

HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 944

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 435 (MCL 208.1435), as amended by 2009 PA 192.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 435. (1) A qualified taxpayer with a rehabilitation plan  
2 certified after December 31, 2007 or a qualified taxpayer that has  
3 a rehabilitation plan certified before January 1, 2008 under  
4 section 39c of former 1975 PA 228 for the rehabilitation of an  
5 historic resource for which a certification of completed  
6 rehabilitation has been issued after the end of the taxpayer's last  
7 tax year may credit against the tax imposed by this act the amount

1 determined pursuant to subsection (2) for the qualified  
2 expenditures for the rehabilitation of an historic resource  
3 pursuant to the rehabilitation plan in the year in which the  
4 certification of completed rehabilitation of the historic resource  
5 is issued. Only those expenditures that are paid or incurred during  
6 the time periods prescribed for the credit under section 47(a)(2)  
7 of the internal revenue code and any related treasury regulations  
8 shall be considered qualified expenditures.

9 (2) The credit allowed under this subsection shall be 25% of  
10 the qualified expenditures that are eligible, or would have been  
11 eligible except that the taxpayer entered into an agreement under  
12 subsection (13), for the credit under section 47(a)(2) of the  
13 internal revenue code if the taxpayer is eligible for the credit  
14 under section 47(a)(2) of the internal revenue code or, if the  
15 taxpayer is not eligible for the credit under section 47(a)(2) of  
16 the internal revenue code, 25% of the qualified expenditures that  
17 would qualify under section 47(a)(2) of the internal revenue code  
18 except that the expenditures are made to an historic resource that  
19 is not eligible for the credit under section 47(a)(2) of the  
20 internal revenue code, subject to both of the following:

21 (a) A taxpayer with qualified expenditures that are eligible  
22 for the credit under section 47(a)(2) of the internal revenue code  
23 may not claim a credit under this section for those qualified  
24 expenditures unless the taxpayer has claimed and received a credit  
25 for those qualified expenditures under section 47(a)(2) of the  
26 internal revenue code or the taxpayer has entered into an agreement  
27 under subsection (13).

1 (b) A credit under this subsection shall be reduced by the  
2 amount of a credit received by the taxpayer for the same qualified  
3 expenditures under section 47(a)(2) of the internal revenue code.

4 (3) To be eligible for the credit under subsection (2), the  
5 taxpayer shall apply to and receive from the Michigan state housing  
6 development authority that the historic significance, the  
7 rehabilitation plan, and the completed rehabilitation of the  
8 historic resource meet the criteria under subsection (6) and either  
9 of the following:

10 (a) All of the following criteria:

11 (i) The historic resource contributes to the significance of  
12 the historic district in which it is located.

13 (ii) Both the rehabilitation plan and completed rehabilitation  
14 of the historic resource meet the federal secretary of the  
15 interior's standards for rehabilitation and guidelines for  
16 rehabilitating historic buildings, 36 CFR part 67.

17 (iii) All rehabilitation work has been done to or within the  
18 walls, boundaries, or structures of the historic resource or to  
19 historic resources located within the property boundaries of the  
20 property.

21 (b) The taxpayer has received certification from the national  
22 park service that the historic resource's significance, the  
23 rehabilitation plan, and the completed rehabilitation qualify for  
24 the credit allowed under section 47(a)(2) of the internal revenue  
25 code.

26 (4) If a qualified taxpayer is eligible for the credit allowed  
27 under section 47(a)(2) of the internal revenue code, the qualified

1 taxpayer shall file for certification with the authority to qualify  
2 for the credit allowed under section 47(a)(2) of the internal  
3 revenue code. If the qualified taxpayer has previously filed for  
4 certification with the authority to qualify for the credit allowed  
5 under section 47(a)(2) of the internal revenue code, additional  
6 filing for the credit allowed under this section is not required.

7 (5) The authority may inspect an historic resource at any time  
8 during the rehabilitation process and may revoke certification of  
9 completed rehabilitation if the rehabilitation was not undertaken  
10 as represented in the rehabilitation plan or if unapproved  
11 alterations to the completed rehabilitation are made during the 5  
12 years after the tax year in which the credit was claimed. The  
13 authority shall promptly notify the department of a revocation.

14 (6) Qualified expenditures for the rehabilitation of an  
15 historic resource may be used to calculate the credit under this  
16 section if the historic resource meets 1 of the criteria listed in  
17 subdivision (a) and 1 of the criteria listed in subdivision (b):

18 (a) The resource is 1 of the following during the tax year in  
19 which a credit under this section is claimed for those qualified  
20 expenditures:

21 (i) Individually listed on the national register of historic  
22 places or state register of historic sites.

23 (ii) A contributing resource located within an historic  
24 district listed on the national register of historic places or the  
25 state register of historic sites.

26 (iii) A contributing resource located within an historic  
27 district designated by a local unit pursuant to an ordinance

1 adopted under the local historic districts act, 1970 PA 169, MCL  
2 399.201 to 399.215.

3 (b) The resource meets 1 of the following criteria during the  
4 tax year in which a credit under this section is claimed for those  
5 qualified expenditures:

6 (i) The historic resource is located in a designated historic  
7 district in a local unit of government with an existing ordinance  
8 under the local historic districts act, 1970 PA 169, MCL 399.201 to  
9 399.215.

