

# HOUSE BILL NO. 4504

May 20, 2025, Introduced by Reps. Frisbie, Andrews, Skaggs, Byrnes, Mentzer and Young and referred to Committee on Economic Competitiveness.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 266a (MCL 206.266a), as added by 2020 PA 343.

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

1           Sec. 266a. (1) Subject to the limitations under this section,  
2 a qualified taxpayer with a certificate of completed rehabilitation  
3 issued pursuant to subsection ~~(4)~~ **(8)** after December 31, 2020 ~~and~~  
4 ~~before January 1, 2031~~ may credit against the tax imposed by this  
5 part the amount determined pursuant to subsection (2) for the  
6 qualified expenditures for the rehabilitation of a historic

1 resource pursuant to the rehabilitation plan in the year in which  
 2 the certificate of completed rehabilitation of the historic  
 3 resource is issued. The qualified taxpayer shall initially claim a  
 4 credit under this section within 5 years after the certificate of  
 5 completed rehabilitation is issued pursuant to subsection ~~(4)~~. **(8)**.  
 6 If the credit is not initially claimed within 5 years after the  
 7 certificate is issued, the certificate is no longer valid and the  
 8 qualified taxpayer is no longer eligible to claim a credit under  
 9 this section for that rehabilitation plan. Only those expenditures  
 10 that are paid or incurred during the time periods prescribed for  
 11 the credit under section ~~47(a)(2)~~ **47** of the internal revenue code  
 12 and any related treasury regulations shall be considered qualified  
 13 expenditures.

14 (2) Subject to the limitations under this section, a qualified  
 15 taxpayer ~~that has claimed and received a credit for qualified~~  
 16 ~~expenditures under section 47(a)(2) of the internal revenue code or~~  
 17 ~~has entered into an agreement under subsection (10)~~ may claim a  
 18 credit under this section equal to **the following under the**  
 19 **following circumstances:**

20 (a) **For a qualified taxpayer that has claimed and received a**  
 21 **credit for qualified expenditures under section 47 of the internal**  
 22 **revenue code or has entered into an agreement under subsection (14)**  
 23 **as follows:**

24 (i) **For a large nonresidential historic resource or a medium**  
 25 **nonresidential historic resource**, 25% of the qualified expenditures  
 26 that are eligible, or would have been eligible except that the  
 27 qualified taxpayer entered into an agreement under subsection ~~(10)~~,  
 28 **(14)**, for the credit under section ~~47(a)(2)~~ **47** of the internal  
 29 revenue code. ~~or, if the~~

1           (ii) For a small nonresidential historic resource or a  
2 residential historic resource, 30% of the qualified expenditures  
3 that are eligible, or would have been eligible except that the  
4 qualified taxpayer entered into an agreement under subsection (14),  
5 for the credit under section 47 of the internal revenue code.

6           (b) For a qualified taxpayer **that** is not eligible for the  
7 credit under section ~~47(a)(2)~~**47** of the internal revenue code ~~, as~~  
8 **follows:**

9           (i) For a large nonresidential historic resource or a medium  
10 nonresidential historic resource, 25% of the qualified expenditures  
11 that would qualify under section ~~47(a)(2)~~**47** of the internal  
12 revenue code except that the expenditures are made to a historic  
13 resource that is not eligible for the credit under section ~~47(a)(2)~~  
14 **47** of the internal revenue code.

15           (ii) For a small nonresidential historic resource or a  
16 residential historic resource, 30% of the qualified expenditures  
17 that would qualify under section 47 of the internal revenue code  
18 except that the expenditures are made to a historic resource that  
19 is not eligible for the credit under section 47 of the internal  
20 revenue code.

