

# SENATE BILL No. 1236

March 18, 2010, Introduced by Senators GILBERT, ALLEN, JACOBS, CHERRY, PAPPAGEORGE, RICHARDVILLE, HARDIMAN, BIRKHOLZ, KAHN, HUNTER, GEORGE, CLARKE, GLEASON, SWITALSKI and BARCIA and referred to the Committee on Commerce and Tourism.

A bill to amend 1978 PA 255, entitled  
"Commercial redevelopment act,"  
by amending sections 3 and 4 (MCL 207.653 and 207.654), as amended  
by 2008 PA 227.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 3. (1) "Commercial facilities tax" means the specific tax  
2       levied under this act.

3       (2) "Commercial facilities exemption certificate" means a  
4       certificate issued pursuant to section 8.

5       (3) "Commercial property" means land improvements classified  
6       by law for general ad valorem tax purposes as real property  
7       including real property assessable as personal property pursuant to

1 sections 8(d) and 14(6) of the general property tax act, 1893 PA  
2 206, MCL 211.8 and 211.14, whether completed or in the process of  
3 construction, the primary purpose and use of which is the operation  
4 of a commercial business enterprise and shall include office,  
5 engineering, research and development, warehousing parts  
6 distribution, retail sales, hotel or motel development, and other  
7 commercial facilities. ~~but shall~~ **COMMERCIAL BUSINESS ENTERPRISE**

8 **ALSO INCLUDES A BUSINESS THAT OWNS OR OPERATES A TRANSIT-ORIENTED**  
9 **DEVELOPMENT OR A TRANSIT-ORIENTED FACILITY. COMMERCIAL PROPERTY**

10 **DOES** not include any of the following:

11 (a) Land.

12 (b) Property of a public utility.

13 (c) Housing, except that portion of a building containing  
14 nonhousing commercial activity.

15 (d) Financial organization. As used in this subdivision,  
16 "financial organization" means a bank, industrial bank, trust  
17 company, building and loan or savings and loan association, bank  
18 holding company as defined in 12 USC 1841, credit union, safety and  
19 collateral deposit company, regulated investment company as defined  
20 in the internal revenue code, and any other association, joint  
21 stock company, or corporation at least 90% of whose assets consist  
22 of intangible personal property and at least 90% of whose gross  
23 receipts income consists of dividends or interest or other charges  
24 resulting from the use of money or credit. The exclusion of  
25 financial institutions shall not apply to the otherwise included  
26 property of financial institutions which is located in the  
27 designated area of a city that is either the largest city in

1 population within the county, as determined by the latest federal  
2 census; or is a city that had more than the median percentage for  
3 all cities in this state of its residents below the poverty line as  
4 determined by the latest federal census. Each city qualified to not  
5 be excluded under this subdivision shall designate only 1  
6 commercial area for purposes of this provision, which area may be  
7 conterminous with, or included within, a commercial redevelopment  
8 district and in which area a majority of the land must be zoned  
9 commercially.

10 Commercial property may be owned or leased. If, in the case of  
11 leased property, the lessee is liable for payment of ad valorem  
12 property taxes, and furnishes proof of that liability, the lessee  
13 is eligible for the exemption. If the lessor is liable for payment  
14 of ad valorem property taxes and furnishes proof of that liability,  
15 the lessor is eligible for the exemption.

16 (4) "Commercial redevelopment district" means an area of a  
17 local governmental unit established as provided in section 5.

18 (5) "Commission" means the state tax commission created by  
19 1927 PA 360, MCL 209.101 to 209.107.

20 (6) "Facility" means a restored facility, a replacement  
21 facility, or a new facility.

22 Sec. 4. (1) "Local governmental unit" means, except as  
23 otherwise provided in this subsection, a city, village, or  
24 township. For local governmental units designating a commercial  
25 redevelopment district after June 30, 2008, local governmental unit  
26 means a city or village.

27 (2) "New facility" means 1 of the following:

1 (a) Through June 30, 2008, new commercial property other than  
2 a replacement facility to be built in a redevelopment district.