10 (ii) The historic resource is located in an incorporated local  
11 unit of government that does not have an ordinance under the local  
12 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and  
13 has a population of less than 5,000.

14 (iii) The historic resource is located in an unincorporated  
15 local unit of government.

16 (iv) The historic resource is located in an incorporated local  
17 unit of government that does not have an ordinance under the local  
18 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is  
19 located within the boundaries of an association that has been  
20 chartered under 1889 PA 39, MCL 455.51 to 455.72.

21 (v) The historic resource is subject to a historic  
22 preservation easement.

23 (7) For projects for which a certificate of completed  
24 rehabilitation is issued for a tax year beginning before January 1,  
25 2009, if a qualified taxpayer is a partnership, limited liability  
26 company, or subchapter S corporation, the qualified taxpayer may  
27 assign all or any portion of a credit allowed under this section to

1 its partners, members, or shareholders, based on the partner's,  
2 member's, or shareholder's proportionate share of ownership or  
3 based on an alternative method approved by the department. A credit  
4 assignment under this subsection is irrevocable and shall be made  
5 in the tax year in which a certificate of completed rehabilitation  
6 is issued. A qualified taxpayer may claim a portion of a credit and  
7 assign the remaining credit amount. A partner, member, or  
8 shareholder that is an assignee shall not subsequently assign a  
9 credit or any portion of a credit assigned to the partner, member,  
10 or shareholder under this subsection. A credit amount assigned  
11 under this subsection may be claimed against the partner's,  
12 member's, or shareholder's tax liability under this act or under  
13 the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532. A  
14 credit assignment under this subsection shall be made on a form  
15 prescribed by the department. The qualified taxpayer and assignees  
16 shall attach a copy of the completed assignment form to the  
17 department in the tax year in which the assignment is made and  
18 attach a copy of the completed assignment form to the annual return  
19 required to be filed under this act for that tax year.

20 (8) For projects for which a certificate of completed  
21 rehabilitation is issued for a tax year beginning after December  
22 31, 2008, a qualified taxpayer may assign all or any portion of the  
23 credit allowed under this section. A credit assignment under this  
24 subsection is irrevocable and shall be made in the tax year in  
25 which a certificate of completed rehabilitation is issued. A  
26 qualified taxpayer may claim a portion of a credit and assign the  
27 remaining amount. If the qualified taxpayer both claims and assigns

1 portions of the credit, the qualified taxpayer shall claim the  
2 portion it claims in the tax year in which a certificate of  
3 completed rehabilitation is issued pursuant to this section. An  
4 assignee may subsequently assign the credit or any portion of the  
5 credit assigned under this subsection to 1 or more assignees. An  
6 assignment or subsequent reassignment of a credit can be made in  
7 the year the certificate of completed rehabilitation is issued. A  
8 credit assignment or subsequent reassignment under this section  
9 shall be made on a form prescribed by the department. The  
10 department or its designee shall review and issue a completed  
11 assignment or reassignment certificate to the assignee or  
12 reassignee. A credit amount assigned under this subsection may be  
13 claimed against the assignees' tax under this act or under the  
14 income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532. An  
15 assignee or subsequent reassignee shall attach a copy of the  
16 completed assignment certificate to the annual return required to  
17 be filed under this act or under the income tax act of 1967, 1967  
18 PA 281, MCL 206.1 to 206.532, for the tax year in which the  
19 assignment or reassignment is made and the assignee or reassignee  
20 first claims the credit, which shall be the same tax year.

21 (9) If the credit allowed under this section for the tax year  
22 and any unused carryforward of the credit allowed by this section  
23 exceed the taxpayer's tax liability for the tax year, that portion  
24 that exceeds the tax liability for the tax year shall not be  
25 refunded but may be carried forward to offset tax liability in  
26 subsequent tax years for 10 years or until used up, whichever  
27 occurs first. If a qualified taxpayer has an unused carryforward of

1 a credit under this section, the amount otherwise added under  
2 subsection (10), (11), or (12) to the qualified taxpayer's tax  
3 liability may instead be used to reduce the qualified taxpayer's  
4 carryforward under this section. An unused carryforward of a credit  
5 under section 39c of former 1975 PA 228 that was unused at the end  
6 of the last tax year for which former 1975 PA 228 was in effect may  
7 be claimed against the tax imposed under this act for the years the  
8 carryforward would have been available under section 39c of former  
9 1975 PA 228. For projects for which a certificate of completed  
10 rehabilitation is issued for a tax year beginning after December  
11 31, 2008 and for which the credit amount allowed is less than  
12 \$250,000.00, a qualified taxpayer may elect to forgo the carryover  
13 period and receive a refund of the amount of the credit that  
14 exceeds the qualified taxpayer's tax liability. The amount of the  
15 refund shall be equal to 90% of the amount of the credit that  
16 exceeds the qualified taxpayer's tax liability. An election under  
17 this subsection shall be made in the year that a certificate of  
18 completed rehabilitation is issued and shall be irrevocable.