21           (3) To be eligible for the credit under this section, a person  
22 shall submit an application and a rehabilitation plan to the state  
23 historic preservation office. Completed applications must be  
24 considered in the order in which the office received the completed  
25 applications. ~~and~~**Notwithstanding any rule to the contrary,**  
26 **completed part 1 and part 3 applications must be** approved or denied  
27 within ~~120~~**30** days of receipt of the completed applications **and**  
28 **completed part 2 applications must be approved or denied within 60**  
29 **days of receipt of the completed applications.** If the office

1 determines that the application is complete and the rehabilitation  
2 plan meets the criteria for a credit under this section, the office  
3 shall issue a preapproval letter to the applicant that states that  
4 the rehabilitation plan qualifies for the credit under this section  
5 and the maximum total amount of the credit reserved for which a  
6 credit may be claimed when the project is complete and a  
7 certificate of completed rehabilitation is issued for qualified  
8 expenditures pursuant to that rehabilitation plan. If an  
9 application is denied under this subsection, the applicant may file  
10 an appeal in a form and manner as prescribed by the office or  
11 subsequently reapply for the same rehabilitation plan or for  
12 another rehabilitation plan, or both.

13 (4) Subject to the limitations under this section, the total  
14 of all credits reserved under preapproval letters for  
15 rehabilitation plans approved under this section and section 676  
16 shall not exceed \$5,000,000.00 per calendar year **through December**  
17 **31, 2025 and shall be utilized as follows: ~~to~~**

18 (a) To the extent the office receives applications for the  
19 rehabilitation of small nonresidential historic resources for  
20 credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of  
21 the \$5,000,000.00 each calendar year shall be approved for small  
22 nonresidential historic resources.

23 (b) To the extent the office receives applications for the  
24 rehabilitation of large nonresidential historic resources for  
25 credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of  
26 the \$5,000,000.00 each calendar year shall be approved for large  
27 nonresidential historic resources.

28 (c) To the extent the office receives applications for the  
29 rehabilitation of residential historic resources for credits in

1 excess of \$1,000,000.00, not less than \$1,000,000.00 of the  
2 \$5,000,000.00 each calendar year shall be approved for residential  
3 historic resources.

4 (5) Subject to the limitations under this section, beginning  
5 on and after January 1, 2026, the total of all credits reserved  
6 under preapproval letters for rehabilitation plans approved under  
7 this section and section 676 shall not exceed \$100,000,000.00 per  
8 calendar year and shall be utilized as follows:

9 (a) To the extent the office receives applications for the  
10 rehabilitation of large nonresidential historic resources for  
11 credits in excess of \$70,000,000.00, not less than \$70,000,000.00  
12 of the \$100,000,000.00 each calendar year shall be approved for  
13 large nonresidential historic resources.

14 (b) To the extent the office receives applications for the  
15 rehabilitation of medium nonresidential historic resources for  
16 credits in excess of \$20,000,000.00, not less than \$20,000,000.00  
17 of the \$100,000,000.00 each calendar year shall be approved for  
18 medium nonresidential historic resources.

19 (c) To the extent the office receives applications for the  
20 rehabilitation of small nonresidential historic resources for  
21 credits in excess of \$5,000,000.00, not less than \$5,000,000.00 of  
22 the \$100,000,000.00 each calendar year shall be approved for small  
23 nonresidential historic resources.

24 (d) To the extent the office receives applications for the  
25 rehabilitation of residential historic resources for credits in  
26 excess of \$5,000,000.00, not less than \$5,000,000.00 of the  
27 \$100,000,000.00 each calendar year shall be approved for  
28 residential historic resources.

29 (6) The office shall not issue a preapproval letter or

1 certificate of completed rehabilitation that authorizes a qualified  
2 taxpayer to claim a credit of more than \$2,000,000.00 in a single  
3 tax year **before January 1, 2026** for the same historic resource.  
4 **Beginning on and after January 1, 2026, the office shall not issue**  
5 **a preapproval letter or certificate of completed rehabilitation**  
6 **that authorizes a qualified taxpayer to claim a credit of more than**  
7 **the following in a single tax year for the same historic resource**  
8 **under the following categories:**

9 (a) For a large nonresidential historic resource,  
10 \$10,000,000.00.

11 (b) For a medium nonresidential historic resource,  
12 \$2,500,000.00.

13 (c) For a small nonresidential historic resource, \$300,000.00.

