

**SUBSTITUTE FOR  
SENATE BILL NO. 294**

A bill to amend 2005 PA 210, entitled  
"Commercial rehabilitation act,"  
by amending section 2 (MCL 207.842), as amended by 2006 PA 554.

**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

ownership at that location, including, but not limited to, office, engineering, research and development, warehousing, parts distribution, retail sales, and other commercial activities.

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

Commercial property does not include any of the following:

(i) Land.

(ii) Property of a public utility.

(b) "Commercial rehabilitation district" or "district" means an area not less than 3 acres in size of a qualified local governmental unit established as provided in section 3. However, if the commercial rehabilitation district is located in a downtown or business area **OR CONTAINS A QUALIFIED RETAIL FOOD ESTABLISHMENT**, as determined by the legislative body of the qualified local governmental unit, the district may be less than 3 acres in size.

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

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

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

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

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

(h) "Qualified facility" means **A QUALIFIED RETAIL FOOD ESTABLISHMENT OR** a building or group of contiguous buildings of

1 commercial property that is 15 years old or older or has been  
2 allocated for a new markets tax credit under section 45d of the  
3 internal revenue code, 26 USC 45d. A qualified facility does not  
4 include property that is to be used as a professional sports  
5 stadium. A qualified facility does not include property that is to  
6 be used as a casino. As used in this subdivision, "casino" means a  
7 casino or a parking lot, hotel, motel, or retail store owned or  
8 operated by a casino, an affiliate, or an affiliated company,  
9 regulated by this state pursuant to the Michigan gaming control and  
10 revenue act, the Initiated Law of 1996, MCL 432.201 to 432.226.

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

13 (J) "QUALIFIED RETAIL FOOD ESTABLISHMENT" MEANS PROPERTY THAT  
14 MEETS ALL OF THE FOLLOWING:

15 (i) THE PROPERTY WILL BE USED PRIMARILY AS A RETAIL  
16 SUPERMARKET, GROCERY STORE, PRODUCE MARKET, OR DELICATESSEN THAT  
17 OFFERS FRESH USDA-INSPECTED MEAT AND POULTRY PRODUCTS, FRESH FRUITS  
18 AND VEGETABLES, AND DAIRY PRODUCTS FOR SALE TO THE PUBLIC.

19 (ii) THE PROPERTY MEETS 1 OF THE FOLLOWING:

20 (A) IS LOCATED IN A QUALIFIED LOCAL GOVERNMENTAL UNIT THAT IS  
21 ALSO LOCATED IN A QUALIFIED LOCAL GOVERNMENTAL UNIT AS DEFINED IN  
22 SECTION 2 OF THE OBSOLETE PROPERTY REHABILITATION ACT, 2000 PA 146,  
23 MCL 125.2782, AND IS LOCATED IN AN UNDERSERVED AREA.

24 (B) IS LOCATED IN A QUALIFIED LOCAL GOVERNMENTAL UNIT THAT IS  
25 DESIGNATED AS RURAL AS DEFINED BY THE UNITED STATES CENSUS BUREAU  
26 AND IS LOCATED IN AN UNDERSERVED AREA.

27 (iii) THE PROPERTY WAS USED AS RESIDENTIAL, COMMERCIAL, OR

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1 INDUSTRIAL PROPERTY AS ALLOWED AND CONDUCTED UNDER THE APPLICABLE  
2 ZONING ORDINANCE FOR THE IMMEDIATELY PRECEDING 30 YEARS.

3 (K) ~~(j)~~—"Rehabilitation" means changes to a qualified facility  
4 that are required to restore or modify the property, together with  
5 all appurtenances, to an economically efficient condition.

6 Rehabilitation includes major renovation and modification  
7 including, but not necessarily limited to, the improvement of floor  
8 loads, correction of deficient or excessive height, new or improved  
9 fixed building equipment, including heating, ventilation, and  
10 lighting, reducing multistory facilities to 1 or 2 stories,  
11 improved structural support including foundations, improved roof  
12 structure and cover, floor replacement, improved wall placement,  
13 improved exterior and interior appearance of buildings, and other  
14 physical changes required to restore or change the ~~obsolete~~

15 property to an economically efficient condition. **REHABILITATION FOR**  
16 **A QUALIFIED RETAIL FOOD ESTABLISHMENT ALSO INCLUDES NEW**  
17 **CONSTRUCTION.** Rehabilitation shall not include improvements  
18 aggregating less than 10% of the true cash value of the property at  
19 commencement of the rehabilitation of the qualified facility.

20 (I) ~~(k)~~—"Taxable value" means the value determined under  
21 section 27a of the general property tax act, 1893 PA 206, MCL  
22 211.27a.

23 <<(M) "UNDERSERVED AREA" MEANS AN AREA DETERMINED BY THE MICHIGAN  
24 DEPARTMENT OF AGRICULTURE THAT CONTAINS A LOW OR MODERATE INCOME CENSUS  
25 TRACT AND A BELOW AVERAGE SUPERMARKET DENSITY, AN AREA THAT HAS A  
26 SUPERMARKET CUSTOMER BASE WITH MORE THAN 50% LIVING IN A LOW INCOME  
27 CENSUS TRACT, OR AN AREA THAT HAS DEMONSTRATED SIGNIFICANT ACCESS

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**1 LIMITATIONS DUE TO TRAVEL DISTANCE.>>**