19 (10) For tax years beginning before January 1, 2009, if the  
20 taxpayer sells an historic resource for which a credit was claimed  
21 under this section or under section 39c of former 1975 PA 228 less  
22 than 5 years after the year in which the credit was claimed, the  
23 following percentage of the credit amount previously claimed  
24 relative to that historic resource shall be added back to the tax  
25 liability of the taxpayer in the year of the sale:

26 (a) If the sale is less than 1 year after the year in which  
27 the credit was claimed, 100%.

1 (b) If the sale is at least 1 year but less than 2 years after  
2 the year in which the credit was claimed, 80%.

3 (c) If the sale is at least 2 years but less than 3 years  
4 after the year in which the credit was claimed, 60%.

5 (d) If the sale is at least 3 years but less than 4 years  
6 after the year in which the credit was claimed, 40%.

7 (e) If the sale is at least 4 years but less than 5 years  
8 after the year in which the credit was claimed, 20%.

9 (f) If the sale is 5 years or more after the year in which the  
10 credit was claimed, an addback to the taxpayer's tax liability  
11 shall not be made.

12 (11) For tax years beginning before January 1, 2009, if a  
13 certification of completed rehabilitation is revoked under  
14 subsection (5) less than 5 years after the year in which a credit  
15 was claimed under this section or under section 39c of former 1975  
16 PA 228, the following percentage of the credit amount previously  
17 claimed relative to that historic resource shall be added back to  
18 the tax liability of the taxpayer in the year of the revocation:

19 (a) If the revocation is less than 1 year after the year in  
20 which the credit was claimed, 100%.

21 (b) If the revocation is at least 1 year but less than 2 years  
22 after the year in which the credit was claimed, 80%.

23 (c) If the revocation is at least 2 years but less than 3  
24 years after the year in which the credit was claimed, 60%.

25 (d) If the revocation is at least 3 years but less than 4  
26 years after the year in which the credit was claimed, 40%.

27 (e) If the revocation is at least 4 years but less than 5

1 years after the year in which the credit was claimed, 20%.

2 (f) If the revocation is 5 years or more after the year in  
3 which the credit was claimed, an addback to the taxpayer's tax  
4 liability shall not be made.

5 (12) Except as otherwise provided under subsection (13), for  
6 tax years beginning after December 31, 2008, if a certificate of  
7 completed rehabilitation is revoked under subsection (5), a  
8 preapproval letter is revoked under subsection (23)(b), or an  
9 historic resource is sold or disposed of less than 5 years after  
10 the historic resource is placed in service as defined in section  
11 47(b)(1) of the internal revenue code and related treasury  
12 regulations or if a certificate of completed rehabilitation issued  
13 after December 1, 2008 is revoked under subsection (5) during a tax  
14 year beginning after December 31, 2008, a preapproval letter issued  
15 after December 1, 2008 is revoked under subsection (23)(b) during a  
16 tax year beginning after December 31, 2008, or an historic resource  
17 is sold or disposed of less than 5 years after the historic  
18 resource is placed in service during a tax year beginning after  
19 December 31, 2008, the following percentage of the credit amount  
20 previously claimed relative to that historic resource shall be  
21 added back to the tax liability of the qualified taxpayer that  
22 received the certificate of completed rehabilitation and not the  
23 assignee in the year of the revocation:

24 (a) If the revocation is less than 1 year after the historic  
25 resource is placed in service, 100%.

26 (b) If the revocation is at least 1 year but less than 2 years  
27 after the historic resource is placed in service, 80%.

1 (c) If the revocation is at least 2 years but less than 3  
2 years after the historic resource is placed in service, 60%.

3 (d) If the revocation is at least 3 years but less than 4  
4 years after the historic resource is placed in service, 40%.

5 (e) If the revocation is at least 4 years but less than 5  
6 years after the historic resource is placed in service, 20%.

7 (f) If the revocation is at least 5 years or more after the  
8 historic resource is placed in service, an addback to the qualified  
9 taxpayer tax liability shall not be required.

10 (13) Subsection (12) shall not apply if the qualified taxpayer  
11 enters into a written agreement with the authority that will allow  
12 for the transfer or sale of the historic resource and provides the  
13 following:

14 (a) Reasonable assurance that subsequent to the transfer the  
15 property will remain a historic resource during the 5-year period  
16 after the historic resource is placed in service.

17 (b) A method that the department can recover an amount from  
18 the taxpayer equal to the appropriate percentage of credit added  
19 back as described under subsection (12).

20 (c) An encumbrance on the title to the historic resource being  
21 sold or transferred, stating that the property must remain a  
22 historic resource throughout the 5-year period after the historic  
23 resource is placed in service.

24 (d) A provision for the payment by the taxpayer of all legal  
25 and professional fees associated with the drafting, review, and  
26 recording of the written agreement required under this subsection.

27 (14) The authority may impose a fee to cover the

1 administrative cost of implementing the program under this section.

2 (15) The qualified taxpayer shall attach all of the following  
3 to the qualified taxpayer's annual return required under this act  
4 or under the income tax act of 1967, 1967 PA 281, MCL 206.1 to  
5 206.532, if applicable, on which the credit is claimed:

6 (a) Certification of completed rehabilitation.