14 (7) If, for any calendar year, the office issues preapproval  
15 letters and reserves the maximum amount of tax credits allowed  
16 under this section for that calendar year, the office shall notify  
17 all applicants who have submitted completed applications and  
18 rehabilitation plans then awaiting approval or submitted for  
19 approval after the calculation is made that no additional  
20 preapproval letters for rehabilitation plans will be issued during  
21 that calendar year. The office shall also notify those applicants  
22 of the priority number given to the applicant's application and  
23 rehabilitation plan awaiting approval. The applications and plans  
24 will remain in priority status for 2 years from the date of the  
25 original application and plan and will be considered for approval  
26 and reservation of tax credits in the priority order established in  
27 this subsection in the event that additional credits become  
28 available resulting from the rescission of approvals, ~~under this~~  
29 ~~subsection or subsection (5)~~ **or from any unused, recaptured,**

1 **unclaimed, or returned credits during the calendar year** and at the  
2 beginning of the next calendar year. **To the extent possible, the**  
3 **reallocation of any unused, recaptured, unclaimed, or returned**  
4 **credits during the calendar year must be awarded to applicants**  
5 **within the same type of historic resource category. However, any**  
6 **remaining credits on December 1 of each year may be utilized for**  
7 **any approved application, including a request for an additional**  
8 **credit under subsection (8).** An applicant that has received a  
9 preapproval letter shall commence rehabilitation, if it has not  
10 previously begun, within 1 year after the issuance of the  
11 preapproval letter and complete the rehabilitation plan within 8  
12 years after the issuance of the preapproval letter or the office  
13 will rescind the preapproval letter and reallocate the amount of  
14 the credit reserved for that rehabilitation plan. Upon completion  
15 of a rehabilitation plan for which a preapproval letter was issued,  
16 the applicant shall submit to the office documentation that the  
17 rehabilitation is complete and the completed rehabilitation of the  
18 historic resource meets the criteria under subsection ~~(6)~~ **(10)** and  
19 either of the following:

20 (a) All of the following criteria:

21 (i) The historic resource contributes to the significance of  
22 the historic district in which it is located or is individually  
23 listed on the National Register of Historic Places or state  
24 register of historic sites.

25 (ii) Both the rehabilitation plan and completed rehabilitation  
26 of the historic resource meet the federal ~~secretary~~ **Secretary** of  
27 the ~~interior's~~ **Interior's** standards for rehabilitation and  
28 guidelines for rehabilitating historic buildings, 36 CFR part 67.

29 (iii) All rehabilitation work has been done to or within the

1 walls, boundaries, or structures of the historic resource or to  
2 historic resources located within the property boundaries of the  
3 resource.

4 (b) The applicant has received certification from the ~~national~~  
5 ~~park service~~ **National Park Service** that the historic resource's  
6 significance, the rehabilitation plan, and the completed  
7 rehabilitation qualify for the credit allowed under section  
8 47(a)(2)~~47~~ of the internal revenue code.

9 (8) ~~(4)~~The office shall verify that the rehabilitation is  
10 complete and meets the criteria under subsection (3). However, if  
11 the applicant is eligible for the credit allowed under section  
12 47(a)(2)~~47~~ of the internal revenue code, additional documentation  
13 that the rehabilitation is complete for the credit allowed under  
14 this section is not required. ~~Within 120~~ **Notwithstanding R 206.208**  
15 **of the Michigan Administrative Code, 30** days after receiving  
16 verification, in a form and manner as prescribed by the office,  
17 that the rehabilitation is complete and meets the requirements of  
18 subsection (3), the office shall issue a certificate of completed  
19 rehabilitation to the applicant that states the rehabilitation plan  
20 submitted by the applicant has been completed, the amount of  
21 qualified expenditures, and the total amount of the credit allowed  
22 to be claimed by a qualified taxpayer under this section. If the  
23 amount of qualified expenditures incurred exceeds the amount of the  
24 tax credits reserved by the preapproval letter issued under  
25 subsection (3), the applicant may submit a request to the office,  
26 in a form and manner as prescribed by the office, for the issuance  
27 and approval of a certificate of completed rehabilitation in excess  
28 of the amount initially authorized in the preapproval letter. **The**  
29 **request for an additional credit in excess of the amount initially**

