE CREDIT WAS CLAIMED, AN ADDBACK TO THE TAXPAYER'S TAX LIABIL-  
7 ITY SHALL NOT BE MADE.

8 (8) IF A CERTIFICATION OF COMPLETED REHABILITATION IS  
9 REVOKED UNDER SUBSECTION (5) LESS THAN 5 YEARS AFTER THE YEAR IN  
10 WHICH A CREDIT WAS CLAIMED, THE FOLLOWING PERCENTAGE OF THE  
11 CREDIT AMOUNT PREVIOUSLY CLAIMED RELATIVE TO THAT HISTORIC BARN  
12 SHALL BE ADDED BACK TO THE TAX LIABILITY OF THE TAXPAYER IN THE  
13 YEAR OF THE REVOCATION:

14 (A) IF THE REVOCATION IS LESS THAN 1 YEAR AFTER THE YEAR IN  
15 WHICH THE CREDIT WAS CLAIMED, 100%.

16 (B) IF THE REVOCATION IS AT LEAST 1 YEAR BUT LESS THAN  
17 2 YEARS AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 80%.

18 (C) IF THE REVOCATION IS AT LEAST 2 YEARS BUT LESS THAN  
19 3 YEARS AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 60%.

20 (D) IF THE REVOCATION IS AT LEAST 3 YEARS BUT LESS THAN  
21 4 YEARS AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 40%.

22 (E) IF THE REVOCATION IS AT LEAST 4 YEARS BUT LESS THAN  
23 5 YEARS AFTER THE YEAR IN WHICH THE CREDIT WAS CLAIMED, 20%.

24 (F) IF THE REVOCATION IS 5 YEARS OR MORE AFTER THE YEAR IN  
25 WHICH THE CREDIT WAS CLAIMED, AN ADDBACK TO THE TAXPAYER'S TAX  
26 LIABILITY SHALL NOT BE MADE.

1       (9) THE DEPARTMENT OF STATE THROUGH THE MICHIGAN HISTORICAL  
2 CENTER MAY IMPOSE A FEE TO COVER THE ADMINISTRATIVE COST OF  
3 IMPLEMENTING THE PROGRAM UNDER THIS SECTION.

4       (10) THE QUALIFIED TAXPAYER SHALL ATTACH BOTH OF THE FOLLOW-  
5 ING TO THE QUALIFIED TAXPAYER'S ANNUAL RETURN UNDER THIS ACT:

6       (A) THE CERTIFICATION OF COMPLETED REHABILITATION ISSUED  
7 UNDER SUBSECTION (4).

8       (B) THE CERTIFICATION OF HISTORIC SIGNIFICANCE RELATED TO  
9 THE HISTORIC BARN ISSUED UNDER SUBSECTION (3) AND THE QUALIFIED  
10 EXPENDITURES USED TO CLAIM A CREDIT UNDER THIS SECTION.

11       (11) THE DEPARTMENT OF STATE THROUGH THE CENTER SHALL REPORT  
12 ALL OF THE FOLLOWING TO THE LEGISLATURE ANNUALLY FOR THE IMMEDI-  
13 ATELY PRECEDING STATE FISCAL YEAR:

14       (A) THE FEE SCHEDULE USED BY THE CENTER AND THE TOTAL AMOUNT  
15 OF FEES COLLECTED.

16       (B) A DESCRIPTION OF EACH HISTORIC BARN REHABILITATION  
17 PROJECT THAT RECEIVED CERTIFICATION UNDER SUBSECTION (3) OR (4).

18       (C) THE LOCATION OF EACH NEW AND ONGOING HISTORIC BARN REHA-  
19 BILITATION PROJECT.

20       (12) THE REPORT REQUIRED UNDER SUBSECTION (11) MAY BE COM-  
21 BINED WITH THE REPORT REQUIRED UNDER SECTION 266(15).

22       (13) NO PERSON WHO TAKES A CREDIT PURSUANT TO SECTION 266  
23 FOR REHABILITATION OF A HISTORIC BARN SHALL BE ELIGIBLE FOR A  
24 CREDIT FOR REHABILITATION OF THE SAME HISTORIC BARN UNDER THIS  
25 SECTION.

26       (14) AS USED IN THIS SECTION:

1 (A) "HISTORIC BARN" MEANS A PRIVATELY OWNED BUILDING USED TO  
2 HOUSE LIVESTOCK, FARM EQUIPMENT, OR AGRICULTURAL PRODUCTS THAT IS  
3 AN INCOME PRODUCING COMMERCIAL OR INDUSTRIAL RESOURCE AND THAT  
4 WAS BUILT BEFORE JANUARY 1, 1950.

5 (B) "LONG-TERM LEASE" MEANS A LEASE TERM OF AT LEAST  
6 27.5 YEARS FOR A RESIDENTIAL RESOURCE OR AT LEAST 31.5 YEARS FOR  
7 A NONRESIDENTIAL RESOURCE.