7 (b) Certification of historic significance related to the  
8 historic resource and the qualified expenditures used to claim a  
9 credit under this section.

10 (c) A completed assignment form if the qualified taxpayer or  
11 assignee has assigned any portion of a credit allowed under this  
12 section or if the taxpayer is an assignee of any portion of a  
13 credit allowed under this section.

14 (16) The authority may promulgate rules to implement this  
15 section pursuant to the administrative procedures act of 1969, 1969  
16 PA 306, MCL 24.201 to 24.328.

17 (17) The total of the credits claimed under subsection (2) and  
18 section 266 of the income tax act of 1967, 1967 PA 281, MCL  
19 206.266, for a rehabilitation project shall not exceed 25% of the  
20 total qualified expenditures eligible for the credit under  
21 subsection (2) for that rehabilitation project.

22 (18) The authority shall report all of the following to the  
23 legislature annually for the immediately preceding state fiscal  
24 year:

25 (a) The fee schedule used by the authority and the total  
26 amount of fees collected.

27 (b) A description of each rehabilitation project certified.

1 (c) The location of each new and ongoing rehabilitation  
2 project.

3 (19) In addition to the credit allowed under subsection (2)  
4 and subject to the criteria under this subsection and subsections  
5 (21), (22), and (23), for tax years that begin on and after January  
6 1, 2009 a qualified taxpayer that has a preapproval letter issued  
7 on or before December 31, 2013 may claim an additional credit that  
8 has been approved under this subsection or subsection (20) against  
9 the tax imposed by this act equal to a percentage established in  
10 the taxpayer's preapproval letter of the qualified taxpayer's  
11 qualified expenditures for the rehabilitation of an historic  
12 resource or the actual amount of the qualified taxpayer's qualified  
13 expenditures incurred during the completion of the rehabilitation  
14 of an historic resource, whichever is less. The authority may  
15 approve 1 credit under this subsection for a qualified taxpayer  
16 that receives a certificate of completed rehabilitation for a  
17 credit under subsection (2) on or after January 1, 2009 and before  
18 November 15, 2009 notwithstanding that the qualified taxpayer has  
19 not received a preapproval letter for a credit under this  
20 subsection. The qualified taxpayer must apply for the additional  
21 credit under this subsection before January 1, 2010. If the  
22 additional credit approved under this subsection for a qualified  
23 taxpayer that has not received a preapproval letter on or before  
24 December 31, 2009 exceeds the allotted amount available for  
25 additional credits approved under this subsection in the calendar  
26 year ending December 31, 2009, then \$2,800,000.00 of the allotted  
27 amount available in the calendar year ending December 31, 2010 may

1 be allocated to that 1 credit. The total amount of all additional  
2 credits approved under this subsection shall not exceed  
3 \$8,000,000.00 in calendar year ending December 31, 2009;  
4 \$9,000,000.00 in calendar year ending December 31, 2010;  
5 \$10,000,000.00 in calendar year ending December 31, 2011;  
6 \$11,000,000.00 in calendar year ending December 31, 2012; and  
7 \$12,000,000.00 in calendar year ending December 31, 2013 and,  
8 except as otherwise provided under this subsection, at least, 25%  
9 of the allotted amount for additional credits approved under this  
10 subsection during each calendar year shall be allocated to  
11 rehabilitation plans that have \$1,000,000.00 or less in qualified  
12 expenditures. On October 1 of each calendar year, if the total of  
13 all credits approved under subdivision (a) for the calendar year is  
14 less than the minimum allotted amount, the authority may use the  
15 remainder of that allotted amount to approve applications for  
16 additional credits submitted under subdivision (b) for that  
17 calendar year. To be eligible for the additional credit under this  
18 subsection, the taxpayer shall apply to and receive a preapproval  
19 letter and comply with the following:

20 (a) For a rehabilitation plan that has \$1,000,000.00 or less  
21 in qualified expenditures, the taxpayer shall apply to the  
22 authority for approval of the additional credit under this  
23 subsection. Subject to the limitation provided under this  
24 subsection, the authority is authorized to approve an application  
25 under this subdivision and determine the percentage of at least 10%  
26 but not more than 15% of the taxpayer's qualified expenditures for  
27 which he or she may claim an additional credit. If the authority

1 approves the application under this subdivision, then the authority  
2 shall issue a preapproval letter to the taxpayer that states that  
3 the taxpayer is a qualified taxpayer and the maximum percentage of  
4 the qualified expenditures on which a credit may be claimed for the  
5 rehabilitation plan when it is complete and a certification of  
6 completed rehabilitation is issued.