1 authorized in the preapproval letter under this subsection is a  
2 request for a new credit and must be given a priority number based  
3 on the date of the request for consideration if additional credits  
4 are available. If the office determines that less than  
5 ~~\$5,000,000.00~~ the maximum amount of the credits allowed under  
6 subsection (4) or (5), whichever is applicable, has been reserved  
7 under preapproval letters issued for the calendar year, after  
8 priority has been given to those notified under subsection ~~(3)~~,  
9 (7), then the office may issue a certificate of completed  
10 rehabilitation in excess of the amount included in the preapproval  
11 letter.

12 (9) ~~(5)~~—The office may inspect a historic resource at any time  
13 during the rehabilitation process and may revoke the preapproval  
14 letter or the certificate of completed rehabilitation if the  
15 rehabilitation was not undertaken as represented in the  
16 rehabilitation plan or if unapproved alterations to the completed  
17 rehabilitation are made within 5 years after the tax year in which  
18 the certificate of completed rehabilitation was issued. The office  
19 shall promptly notify the department of a revocation.

20 (10) ~~(6)~~—Qualified expenditures for the rehabilitation of a  
21 historic resource may be used to calculate the credit under this  
22 section if the historic resource is 1 of the following during the  
23 tax year in which a credit under this section is claimed for those  
24 qualified expenditures:

25 (a) Individually listed on the National Register of Historic  
26 Places or state register of historic sites.

27 (b) A contributing resource located within a historic district  
28 listed on the National Register of Historic Places or the state  
29 register of historic sites.

1 (c) A contributing resource located within a historic district  
2 designated by a local unit pursuant to an ordinance adopted under  
3 the local historic districts act, 1970 PA 169, MCL 399.201 to  
4 399.215.

5 (d) If a determination of eligibility for listing in the  
6 National Register of Historic Places has been issued by the office  
7 for the historic resource and that historic resource is 1 of the  
8 following:

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

13 (ii) Located in an unincorporated local unit of government.

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

19 (iv) Subject to a historic preservation easement that is held  
20 by a historic preservation or history organization that accepts  
21 easements for the purpose of holding the easement in perpetuity and  
22 assuring the easement is maintained in accordance with the federal  
23 Secretary of the Interior's standards for rehabilitation and  
24 guidelines for rehabilitation of historic buildings under 36 CFR  
25 part 67.

26 (11) ~~(7)~~—A person that has been issued a certificate of  
27 completed rehabilitation under subsection ~~(4)~~—(8) may **monetize that**  
28 **credit and** assign all or any portion of the credit allowed under  
29 this section. A credit assignment under this subsection is

1 irrevocable and shall be made in the tax year in which a  
2 certificate of completed rehabilitation is issued. A qualified  
3 taxpayer may claim a portion of a credit and assign the remaining  
4 amount. If the qualified taxpayer both claims and assigns portions  
5 of the credit, the qualified taxpayer shall claim the portion it  
6 claims in the tax year in which a certificate of completed  
7 rehabilitation is issued pursuant to this section. Except as  
8 otherwise provided under this subsection, an assignee may **monetize**  
9 **that credit and** subsequently assign the credit or any portion of  
10 the credit assigned under this subsection to 1 or more assignees.  
11 An assignment or subsequent reassignment of a credit shall be made  
12 in the year the certificate of completed rehabilitation is issued.  
13 A credit assignment or subsequent reassignment under this section  
14 shall be made on a form prescribed by the ~~office.~~**department.** The  
15 ~~office~~**department** shall review and issue a completed assignment or  
16 reassignment certificate to the assignee or reassignee. A credit  
17 amount assigned under this subsection may be claimed against the  
18 assignee's **or subsequent reassignee's** tax liability under this part  
19 or part 2. A credit amount authorized, ~~or~~assigned, **or reassigned**  
20 to a partnership, limited liability company, or subchapter S  
21 corporation under this section or section 676 may be claimed  
22 against the partner's, member's, or shareholder's tax liability  
23 under this part based on the partner's, member's, or shareholder's  
24 proportionate share of ownership or an alternative method approved  
25 by the office. An assignee or subsequent reassignee shall attach a  
26 copy of the completed assignment certificate to the annual return  
27 required to be filed under this part for the tax year in which the  
28 assignment or reassignment is made and the assignee or reassignee  
29 first claims the credit, which shall be the same tax year.

