

HOUSE BILL No. 5459

November 20, 2007, Introduced by Rep. Mayes and referred to the Committee on Tax Policy.

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 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 building or group of contiguous buildings of commercial property that is 15 years old or

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

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

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

1 CONSTRUCTION IS AN ECONOMIC BENEFIT TO THE LOCAL COMMUNITY AS
2 DETERMINED BY THE QUALIFIED LOCAL GOVERNMENTAL UNIT. Rehabilitation
3 shall not include improvements aggregating less than 10% of the
4 true cash value of the property at commencement of the
5 rehabilitation of the qualified facility.

6 (k) "Taxable value" means the value determined under section
7 27a of the general property tax act, 1893 PA 206, MCL 211.27a.