3 (b) Beginning July 1, 2008, new commercial property other than  
4 a replacement facility to be built in a redevelopment district that  
5 meets all of the following:

6 (i) Is located on property that is zoned to allow for mixed use  
7 that includes high-density residential use.

8 (ii) Is located in a qualified downtown revitalization district  
9 as defined in section 2 of the neighborhood enterprise zone act,  
10 1992 PA 147, MCL 207.772.

11 (iii) The local governmental unit in which the new facility is  
12 to be located does all of the following:

13 (A) Establishes and implements an expedited local permitting  
14 and inspection process in the commercial redevelopment district.

15 (B) By resolution provides for walkable nonmotorized  
16 interconnections, including sidewalks and streetscapes throughout  
17 the commercial redevelopment district.

18 (3) "Obsolete commercial property" means commercial property  
19 the condition of which is impaired due to changes in design,  
20 construction, technology, or improved production processes, or  
21 damage due to fire, natural disaster, or general neglect.

22 (4) "Replacement" means the complete or partial demolition of  
23 obsolete commercial property and the complete or partial  
24 reconstruction or installation of new property of similar utility.

25 (5) "Replacement facility" means 1 of the following:

26 (a) Through June 30, 2008, commercial property on the same or  
27 contiguous land within the district which land is or is to be

1 acquired, constructed, altered, or installed for the purpose of  
2 being substituted for obsolete commercial property together with  
3 any part of the old altered property that remains for use as  
4 commercial property after the replacement.

5 (b) Beginning July 1, 2008, commercial property on the same or  
6 contiguous land within the district which land is or is to be  
7 acquired, constructed, altered, or installed for the purpose of  
8 being substituted for obsolete commercial property and any part of  
9 the old altered property that remains for use as commercial  
10 property after the replacement, that meets all of the following:

11 (i) Is located on property that is zoned to allow for mixed use  
12 that includes high-density residential use.

13 (ii) Is located in a qualified downtown revitalization district  
14 as defined in section 2 of the neighborhood enterprise zone act,  
15 1992 PA 147, MCL 207.772.

16 (iii) The local governmental unit in which the replacement  
17 facility is to be located does all of the following:

18 (A) Establishes and implements an expedited local permitting  
19 and inspection process in the commercial redevelopment district.

20 (B) By resolution provides for walkable nonmotorized  
21 interconnections, including sidewalks and streetscapes throughout  
22 the commercial redevelopment district.

23 (6) "Restoration" means changes to obsolete commercial  
24 property other than replacement as may be required to restore the  
25 property, together with all appurtenances thereto, to an  
26 economically efficient condition. Restoration includes major  
27 renovation including but not limited to the improvement of floor

1 loads, correction of deficient or excessive height, new or improved  
2 fixed building equipment, including heating, ventilation, and  
3 lighting, reducing multistory facilities to 1 or 2 stories,  
4 improved structural support including foundations, improved roof  
5 structure and cover, floor replacement, improved wall placement,  
6 improved exterior and interior appearance of buildings, and other  
7 physical changes required to restore the commercial property to an  
8 economically efficient condition. Restoration does not include  
9 improvements aggregating less than 10% of the true cash value of  
10 the property at commencement of the restoration of the commercial  
11 property.

12 (7) "Restored facility" means a facility that has undergone  
13 restoration.

14 (8) "State equalized valuation" means the valuation determined  
15 under 1911 PA 44, MCL 209.1 to 209.8.

16 (9) **"TRANSIT-ORIENTED DEVELOPMENT" MEANS INFRASTRUCTURE**  
17 **IMPROVEMENTS THAT ARE LOCATED WITHIN 1/2 MILE OF A TRANSIT STATION**  
18 **OR TRANSIT-ORIENTED FACILITY THAT PROMOTES TRANSIT RIDERSHIP OR**  
19 **PASSENGER RAIL USE.**

20 (10) **"TRANSIT-ORIENTED FACILITY" MEANS A FACILITY THAT HOUSES**  
21 **A TRANSIT STATION IN A MANNER THAT PROMOTES TRANSIT RIDERSHIP OR**  
22 **PASSENGER RAIL USE.**