1           (12) ~~(8)~~—If the credit allowed under this section for the tax  
2 year and any unused carryforward of the credit allowed by this  
3 section exceed the qualified taxpayer's tax liability for the tax  
4 year, that portion that exceeds the tax liability for the tax year  
5 shall not be refunded but may be carried forward to offset tax  
6 liability in subsequent tax years for 10 years or until used up,  
7 whichever occurs first. If a qualified taxpayer has an unused  
8 carryforward of a credit under this section, the amount otherwise  
9 added under subsection ~~(9)~~—(13) to the qualified taxpayer's tax  
10 liability may instead be used to reduce the qualified taxpayer's  
11 carryforward under this section. **For projects for which a**  
12 **certificate of completed rehabilitation is issued for a tax year**  
13 **beginning after December 31, 2025 and for which the credit amount**  
14 **allowed is less than \$500,000.00, a qualified taxpayer may elect to**  
15 **forgo the carryover period and receive a refund of the amount of**  
16 **the credit that exceeds the qualified taxpayer's tax liability. The**  
17 **amount of the refund shall be equal to 90% of the amount of the**  
18 **credit that exceeds the qualified taxpayer's tax liability. An**  
19 **election under this subsection must be made in the year that a**  
20 **certificate of completed rehabilitation is issued. An election to**  
21 **receive a refund under this subsection is irrevocable. However, the**  
22 **amount of the refund allowed for an election made under this**  
23 **subsection is subject to adjustment as provided under subsection**  
24 **(7) or (8), or both. A qualified taxpayer that elects to forgo the**  
25 **carryover period and receive a refund under this subsection**  
26 **continues to be subject to all other requirements of this section**  
27 **and the qualified taxpayer's certificate of completed**  
28 **rehabilitation is subject to revocation for noncompliance with this**  
29 **section. If the qualified taxpayer fails to comply with this**

1 section or the qualified taxpayer's certificate of completed  
2 rehabilitation is otherwise revoked under this section, the  
3 qualified taxpayer may have any amount previously claimed for that  
4 historic resource added back to the tax liability of the qualified  
5 taxpayer as provided under subsection (13).

6 (13) ~~(9)~~—Except as otherwise provided under subsection ~~(10)~~,  
7 (14), if a certificate of completed rehabilitation is revoked under  
8 subsection ~~(5)~~—(9) or if the historic resource is sold or disposed  
9 of less than 5 years after the certificate of completed  
10 rehabilitation is issued, the following percentage of the credit  
11 amount previously claimed relative to that historic resource shall  
12 be added back to the tax liability of the qualified taxpayer that  
13 received the certificate of completed rehabilitation and not the  
14 assignee in the year of the revocation:

15 (a) If the revocation is less than 1 year after the  
16 certificate of completed rehabilitation is issued, 100%.

17 (b) If the revocation is at least 1 year but less than 2 years  
18 after the certificate of completed rehabilitation is issued, 80%.

19 (c) If the revocation is at least 2 years but less than 3  
20 years after the certificate of completed rehabilitation is issued,  
21 60%.

22 (d) If the revocation is at least 3 years but less than 4  
23 years after the certificate of completed rehabilitation is issued,  
24 40%.

25 (e) If the revocation is at least 4 years but less than 5  
26 years after the certificate of completed rehabilitation is issued,  
27 20%.

28 (f) If the revocation is at least 5 years or more after the  
29 certificate of completed rehabilitation is issued, an addback to

1 the qualified taxpayer tax liability is not required.