7 (b) For a rehabilitation plan that has more than \$1,000,000.00  
8 in qualified expenditures, the taxpayer shall apply to the  
9 authority for approval of the additional credit under this  
10 subsection. The authority, subject to the approval of the president  
11 of the Michigan strategic fund or his or her designee, is  
12 authorized to approve an application under this subdivision and  
13 determine the percentage of up to 15% of the taxpayer's qualified  
14 expenditures for which he or she may claim an additional credit. An  
15 application shall be approved or denied not more than 15 business  
16 days after the authority has reviewed the application, determined  
17 the percentage amount of the credit for that applicant, and  
18 submitted the same to the president of the Michigan strategic fund  
19 or his or her designee. If the president of the Michigan strategic  
20 fund or his or her designee does not approve or deny the  
21 application within 15 business days after the application is  
22 received from the authority, the application is considered approved  
23 and the credit awarded in the amount as determined by the  
24 authority. If the president of the Michigan strategic fund or his  
25 or her designee approves the application under this subdivision,  
26 the director of the authority shall issue a preapproval letter to  
27 the taxpayer that states that the taxpayer is a qualified taxpayer

1 and the maximum percentage of the qualified expenditures on which a  
2 credit may be claimed for the rehabilitation plan when it is  
3 complete and a certification of completed rehabilitation is issued.

4 (20) Except as otherwise provided under this subsection, the  
5 authority, subject to the approval of the president of the Michigan  
6 strategic fund and the state treasurer, may approve 3 additional  
7 credits during the 2009 calendar year of up to 15% of the qualified  
8 taxpayer's qualified expenditures, and 2 additional credits during  
9 the 2010, 2011, 2012, and 2013 calendar years of up to 15% of the  
10 qualified taxpayer's qualified expenditures, for certain  
11 rehabilitation plans that the authority determines is a high  
12 community impact rehabilitation plan that will have a significantly  
13 greater historic, social, and economic impact than those plans  
14 described under subsection (19) (a) and (b). The authority, subject  
15 to the approval of the president of the Michigan strategic fund and  
16 the state treasurer, may use 1 of the 2 additional credits  
17 available during the 2010 calendar year to approve an additional  
18 credit during the 2009 calendar year of up to 15% of the qualified  
19 taxpayer's qualified expenditures and 1 of the 2 additional credits  
20 available during the 2011 calendar year to approve an additional  
21 credit during the 2010 calendar year of up to 15% of the qualified  
22 taxpayer's qualified expenditures. **SUBJECT TO THE LIMITATIONS**  
23 **PROVIDED UNDER SUBSECTION (21), FOR THE 2011, 2012, AND 2013**  
24 **CALENDAR YEARS, OF THE ADDITIONAL CREDITS AVAILABLE UNDER THIS**  
25 **SUBSECTION THE AUTHORITY MAY USE 1 OF THOSE CREDITS TO APPROVE A**  
26 **COMBINED REHABILITATION PLAN THAT THE AUTHORITY DETERMINES WOULD**  
27 **ALLOW FOR THE REHABILITATION OF SEVERAL MULTIPLE HISTORIC RESOURCES**

1 WITHIN THE SAME GEOGRAPHIC DISTRICT AND WOULD HAVE A GREATER IMPACT  
2 ON THE COMMUNITY THAN THE APPROVAL OF A PLAN FOR THE REHABILITATION  
3 OF A SINGLE LARGER HISTORIC RESOURCE. To be eligible for the  
4 additional credit under this subsection, the taxpayer shall apply  
5 to and receive a preapproval letter from the authority. **THE**  
6 **AUTHORITY, SUBJECT TO THE APPROVAL OF THE PRESIDENT OF THE MICHIGAN**  
7 **STRATEGIC FUND AND THE STATE TREASURER, MAY COMBINE APPLICATIONS**  
8 **THAT ARE RECEIVED FOR THE REHABILITATION OF HISTORIC RESOURCES THAT**  
9 **ARE LOCATED WITHIN THE SAME GEOGRAPHIC DISTRICT AND THAT TAKEN AS A**  
10 **WHOLE SATISFY THE ADDITIONAL REQUIREMENTS UNDER SUBSECTION (28) AND**  
11 **CONSIDER THE APPROVAL OF THE COMBINATION OF THOSE APPLICATIONS AS**  
12 **THE APPROVAL OF A SINGLE CREDIT FOR A COMBINED REHABILITATION PLAN.**  
13 An application shall be approved or denied not more than 15  
14 business days after the authority has reviewed the application,  
15 determined the percentage amount of the credit for that applicant,  
16 and submitted the same to the president of the Michigan strategic  
17 fund and the state treasurer. If the president of the Michigan  
18 strategic fund and the state treasurer do not approve or deny the  
19 application within 15 business days after the application is  
20 received from the authority, the application is considered approved  
21 and the credit awarded in the amount as determined by the  
22 authority. If the president of the Michigan strategic fund and the  
23 state treasurer approve the application under this ~~subdivision~~  
24 **SUBSECTION**, the authority shall issue a preapproval letter to the  
25 taxpayer that states that the taxpayer is a qualified taxpayer and  
26 the maximum percentage of the qualified expenditures on which a  
27 credit may be claimed for the high community impact rehabilitation

1 plan when it is complete and a certification of completed  
2 rehabilitation is issued. Before approving a credit under this  
3 subsection, the authority shall consider all of the following  
4 criteria to the extent reasonably applicable:

5 (a) The importance of the historic resource to the community  
6 in which it is located.

7 (b) If the rehabilitation of the historic resource will act as  
8 a catalyst for additional rehabilitation or revitalization of the  
9 community in which it is located.

10 (c) The potential that the rehabilitation of the historic  
11 resource will have for creating or preserving jobs and employment  
12 in the community in which it is located.

