

**SUBSTITUTE FOR
HOUSE BILL NO. 5459**

A bill to amend 2005 PA 210, entitled
"Commercial rehabilitation act,"
by amending section 2 (MCL 207.842), as amended by 2008 PA 3.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2. As used in this act:

2 (a) "Commercial property" means land improvements classified
3 by law for general ad valorem tax purposes as real property
4 including real property assessable as personal property pursuant to
5 sections 8(d) and 14(6) of the general property tax act, 1893 PA
6 206, MCL 211.8 and 211.14, the primary purpose and use of which is
7 the operation of a commercial business enterprise or multifamily
8 residential use. Commercial property shall also include facilities
9 related to a commercial business enterprise under the same
10 ownership at that location, including, but not limited to, office,

1 engineering, research and development, warehousing, parts
2 distribution, retail sales, and other commercial activities.

3 Commercial property also includes a building or group of contiguous
4 buildings previously used for industrial purposes that will be
5 converted to the operation of a commercial business enterprise.

6 Commercial property does not include any of the following:

7 (i) Land.

8 (ii) Property of a public utility.

9 (b) "Commercial rehabilitation district" or "district" means
10 an area not less than 3 acres in size of a qualified local
11 governmental unit established as provided in section 3. However, if
12 the commercial rehabilitation district is located in a downtown or
13 business area as determined by the legislative body of the
14 qualified local governmental unit, the district may be less than 3
15 acres in size.

16 (c) "Commercial rehabilitation exemption certificate" or
17 "certificate" means the certificate issued under section 6.

18 (d) "Commercial rehabilitation tax" means the specific tax
19 levied under this act.

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

22 (f) "Department" means the department of treasury.

23 (g) "Multifamily residential use" means multifamily housing
24 consisting of 5 or more units.

25 (h) "Qualified facility" means a building or group of
26 contiguous buildings of commercial property that is 15 years old or
27 older or has been allocated for a new markets tax credit under

1 section 45d of the internal revenue code, 26 USC 45d. **QUALIFIED**
2 **FACILITY ALSO INCLUDES VACANT PROPERTY LOCATED IN A CITY WITH A**
3 **POPULATION OF MORE THAN 36,000 AND LESS THAN 37,000 ACCORDING TO**
4 **THE 2000 FEDERAL DECENNIAL CENSUS AND FROM WHICH A PREVIOUS**
5 **STRUCTURE HAS BEEN DEMOLISHED AND ON WHICH COMMERCIAL PROPERTY WILL**
6 **BE NEWLY CONSTRUCTED.** A qualified facility does not include
7 property that is to be used as a professional sports stadium. A
8 qualified facility does not include property that is to be used as
9 a casino. As used in this subdivision, "casino" means a casino or a
10 parking lot, hotel, motel, or retail store owned or operated by a
11 casino, an affiliate, or an affiliated company, regulated by this
12 state pursuant to the Michigan gaming control and revenue act, 1996
13 IL 1, MCL 432.201 to 432.226.

14 (i) "Qualified local governmental unit" means a city, village,
15 or township.

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

1 economically efficient condition. **REHABILITATION ALSO INCLUDES NEW**
2 **CONSTRUCTION ON VACANT PROPERTY FROM WHICH A PREVIOUS STRUCTURE HAS**
3 **BEEN DEMOLISHED AND IF THE NEW CONSTRUCTION IS AN ECONOMIC BENEFIT**
4 **TO THE LOCAL COMMUNITY AS DETERMINED BY THE QUALIFIED LOCAL**
5 **GOVERNMENTAL UNIT.** Rehabilitation shall not include improvements
6 aggregating less than 10% of the true cash value of the property at
7 commencement of the rehabilitation of the qualified facility.

8 (k) "Taxable value" means the value determined under section
9 27a of the general property tax act, 1893 PA 206, MCL 211.27a.