

**SUBSTITUTE FOR
HOUSE BILL NO. 4759**

A bill to amend 2005 PA 210, entitled
"Commercial rehabilitation act,"
by amending section 2 (MCL 207.842), as amended by 2008 PA 500.

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~~-45D of the
3 internal revenue code, 26 USC ~~45d~~-45D. Qualified facility also
4 includes ~~vacant property located in a city with a population of~~
5 ~~more than 36,000 and less than 37,000 according to the 2000 federal~~
6 ~~decennial census and from which a previous structure has been~~
7 ~~demolished and on which commercial property will be newly~~
8 ~~constructed~~ A BUILDING OR A GROUP OF CONTIGUOUS BUILDINGS, A
9 PORTION OF A BUILDING OR GROUP OF CONTIGUOUS BUILDINGS PREVIOUSLY
10 USED FOR COMMERCIAL OR INDUSTRIAL PURPOSES, OBSOLETE INDUSTRIAL
11 PROPERTY, AND VACANT PROPERTY WHICH, WITHIN THE IMMEDIATELY
12 PRECEDING 15 YEARS, WAS COMMERCIAL PROPERTY AS DEFINED IN
13 SUBDIVISION (A). A QUALIFIED FACILITY ALSO INCLUDES A HOTEL OR
14 MOTEL THAT HAS ADDITIONAL MEETING OR CONVENTION SPACE THAT IS
15 ATTACHED TO A CONVENTION AND TRADE CENTER THAT IS OVER 250,000
16 SQUARE FEET IN SIZE AND THAT IS LOCATED IN A COUNTY WITH A
17 POPULATION OF MORE THAN 1,100,000 AND LESS THAN 1,600,000 AS OF THE
18 MOST RECENT DECENNIAL CENSUS. A qualified facility does not include
19 property that is to be used as a professional sports stadium. A
20 qualified facility does not include property that is to be used as
21 a casino. As used in this subdivision, "casino" means a casino or a
22 parking lot, hotel, motel, or retail store owned or operated by a
23 casino, an affiliate, or an affiliated company, regulated by this
24 state pursuant to the Michigan gaming control and revenue act, 1996
25 IL 1, MCL 432.201 to 432.226.

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

1 (j) "Qualified retail food establishment" means property that
2 meets all of the following:

3 (i) The property will be used primarily as a retail
4 supermarket, grocery store, produce market, or delicatessen that
5 offers unprocessed USDA-inspected meat and poultry products or meat
6 products that carry the USDA organic seal, fresh fruits and
7 vegetables, and dairy products for sale to the public.

8 (ii) The property meets 1 of the following:

9 (A) Is located in a qualified local governmental unit that is
10 also located in a qualified local governmental unit as defined in
11 section 2 of the obsolete property rehabilitation act, 2000 PA 146,
12 MCL 125.2782, and is located in an underserved area.

13 (B) Is located in a qualified local governmental unit that is
14 designated as rural as defined by the United States census bureau
15 and is located in an underserved area.

16 (iii) The property was used as residential, commercial, or
17 industrial property as allowed and conducted under the applicable
18 zoning ordinance for the immediately preceding 30 years.

19 (k) "Rehabilitation" means changes to a qualified facility
20 that are required to restore or modify the property, together with
21 all appurtenances, to an economically efficient condition.
22 Rehabilitation includes major renovation and modification
23 including, but not necessarily limited to, the improvement of floor
24 loads, correction of deficient or excessive height, new or improved
25 fixed building equipment, including heating, ventilation, and
26 lighting, reducing multistory facilities to 1 or 2 stories,
27 improved structural support including foundations, improved roof

1 structure and cover, floor replacement, improved wall placement,
2 improved exterior and interior appearance of buildings, and other
3 physical changes required to restore or change the property to an
4 economically efficient condition. Rehabilitation for a qualified
5 retail food establishment also includes new construction.

6 **REHABILITATION ALSO INCLUDES NEW CONSTRUCTION OF A QUALIFIED**
7 **FACILITY THAT IS A HOTEL OR MOTEL THAT HAS ADDITIONAL MEETING OR**
8 **CONVENTION SPACE THAT IS ATTACHED TO A CONVENTION AND TRADE CENTER**
9 **THAT IS OVER 250,000 SQUARE FEET IN SIZE THAT IS LOCATED IN A**
10 **COUNTY WITH A POPULATION OF MORE THAN 1,100,000 AND LESS THAN**
11 **1,600,000 AS OF THE MOST RECENT DECENNIAL CENSUS, IF THAT NEW**
12 **CONSTRUCTION IS AN ECONOMIC BENEFIT TO THE LOCAL COMMUNITY AS**
13 **DETERMINED BY THE QUALIFIED LOCAL GOVERNMENTAL UNIT.** Rehabilitation
14 also includes new construction on vacant property from which a
15 previous structure has been demolished and if the new construction
16 is an economic benefit to the local community as determined by the
17 qualified local governmental unit. Rehabilitation shall not include
18 improvements aggregating less than 10% of the true cash value of
19 the property at commencement of the rehabilitation of the qualified
20 facility.

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

23 (m) "Underserved area" means an area determined by the
24 Michigan department of agriculture that contains a low or moderate
25 income census tract and a below average supermarket density, an
26 area that has a supermarket customer base with more than 50% living
27 in a low income census tract, or an area that has demonstrated

1 significant access limitations due to travel distance.