

# SENATE BILL No. 644

July 24, 2007, Introduced by Senator SWITALSKI and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 2000 PA 146, entitled  
"Obsolete property rehabilitation act,"  
by amending section 2 (MCL 125.2782), as amended by 2006 PA 70.

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

1 structure, used for residential purposes.

2 (b) "Commercial property" means land improvements classified  
3 by law for general ad valorem tax purposes as real property  
4 including buildings and improvements assessable as real property  
5 pursuant to sections 8(d) and 14(6) of the general property tax  
6 act, 1893 PA 206, MCL 211.8 and 211.14, the primary purpose and use  
7 of which is the operation of a commercial business enterprise.

8 Commercial property shall also include facilities related to a  
9 commercial business enterprise under the same ownership at that  
10 location, including, but not limited to, office, engineering,  
11 research and development, warehousing, parts distribution, retail  
12 sales, and other commercial activities. Commercial property also  
13 includes a building or group of contiguous buildings previously  
14 used for industrial purposes that will be converted to the  
15 operation of a commercial business enterprise or a multiple-unit  
16 dwelling or a dwelling unit in a multiple-purpose structure, used  
17 for 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 PA

1 381, 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, MCL 125.2652.

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

11 (iii) Functionally obsolete.

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

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

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

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

25 (A) Contains or has within its borders an eligible distressed  
26 area as that term is defined in section 11(u) (ii) and (iii) of the  
27 state housing development authority act of 1966, 1966 PA 346, MCL

1 125.1411.

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

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

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

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

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

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

17 (B) All of the following:

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

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

23 (iii) A village with a population of 500 or more as reported in  
24 the 1990 federal decennial census located in an area designated as  
25 a rural enterprise community before 1998 under title XIII of the  
26 omnibus budget reconciliation act of 1993, Public Law 103-66, 107  
27 Stat. 416.

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

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

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

11 (v) **A CITY THAT HAS A POPULATION OF MORE THAN 121,000 AND LESS**  
12 **THAN 135,000 AND IS LOCATED IN A COUNTY WITH A POPULATION OF**  
13 **780,000 OR MORE.**

14 (l) "Rehabilitation" means changes to obsolete property other  
15 than replacement that are required to restore or modify the  
16 property, together with all appurtenances, to an economically  
17 efficient condition. Rehabilitation includes major renovation and  
18 modification including, but not necessarily limited to, the  
19 improvement of floor loads, correction of deficient or excessive  
20 height, new or improved fixed building equipment, including  
21 heating, ventilation, and lighting, reducing multistory facilities  
22 to 1 or 2 stories, adding additional stories to a facility or  
23 adding additional space on the same floor level not to exceed 100%  
24 of the existing floor space on that floor level, improved  
25 structural support including foundations, improved roof structure  
26 and cover, floor replacement, improved wall placement, improved  
27 exterior and interior appearance of buildings, and other physical

1 changes required to restore or change the obsolete property to an  
2 economically efficient condition. Rehabilitation shall not include  
3 improvements aggregating less than 10% of the true cash value of  
4 the property at commencement of the rehabilitation of the obsolete  
5 property.

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

18 (n) "Taxable value" means the value determined under section  
19 27a of the general property tax act, 1893 PA 206, MCL 211.27a.