13 (d) Other social benefits the rehabilitation of the historic  
14 resource will bring to the community in which it is located.

15 (e) The amount of local community and financial support for  
16 the rehabilitation of the historic resource.

17 (f) The taxpayer's financial need of the additional credit.

18 (g) Whether the taxpayer is eligible for the credit allowed  
19 under section 47(a)(2) of the internal revenue code.

20 (h) Any other criteria that the authority, the president of  
21 the Michigan strategic fund, and the state treasurer consider  
22 appropriate for the determination of approval under this  
23 subsection.

24 (21) The maximum amount of credit that a taxpayer or an  
25 assignee may claim under subsection (20) during a tax year is  
26 \$3,000,000.00. If the amount of the credit approved in the  
27 taxpayer's certificate of completed renovation is greater than

1 \$3,000,000.00 that portion that exceeds the cap shall be carried  
2 forward to offset tax liability in subsequent tax years until used  
3 up. **THE AGGREGATE AMOUNT OF CREDITS APPROVED UNDER SUBSECTION (20)**  
4 **FOR A COMBINED REHABILITATION PLAN SHALL NOT EXCEED \$24,000,000.00.**  
5 **EXCEPT AS OTHERWISE PROVIDED IN THE PREAPPROVAL LETTER, THE AMOUNT**  
6 **OF THE CREDIT ALLOWED FOR A COMBINED REHABILITATION PLAN SHALL BE**  
7 **APPLIED PRO RATA TO EACH OF THE QUALIFIED TAXPAYERS THAT SUBMITTED**  
8 **AN APPLICATION UNDER SUBSECTION (20) THAT WAS CONSIDERED A PART OF**  
9 **A COMBINED REHABILITATION PLAN. THE TAXPAYER'S PRO RATA SHARE SHALL**  
10 **BE THE TOTAL AMOUNT OF THE CREDIT ALLOWED MULTIPLIED BY A FRACTION**  
11 **THE NUMERATOR OF WHICH IS THE AMOUNT OF INVESTMENT MADE BY THE**  
12 **TAXPAYER FOR THE REHABILITATION OF THE TAXPAYER'S HISTORIC RESOURCE**  
13 **DURING THE TAX YEAR AND THE DENOMINATOR OF WHICH IS THE SUM OF THE**  
14 **INVESTMENTS MADE BY ALL TAXPAYERS FOR THE REHABILITATION OF ALL**  
15 **HISTORIC RESOURCES INCLUDED WITHIN THE COMBINED REHABILITATION PLAN**  
16 **DURING THE TAX YEAR.**

17 (22) Before approving a credit, determining the amount of such  
18 credit, and issuing a preapproval letter for such credit under  
19 subsection (19) or before considering an amendment to the  
20 preapproval letter, the authority shall consider the following  
21 criteria to the extent reasonably applicable:

22 (a) The importance of the historic resource to the community.

23 (b) The physical condition of the historic resource.

24 (c) The taxpayer's financial need of the additional credit.

25 (d) The overall economic impact the renovation will have on  
26 the community.

27 (e) Any other criteria that the authority and the president of

1 the Michigan strategic fund, as applicable, consider appropriate  
2 for the determination of approval under subsection (19).

3 (23) The authority may at any time before a certification of  
4 completed rehabilitation is issued for a credit for which a  
5 preapproval letter was issued pursuant to subsection (19) do the  
6 following:

7 (a) Subject to the limitations and parameters under subsection  
8 (19), make amendments to the preapproval letter, which may include  
9 revising the amount of qualified expenditures for which the  
10 taxpayer may claim the additional credit under subsection (19).

11 (b) Revoke the preapproval letter if the authority determines  
12 that there has not been substantial progress toward completion of  
13 the rehabilitation plan or that the rehabilitation plan cannot be  
14 completed. The authority shall provide the qualified taxpayer with  
15 a notice of his or her intent to revoke the preapproval letter 45  
16 days prior to the proposed date of revocation.

17 (24) If a preapproval letter is revoked under subsection  
18 (23)(b), the amount of the credit approved under that preapproval  
19 letter shall be added to the annual cap in the calendar year that  
20 the preapproval letter is revoked. After a certification of  
21 completed rehabilitation is issued for a rehabilitation plan  
22 approved under subsection (19), if the authority determines that  
23 the actual amount of the additional credit to be claimed by the  
24 taxpayer for the calendar year is less than the amount approved  
25 under the preapproval letter, the difference shall be added to the  
26 annual cap in the calendar year that the certification of completed  
27 rehabilitation is issued.

1 (25) Unless otherwise specifically provided under subsections  
2 (19) through (24), all other provisions under this section such as  
3 the recapture of credits, assignment of credits, and refundability  
4 of credits in excess of a qualified taxpayer's tax liability apply  
5 to the additional credits issued under subsections (19) and (20).

6 (26) In addition to meeting the criteria in subsection (20)(a)  
7 through (h), 3 of the credits available under subsection (20),  
8 including the credit used from the 2010 calendar year, and approved  
9 during the 2009 calendar year for a high community impact  
10 rehabilitation plan shall be for an application meeting 1 of the  
11 following criteria:

12 (a) All of the following:

13 (i) The historic resource must be at least 70 years old.

