

HOUSE BILL No. 5206

October 28, 2003, Introduced by Rep. Koetje and referred to the Committee on Land Use and Environment.

A bill to amend 2000 PA 146, entitled
"Obsolete property rehabilitation act,"
by amending section 2 (MCL 125.2782).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Commercial housing property" means that portion of real
3 property not occupied by an owner of that real property that is
4 classified as residential real property under section 34c of the
5 general property tax act, 1893 PA 206, MCL 211.34c, is a
6 multiple-unit dwelling, or is a dwelling unit in a
7 multiple-purpose structure, used for residential purposes.

8 Commercial housing property also includes a building or group of
9 contiguous buildings previously used for industrial purposes that
10 will be converted to a multiple-unit dwelling or dwelling unit in
11 a multiple-purpose structure, used for residential purposes.

1 (b) "Commercial property" means land improvements classified
2 by law for general ad valorem tax purposes as real property
3 including ~~real property~~ **buildings and improvements** assessable
4 as ~~personal~~ **real** property pursuant to sections 8(d) and 14(6)
5 of the general property tax act, 1893 PA 206, MCL 211.8 and
6 211.14, the primary purpose and use of which is the operation of
7 a commercial business enterprise. Commercial property shall also
8 include facilities related to a commercial business enterprise
9 under the same ownership at that location, including, but not
10 limited to, office, engineering, research and development,
11 warehousing, parts distribution, retail sales, and other
12 commercial activities. Commercial property also includes a
13 building or group of contiguous buildings previously used for
14 industrial purposes that will be converted to the operation of a
15 commercial business enterprise or a multiple-unit dwelling or a
16 dwelling unit in a multiple-purpose structure, used for
17 residential purposes. Commercial property does not include any
18 of the following:

19 (i) Land.

20 (ii) Property of a public utility.

21 (c) "Commission" means the state tax commission created by
22 1927 PA 360, MCL 209.101 to 209.107.

23 (d) "Department" means the department of treasury.

24 (e) "Facility", except as otherwise provided in this act,
25 means a building or group of contiguous buildings.

26 (f) "Functionally obsolete" means that term as defined in
27 section 2 of the brownfield redevelopment financing act, 1996

1 PA 381, MCL 125.2652.

2 (g) "Obsolete properties tax" means the specific tax levied
3 under this act.

4 (h) "Obsolete property" means commercial property or
5 commercial housing property, that is 1 or more of the following:

6 (i) Blighted, as that term is defined in section 2 of the
7 brownfield redevelopment financing act, 1996 PA 381,
8 MCL 125.2652.

9 (ii) A facility as that term is defined under section 20101
10 of the natural resources and environmental protection act, 1994
11 PA 451, MCL 324.20101.

12 (iii) Functionally obsolete.

13 (i) "Obsolete property rehabilitation district" means an area
14 of a qualified local governmental unit established as provided in
15 section 3. Only those properties within the district meeting the
16 definition of "obsolete property" are eligible for an exemption
17 certificate issued pursuant to section 6.

18 (j) "Obsolete property rehabilitation exemption certificate"
19 or "certificate" means the certificate issued pursuant to section
20 6.

21 (k) "Qualified local governmental unit" means 1 or more of
22 the following:

23 (i) A city with a median family income of 150% or less of the
24 statewide median family income as reported in the 1990 federal
25 decennial census that meets 1 or more of the following criteria:

26 (A) Contains or has within its borders an eligible distressed
27 area as that term is defined in section 11(u)(ii) and (iii) of

1 the state housing development authority act of 1966, 1966 PA 346,
2 MCL 125.1411.

3 (B) Is contiguous to a city with a population of 500,000 or
4 more.

5 (C) Has a population of 10,000 or more that is located
6 outside of an urbanized area as delineated by the United States
7 bureau of the census.

8 (D) Is the central city of a metropolitan area designated by
9 the United States office of management and budget.

10 (E) Has a population of 100,000 or more that is located in a
11 county with a population of 2,000,000 or more according to the
12 1990 federal decennial census.

13 (ii) A township with a median family income of 150% or less
14 of the statewide median family income as reported in the 1990
15 federal decennial census that meets 1 or more of the following
16 criteria:

17 (A) Is contiguous to a city with a population of 500,000 or
18 more.

19 (B) All of the following:

20 (I) Contains or has within its borders an eligible distressed
21 area as that term is defined in section 11(u)(ii) of the state
22 housing development authority act of 1966, 1966 PA 346,
23 MCL 125.1411.

24 (II) Has a population of 10,000 or more.

25 (iii) A village with a population of 500 or more as reported
26 in the 1990 federal decennial census located in an area
27 designated as a rural enterprise community before 1998 under

1 title XIII of the omnibus budget reconciliation act of 1993,
2 Public Law 103-66, 107 Stat. 416.

3 (iv) A city that meets all of the following criteria:

4 (A) Has a population of more than 20,000 or less than 5,000
5 and is located in a county with a population of 2,000,000 or more
6 according to the 1990 federal decennial census.

7 (B) As of January 1, 2000, has an overall increase in the
8 state equalized valuation of real and personal property of less
9 than 65% of the statewide average increase since 1972 as
10 determined for the designation of eligible distressed areas under
11 section 11(u)(ii)(B) of the state housing development authority
12 act of 1966, 1966 PA 346, MCL 125.1411.

13 **(v) A city that contains or has within its borders a landfill**
14 **of 140 or more contiguous acres that is no longer in operation.**

15 (l) "Rehabilitation" means changes to obsolete property other
16 than replacement that are required to restore or modify the
17 property, together with all appurtenances, to an economically
18 efficient condition. Rehabilitation includes major renovation
19 and modification including, but not necessarily limited to, the
20 improvement of floor loads, correction of deficient or excessive
21 height, new or improved fixed building equipment, including
22 heating, ventilation, and lighting, reducing multistory
23 facilities to 1 or 2 stories, improved structural support
24 including foundations, improved roof structure and cover, floor
25 replacement, improved wall placement, improved exterior and
26 interior appearance of buildings, and other physical changes
27 required to restore or change the obsolete property to an

1 economically efficient condition. Rehabilitation shall not
2 include improvements aggregating less than 10% of the true cash
3 value of the property at commencement of the rehabilitation of
4 the obsolete property.

5 (m) "Rehabilitated facility" means a commercial property or
6 commercial housing property that has undergone rehabilitation or
7 is in the process of being rehabilitated, including
8 rehabilitation that changes the intended use of the building. A
9 rehabilitated facility does not include property that is to be
10 used as a professional sports stadium. A rehabilitated facility
11 does not include property that is to be used as a casino. As
12 used in this subdivision, "casino" means a casino or a parking
13 lot, hotel, motel, or retail store owned or operated by a casino,
14 an affiliate, or an affiliated company, regulated by this state
15 pursuant to the Michigan gaming control and revenue act, the
16 Initiated Law of 1996, MCL 432.201 to 432.226.

17 (n) "Taxable value" means the value determined under section
18 27a of the general property tax act, 1893 PA 206, MCL 211.27a.