2 **(14) ~~(10)~~ Notwithstanding R 206.212 of the Michigan**  
3 **Administrative Code, a qualified taxpayer must notify the office**  
4 **and department in writing of their intent to transfer or sell the**  
5 **historic resource at least 60 days before the proposed sale or**  
6 **transfer.** Subsection ~~(9)~~ **(13)** shall not apply if the qualified  
7 taxpayer enters into a written agreement with the office that will  
8 allow for the transfer or sale of the historic resource and  
9 provides the following:

10 (a) Reasonable assurance that subsequent to the transfer the  
11 property will remain a historic resource during the 5-year period  
12 after the certificate of completed rehabilitation is issued.

13 (b) A method that the department can recover an amount from  
14 the qualified taxpayer equal to the appropriate percentage of  
15 credit added back as described under subsection ~~(9)~~ **(13)**.

16 (c) An encumbrance on the title to the historic resource being  
17 sold or transferred, stating that the property must remain a  
18 historic resource throughout the 5-year period after the  
19 certificate of completed rehabilitation is issued.

20 (d) A provision for the payment by the qualified taxpayer of  
21 all legal and professional fees associated with the drafting,  
22 review, and recording of the written agreement required under this  
23 subsection.

24 **(15) ~~(11)~~ The office may impose a fee to cover the**  
25 **administrative ~~cost~~ costs of implementing the program under this**  
26 **section. Administrative costs include the amount necessary to hire**  
27 **an additional 2.0 full-time equated positions to implement the**  
28 **program under this section.**

29 **(16) ~~(12)~~ The qualified taxpayer shall attach all of the**

1 following to the qualified taxpayer's annual return under this  
2 part:

3 (a) Certificate of completed rehabilitation.

4 (b) Certification of historic significance related to the  
5 historic resource and the qualified expenditures used to claim a  
6 credit under this section.

7 (c) A completed assignment form if the qualified taxpayer is  
8 an assignee **or reassignee** under this section or section 676 of any  
9 portion of a credit allowed under ~~that~~**this section or section 676.**

10 **(17)** ~~(13)~~The office may promulgate rules to implement this  
11 section pursuant to the administrative procedures act of 1969, 1969  
12 PA 306, MCL 24.201 to 24.328.

13 **(18)** ~~(14)~~The total of the credits claimed under this section  
14 and section 676 for a rehabilitation project shall not exceed 25%  
15 of the total qualified expenditures eligible for the credit under  
16 this section for ~~that~~**a large nonresidential historic resource or**  
17 **medium nonresidential historic resource** rehabilitation project **or**  
18 **30% for a small nonresidential historic resource or residential**  
19 **historic resource rehabilitation project.**

20 **(19)** **The credit allowed under this section for qualified**  
21 **expenditures for the rehabilitation of a historic resource pursuant**  
22 **to a rehabilitation plan is in addition to any credit a taxpayer is**  
23 **allowed to claim under section 47 of the internal revenue code for**  
24 **that same rehabilitation plan of the same historic resource.**

25 **(20)** ~~(15)~~The office shall submit an economic impact report  
26 that includes, to the extent available, all of the following to the  
27 legislature annually for the immediately preceding state fiscal  
28 year:

29 (a) The fee schedule used by the office and the total amount

1 of fees collected.

2 (b) A description of each rehabilitation project for which a  
 3 preapproval letter was issued and for each certificate of completed  
 4 rehabilitation issued. The description must include the total  
 5 rehabilitation costs, labor hours generated, jobs added, payroll  
 6 added, total capital investments, gain in property value after  
 7 rehabilitation, and the amount of income tax and sales tax  
 8 generated by the rehabilitation project.

9 (c) The location of each new and ongoing rehabilitation  
 10 project.

11 (21) ~~(16)~~—As used in this section:

12 (a) "Contributing resource" means a historic resource that  
 13 contributes to the significance of the historic district in which  
 14 it is located.

15 (b) "Detroit Consumer Price Index" means the most  
 16 comprehensive index of consumer prices available for the ~~Detroit~~  
 17 **Detroit-Warren-Dearborn** area from the United States Department of  
 18 Labor, Bureau of Labor Statistics.

19 (c) "Historic district" means an area, or group of areas not  
 20 necessarily having contiguous boundaries, that contains 1 resource  
 21 or a group of resources that are related by history, architecture,  
 22 archaeology, engineering, or culture.