14 (ii) The historic resource must comprise at least 500,000 total  
15 square feet.

16 (iii) The historic resource must be located in a county with a  
17 population of more than 1,500,000.

18 (iv) The historic resource must be located in a city with an  
19 unemployment rate that is at least 2% higher than the current state  
20 average unemployment rate at the time of the application.

21 (b) All of the following:

22 (i) The historic resource must be at least 85 years old.

23 (ii) The historic resource must comprise at least 120,000 total  
24 square feet.

25 (iii) The historic resource must be located in a county with a  
26 population of more than 400,000 and less than 500,000.

27 (iv) The historic resource must be located in a city with a

1 population of more than 100,000 and less than 125,000.

2 (v) The historic resource must be located in a city with an  
3 unemployment rate that is at least 2% higher than the current state  
4 average unemployment rate at the time of the application.

5 (c) All of the following:

6 (i) The historic resource must be at least 70 years old.

7 (ii) The historic resource must comprise at least 180,000 total  
8 square feet but not more than 250,000 square feet and must exceed  
9 30 stories in height.

10 (iii) The historic resource must be located in a county with a  
11 population of more than 1,500,000.

12 (iv) The historic resource must be located in a city with an  
13 unemployment rate that is at least 2% higher than the current state  
14 average unemployment rate at the time of the application.

15 (v) The historic resource must be located in a historic  
16 district that contains a park bifurcated by an all-American road  
17 designated by the federal highway administration in a city with a  
18 population of more than 750,000.

19 (vi) The historic resource must have been included in a  
20 rehabilitation plan for which an application was submitted by the  
21 application deadline for consideration of an additional credit for  
22 the 2009 calendar year for a high community impact rehabilitation  
23 plan.

24 (27) In addition to meeting the criteria in subsection (20)(a)  
25 through (h), 1 of the credits available under subsection (20),  
26 including the credit used from the 2011 calendar year, and approved  
27 during the 2010 calendar year for a high community impact

1 rehabilitation plan shall be for an application that meets all of  
2 the following criteria:

3 (a) The historic resource must be at least 85 years old.

4 (b) The historic resource must comprise at least 85,000 total  
5 square feet.

6 (c) The historic resource must be located in a county with a  
7 population of more than 500,000 but less than 600,000 according to  
8 the official 2000 federal decennial census.

9 (d) The historic resource must be located in a city with a  
10 population of more than 180,000 but less than 200,000 according to  
11 the official 2000 federal decennial census.

12 (e) The historic resource is or was formerly owned by the  
13 United States government or formerly housed agencies of the United  
14 States government, or both.

15 (f) The historic resource houses facilities operated in  
16 conjunction with a public university.

17 **(28) IN ADDITION TO MEETING THE CRITERIA IN SUBSECTION (20) (A)**  
18 **THROUGH (H), THE CREDIT AVAILABLE DURING THE 2011, 2012, AND 2013**  
19 **CALENDAR YEARS AND APPROVED FOR A COMBINED REHABILITATION PLAN**  
20 **UNDER SUBSECTION (20) SHALL BE FOR APPLICATIONS THAT TAKEN AS A**  
21 **WHOLE MEET ALL OF THE FOLLOWING CRITERIA:**

22 **(A) THE GEOGRAPHIC DISTRICT IN WHICH THE HISTORIC RESOURCES TO**  
23 **BE REHABILITATED ARE LOCATED MUST NOT EXCEED 1 SQUARE MILE.**

24 **(B) THE HISTORIC RESOURCES TO BE REHABILITATED COMBINED MUST**  
25 **COMPRISE MORE THAN 1,000,000 SQUARE FEET.**

26 **(C) THE HISTORIC RESOURCES TO BE REHABILITATED COMBINED MUST**  
27 **BE REDEVELOPED INTO RESIDENTIAL, COMMERCIAL, AND RETAIL**

1 ESTABLISHMENTS.

2 (D) THE COMBINED INVESTMENT ASSOCIATED WITH THE HISTORIC  
3 RESOURCES TO BE REHABILITATED MUST BE AT LEAST \$150,000,000.00.

4 (E) EACH HISTORIC RESOURCE TO BE REHABILITATED MUST BE AT  
5 LEAST 50,000 SQUARE FEET.

6 (F) THE HISTORIC RESOURCES TO BE REHABILITATED COMBINED MUST  
7 BE AT LEAST 80% VACANT.

8 (29) ~~(28)~~—For purposes of this section, taxpayer includes a  
9 person subject to the tax imposed under chapter 2A or 2B.

10 (30) ~~(29)~~—As used in this section:

11 (A) "COMBINED REHABILITATION PLAN" MEANS A REHABILITATION PLAN  
12 FOR THE REHABILITATION OF 1 OR MORE HISTORIC RESOURCES THAT ARE  
13 LOCATED WITHIN THE SAME GEOGRAPHIC DISTRICT.

14 (B) ~~(a)~~—"Contributing resource" means an historic resource  
15 that contributes to the significance of the historic district in  
16 which it is located.