8 (C) "MICHIGAN HISTORICAL CENTER" OR "CENTER" MEANS THE STATE  
9 HISTORIC PRESERVATION OFFICE OF THE MICHIGAN HISTORICAL CENTER OF  
10 THE DEPARTMENT OF STATE OR ITS SUCCESSOR AGENCY.

11 (D) "PERSON" MEANS AN INDIVIDUAL, PARTNERSHIP, CORPORATION,  
12 ASSOCIATION, GOVERNMENTAL ENTITY, OR OTHER LEGAL ENTITY.

13 (E) "QUALIFIED EXPENDITURES" MEANS CAPITAL EXPENDITURES THAT  
14 WOULD QUALIFY FOR A REHABILITATION CREDIT UNDER SECTION 47(a)(2)  
15 OF THE INTERNAL REVENUE CODE EXCEPT THAT THE EXPENDITURES ARE  
16 MADE TO A HISTORIC BARN THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER  
17 SECTION 47(a)(2) OF THE INTERNAL REVENUE CODE, THAT WERE PAID NOT  
18 MORE THAN 5 YEARS AFTER THE CERTIFICATION OF THE REHABILITATION  
19 PLAN THAT INCLUDED THOSE EXPENDITURES WAS APPROVED BY THE CENTER,  
20 AND THAT WERE PAID AFTER THE EFFECTIVE DATE OF THIS SECTION FOR  
21 THE REHABILITATION OF A HISTORIC BARN. QUALIFIED EXPENDITURES DO  
22 NOT INCLUDE CAPITAL EXPENDITURES FOR NONHISTORIC ADDITIONS TO A  
23 HISTORIC BARN EXCEPT AN ADDITION THAT IS REQUIRED BY STATE OR  
24 FEDERAL REGULATIONS THAT RELATE TO HISTORIC PRESERVATION, SAFETY,  
25 OR ACCESSIBILITY. EXPENDITURES MADE AFTER DECEMBER 31, 2002 AND  
26 NOT MORE THAN 5 YEARS AFTER THE CERTIFICATION OF THE  
27 REHABILITATION PLAN ARE QUALIFIED EXPENDITURES ONLY IF THE

1 REHABILITATION PLAN RECEIVED CERTIFICATION BY THE MICHIGAN  
2 HISTORICAL CENTER BEFORE JANUARY 1, 2003.

3 (F) "QUALIFIED TAXPAYER" MEANS A PERSON WHO EITHER OWNS THE  
4 BARN TO BE REHABILITATED OR HAS A LONG-TERM LEASE WITH THE OWNER  
5 OF THE HISTORIC BARN AND HAS QUALIFIED EXPENDITURES FOR THE REHA-  
6 BILITATION OF THE HISTORIC BARN EQUAL TO OR GREATER THAN 10% OF  
7 THE STATE EQUALIZED VALUATION OF THE PROPERTY. IF THE HISTORIC  
8 BARN TO BE REHABILITATED IS A PORTION OF A LARGER PARCEL OF PROP-  
9 ERTY, THE STATE EQUALIZED VALUATION OF ONLY THE PORTION OF THE  
10 PROPERTY TO BE REHABILITATED SHALL BE USED FOR PURPOSES OF THIS  
11 SUBDIVISION. IF THE ASSESSOR FOR THE LOCAL TAX COLLECTING UNIT  
12 IN WHICH THE HISTORIC BARN IS LOCATED DETERMINES THE STATE EQUAL-  
13 IZED VALUATION OF THAT PORTION, THAT ASSESSOR'S DETERMINATION  
14 SHALL BE USED FOR PURPOSES OF THIS SUBDIVISION. IF THE ASSESSOR  
15 DOES NOT DETERMINE THE STATE EQUALIZED VALUATION OF THAT PORTION,  
16 QUALIFIED EXPENDITURES, FOR PURPOSES OF THIS SUBDIVISION, SHALL  
17 BE EQUAL TO OR GREATER THAN 5% OF THE APPRAISED VALUE AS DETER-  
18 MINED BY A CERTIFIED APPRAISER. IF THE HISTORIC BARN TO BE REHA-  
19 BILITATED DOES NOT HAVE A STATE EQUALIZED VALUATION, QUALIFIED  
20 EXPENDITURES FOR PURPOSES OF THIS SUBDIVISION SHALL BE EQUAL TO  
21 OR GREATER THAN 5% OF THE APPRAISED VALUE OF THE BARN AS DETER-  
22 MINED BY A CERTIFIED APPRAISER.

23 (G) "REHABILITATION PLAN" MEANS A PLAN FOR THE REHABILITA-  
24 TION OF A HISTORIC BARN THAT MEETS THE FEDERAL SECRETARY OF THE  
25 INTERIOR'S STANDARDS FOR REHABILITATION AND GUIDELINES FOR REHA-  
26 BILITATION OF HISTORIC BUILDINGS UNDER 36 C.F.R. 67, OR A PLAN

1 FOR THE REHABILITATION OF A HISTORIC BARN THAT IS APPROVED BY THE  
2 CENTER UNDER SUBSECTION (3).