23 (d) "Historic resource" means a publicly or privately owned  
 24 historic building, structure, site, object, feature, or open space  
 25 located within **and contributing to** a historic district designated  
 26 by the National Register of Historic Places, the state register of  
 27 historic sites, or a local unit acting under the local historic  
 28 districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is  
 29 individually listed on the state register of historic sites or

1 National Register of Historic Places **and if a determination of**  
2 **eligibility for listing in the National Register of Historic Places**  
3 **has been issued by the office, historic resource includes any of**  
4 **the following:**

5 (i) A resource that is located in an incorporated local unit of  
6 government that does not have an ordinance under the local historic  
7 districts act, 1970 PA 169, MCL 399.201 to 399.215, and has a  
8 population of less than 5,000.

9 (ii) A resource that is located in an unincorporated local unit  
10 of government.

11 (iii) A resource that is located in an incorporated local unit  
12 of government that does not have an ordinance under the local  
13 historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is  
14 located within the boundaries of an association that has been  
15 chartered under 1889 PA 39, MCL 455.51 to 455.72.

16 (iv) A resource that is subject to a historic preservation  
17 easement that is held by a historic preservation or history  
18 organization that accepts easements for the purpose of holding the  
19 easement in perpetuity and assuring the easement is maintained in  
20 accordance with the federal Secretary of the Interior's standards  
21 for rehabilitation and guidelines for rehabilitation of historic  
22 buildings under 36 CFR part 67.

23 (e) "Large nonresidential historic resource" means, **for –a**  
24 **preapproval letter issued before January 1, 2026, a nonowner–**  
25 ~~occupied, non-owner-occupied,~~ income producing historic resource  
26 that has a rehabilitation plan with qualified expenditures of  
27 \$2,000,000.00 or more. **For a preapproval letter issued on and after**  
28 **January 1, 2026, "large nonresidential historic resource" means a**  
29 **non-owner-occupied, income producing historic resource that has a**

1 **rehabilitation plan with qualified expenditures of \$10,000,000.00**  
2 **or more.**

3 (f) "Local unit" means a county, city, village, or township.

4 (g) "Long-term lease" means a lease term of at least 27.5  
5 years for a residential resource or at least 31.5 years for a  
6 nonresidential resource.

7 (h) **"Medium nonresidential historic resource" means a non-**  
8 **owner-occupied, income producing historic resource that has a**  
9 **rehabilitation plan with qualified expenditures of at least**  
10 **\$1,000,000.00 or more, but less than \$10,000,000.00.**

11 (i) ~~(h)~~—"Open space" means undeveloped land, a naturally  
12 landscaped area, or a formal or man-made landscaped area that  
13 provides a connective link or a buffer between other resources.

14 (j) **"Person" means an individual, partnership, corporation,**  
15 **association, governmental entity, or other legal entity.**

16 (k) ~~(i)~~—"Qualified expenditures" means capital expenditures  
17 that qualify, or would qualify except that the qualified taxpayer  
18 entered into an agreement under subsection ~~(10)~~, **(14)**, for a  
19 rehabilitation credit under section ~~47(a)(2)~~**47** of the internal  
20 revenue code if the qualified taxpayer is eligible for the credit  
21 under section ~~47(a)(2)~~**47** of the internal revenue code or, if the  
22 applicant is not eligible for the credit under section ~~47(a)(2)~~**47**  
23 of the internal revenue code, the qualified expenditures that would  
24 qualify under section ~~47(a)(2)~~**47** of the internal revenue code  
25 except that the expenditures are made to a historic resource that  
26 is not eligible for the credit under section ~~47(a)(2)~~**47** of the  
27 internal revenue code, that were paid. Qualified expenditures do  
28 not include capital expenditures for nonhistoric additions to a  
29 historic resource except an addition that is required by state or

1 federal regulations that relate to historic preservation, safety,  
2 or accessibility.