17 (C) ~~(b)~~—"Historic district" means an area, or group of areas  
18 not necessarily having contiguous boundaries, that contains 1  
19 resource or a group of resources that are related by history,  
20 architecture, archaeology, engineering, or culture.

21 (D) ~~(c)~~—"Historic resource" means a publicly or privately  
22 owned historic building, structure, site, object, feature, or open  
23 space located within an historic district designated by the  
24 national register of historic places, the state register of  
25 historic sites, or a local unit acting under the local historic  
26 districts act, 1970 PA 169, MCL 399.201 to 399.215, or that is  
27 individually listed on the state register of historic sites or

1 national register of historic places, and includes all of the  
2 following:

3 (i) An owner-occupied personal residence or a historic resource  
4 located within the property boundaries of that personal residence.

5 (ii) An income-producing commercial, industrial, or residential  
6 resource or an historic resource located within the property  
7 boundaries of that resource.

8 (iii) A resource owned by a governmental body, nonprofit  
9 organization, or tax-exempt entity that is used primarily by a  
10 taxpayer lessee in a trade or business unrelated to the  
11 governmental body, nonprofit organization, or tax-exempt entity and  
12 that is subject to tax under this act.

13 (iv) A resource that is occupied or utilized by a governmental  
14 body, nonprofit organization, or tax-exempt entity pursuant to a  
15 long-term lease or lease with option to buy agreement.

16 (v) Any other resource that could benefit from rehabilitation.

17 (E) ~~(d)~~—"Last tax year" means the taxpayer's tax year under  
18 former 1975 PA 228 that begins after December 31, 2006 and before  
19 January 1, 2008.

20 (F) ~~(e)~~—"Local unit" means a county, city, village, or  
21 township.

22 (G) ~~(f)~~—"Long-term lease" means a lease term of at least 27.5  
23 years for a residential resource or at least 31.5 years for a  
24 nonresidential resource.

25 (H) ~~(g)~~—"Michigan state housing development authority" or  
26 "authority" means the public body corporate and politic created by  
27 section 21 of the state housing development authority act of 1966,

1 1966 PA 346, MCL 125.1421.

2 (I) ~~(h)~~—"Michigan strategic fund" means the Michigan strategic  
3 fund created under the Michigan strategic fund act, 1984 PA 270,  
4 MCL 125.2001 to 125.2094.

5 (J) ~~(i)~~—"Open space" means undeveloped land, a naturally  
6 landscaped area, or a formal or man-made landscaped area that  
7 provides a connective link or a buffer between other resources.

8 (K) ~~(j)~~—"Person" means an individual, partnership,  
9 corporation, association, governmental entity, or other legal  
10 entity.

11 (L) ~~(k)~~—"Preapproval letter" means a letter issued by the  
12 authority that indicates the date that the complete part 2  
13 application was received and the amount of the credit allocated to  
14 the project based on the estimated rehabilitation cost included in  
15 the application.

16 (M) ~~(l)~~—"Qualified expenditures" means capital expenditures  
17 that qualify, or would qualify except that the taxpayer entered  
18 into an agreement under subsection (13), for a rehabilitation  
19 credit under section 47(a)(2) of the internal revenue code if the  
20 taxpayer is eligible for the credit under section 47(a)(2) of the  
21 internal revenue code or, if the taxpayer is not eligible for the  
22 credit under section 47(a)(2) of the internal revenue code, the  
23 qualified expenditures that would qualify under section 47(a)(2) of  
24 the internal revenue code except that the expenditures are made to  
25 an historic resource that is not eligible for the credit under  
26 section 47(a)(2) of the internal revenue code that were paid.  
27 Qualified expenditures do not include capital expenditures for

1 nonhistoric additions to an historic resource except an addition  
2 that is required by state or federal regulations that relate to  
3 historic preservation, safety, or accessibility.

4 (N) ~~(m)~~—"Qualified taxpayer" means a person that either owns  
5 the resource to be rehabilitated or has a long-term lease agreement  
6 with the owner of the historic resource and that has qualified  
7 expenditures for the rehabilitation of the historic resource equal  
8 to or greater than 10% of the state equalized valuation of the  
9 property. If the historic resource to be rehabilitated is a portion  
10 of an historic or nonhistoric resource, the state equalized  
11 valuation of only that portion of the property shall be used for  
12 purposes of this subdivision. If the assessor for the local tax  
13 collecting unit in which the historic resource is located  
14 determines the state equalized valuation of that portion, that  
15 assessor's determination shall be used for purposes of this  
16 subdivision. If the assessor does not determine that state  
17 equalized valuation of that portion, qualified expenditures, for  
18 purposes of this subdivision, shall be equal to or greater than 5%  
19 of the appraised value as determined by a certified appraiser. If  
20 the historic resource to be rehabilitated does not have a state  
21 equalized valuation, qualified expenditures for purposes of this  
22 subdivision shall be equal to or greater than 5% of the appraised  
23 value of the resource as determined by a certified appraiser.

24 (O) ~~(n)~~—"Rehabilitation plan" means a plan for the  
25 rehabilitation of an historic resource that meets the federal  
26 secretary of the interior's standards for rehabilitation and  
27 guidelines for rehabilitation of historic buildings under 36 CFR

1 part 67.