3 (l) ~~(j)~~ "Qualified taxpayer" means a person that is an assignee  
4 **or reassignee** under this section or section 676, ~~or that either~~  
5 **directly or indirectly** owns the resource to be rehabilitated, or  
6 **that** has a long-term lease agreement, **development agreement, or**  
7 **purchase agreement** with the owner of the historic resource and ~~that~~  
8 ~~has qualified expenditures for the rehabilitation of the historic~~  
9 ~~resource that satisfies either of the following:~~

10 ~~(i) For the rehabilitation of a residential historic resource,~~  
11 ~~qualified expenditures equal to or greater than \$1,000.00. The~~  
12 ~~\$1,000.00 amount must be annually adjusted for inflation using the~~  
13 ~~Detroit Consumer Price Index.~~

14 ~~(ii) For~~ **for** the rehabilitation of a historic resource that is  
15 not a residential historic resource, **has** qualified expenditures  
16 equal to or greater than 10% of the state equalized valuation of  
17 the property. If the historic resource to be rehabilitated is a  
18 portion of a historic or nonhistoric resource, the state equalized  
19 valuation of only that portion of the property shall be used for  
20 purposes of this ~~subparagraph.~~ **subdivision.** If the assessor for the  
21 local tax collecting unit in which the historic resource is located  
22 determines the state equalized valuation of that portion, that  
23 assessor's determination shall be used for purposes of this  
24 ~~subparagraph.~~ **subdivision.** If the assessor does not determine that  
25 state equalized valuation of that portion, qualified expenditures,  
26 for purposes of this ~~subparagraph,~~ **subdivision,** shall be equal to  
27 or greater than 5% of the appraised value as determined by a  
28 certified appraiser. If the historic resource to be rehabilitated  
29 does not have a state equalized valuation, qualified expenditures

1 for purposes of this ~~subparagraph~~**subdivision** shall be equal to or  
2 greater than 5% of the appraised value of the resource as  
3 determined by a certified appraiser.

4 (m) ~~(k)~~—"Rehabilitation plan" means a plan for the  
5 rehabilitation of a historic resource that meets the federal  
6 Secretary of the Interior's standards for rehabilitation and  
7 guidelines for rehabilitation of historic buildings under 36 CFR  
8 part 67.

9 (n) ~~(l)~~—"Residential historic resource" means a non-income  
10 producing historic resource that is **primarily** an owner-occupied  
11 dwelling. **Residential historic resource includes a single-family**  
12 **residential dwelling unit, a condominium unit, and a multiple-unit**  
13 **dwelling or multiple-purpose structure that includes 1 or more**  
14 **residential dwelling units. As used in this subdivision, a non-**  
15 **income producing historic resource includes a historic resource**  
16 **that is income producing for less than half of the calendar year or**  
17 **that utilizes less than 50% of the total square footage for income**  
18 **producing purposes.**

19 (o) ~~(m)~~—"Small nonresidential historic resource" means, **for a**  
20 **preapproval letter issued before January 1, 2026, a nonowner-**  
21 ~~occupied, non-owner-occupied,~~ income producing historic resource  
22 that has a rehabilitation plan with qualified expenditures of less  
23 than \$2,000,000.00. **For a preapproval letter issued on and after**  
24 **January 1, 2026, "small nonresidential historic resource" means a**  
25 **historic resource that is primarily an income producing property**  
26 **that has a rehabilitation plan with qualified expenditures of less**  
27 **than \$1,000,000.00. A small nonresidential historic resource may be**  
28 **owner occupied if less than 50% of the total square footage is**  
29 **occupied by the owner or the property is occupied by the owner for**

1 **less than half of the calendar year.**

2       **(p)** ~~(a)~~—"State historic preservation office" or "office" means  
3 the state historic preservation office created by Executive Order  
4 No. 2007-53 and transferred to the Michigan strategic fund by  
5 Executive Reorganization Order No. 2019-3, MCL 125.1998.

6       Enacting section 1. This amendatory act does not take effect  
7 unless Senate Bill No. \_\_\_\_ (request no. S02529'25) or House Bill  
8 No. 4503 (request no. H02529'25) of the 103rd Legislature is  
9 enacted into law.