

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 294

(As amended June 27, 2008)

[A bill to amend 2005 PA 210, entitled
"Commercial rehabilitation act,"
by amending sections 2 and 8 (MCL 207.842 and 207.848), section 2 as
amended by 2008 PA 118.]

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 of the
3 internal revenue code, 26 USC 45d. Qualified facility also includes
4 vacant property located in a city with a population of more than
5 36,000 and less than 37,000 according to the 2000 federal decennial
6 census and from which a previous structure has been demolished and
7 on which commercial property will be newly constructed. A qualified
8 facility does not include property that is to be used as a
9 professional sports stadium. A qualified facility does not include
10 property that is to be used as a casino. As used in this
11 subdivision, "casino" means a casino or a parking lot, hotel,
12 motel, or retail store owned or operated by a casino, an affiliate,
13 or an affiliated company, regulated by this state pursuant to the
14 Michigan gaming control and revenue act, 1996 IL 1, MCL 432.201 to
15 432.226.

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

18 (J) "QUALIFIED RETAIL FOOD ESTABLISHMENT" MEANS PROPERTY THAT
19 MEETS ALL OF THE FOLLOWING:

20 (i) THE PROPERTY WILL BE USED PRIMARILY AS A RETAIL
21 SUPERMARKET, GROCERY STORE, PRODUCE MARKET, OR DELICATESSEN THAT
22 OFFERS FRESH USDA-INSPECTED MEAT AND POULTRY PRODUCTS, FRESH FRUITS
23 AND VEGETABLES, AND DAIRY PRODUCTS FOR SALE TO THE PUBLIC.

24 (ii) THE PROPERTY MEETS 1 OF THE FOLLOWING:

25 (A) IS LOCATED IN A QUALIFIED LOCAL GOVERNMENTAL UNIT THAT IS
26 ALSO LOCATED IN A QUALIFIED LOCAL GOVERNMENTAL UNIT AS DEFINED IN
27 SECTION 2 OF THE OBSOLETE PROPERTY REHABILITATION ACT, 2000 PA 146,

1 MCL 125.2782, AND IS LOCATED IN AN UNDERSERVED AREA.

2 (B) IS LOCATED IN A QUALIFIED LOCAL GOVERNMENTAL UNIT THAT IS
3 DESIGNATED AS RURAL AS DEFINED BY THE UNITED STATES CENSUS BUREAU
4 AND IS LOCATED IN AN UNDERSERVED AREA.

5 (iii) THE PROPERTY WAS USED AS RESIDENTIAL, COMMERCIAL, OR
6 INDUSTRIAL PROPERTY AS ALLOWED AND CONDUCTED UNDER THE APPLICABLE
7 ZONING ORDINANCE FOR THE IMMEDIATELY PRECEDING 30 YEARS.

8 (K) ~~(j)~~ "Rehabilitation" means changes to a qualified facility
9 that are required to restore or modify the property, together with
10 all appurtenances, to an economically efficient condition.

11 Rehabilitation includes major renovation and modification
12 including, but not necessarily limited to, the improvement of floor
13 loads, correction of deficient or excessive height, new or improved
14 fixed building equipment, including heating, ventilation, and
15 lighting, reducing multistory facilities to 1 or 2 stories,
16 improved structural support including foundations, improved roof
17 structure and cover, floor replacement, improved wall placement,
18 improved exterior and interior appearance of buildings, and other
19 physical changes required to restore or change the property to an
20 economically efficient condition. **REHABILITATION FOR A QUALIFIED
21 RETAIL FOOD ESTABLISHMENT ALSO INCLUDES NEW CONSTRUCTION.**

22 Rehabilitation also includes new construction on vacant property
23 from which a previous structure has been demolished and if the new
24 construction is an economic benefit to the local community as
25 determined by the qualified local governmental unit. Rehabilitation
26 shall not include improvements aggregating less than 10% of the
27 true cash value of the property at commencement of the

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 1 rehabilitation of the qualified facility.

2 (I) ~~(I)~~ "Taxable value" means the value determined under
 3 section 27a of the general property tax act, 1893 PA 206, MCL
 4 211.27a.

5 (M) "UNDERSERVED AREA" MEANS AN AREA DETERMINED BY THE
 6 MICHIGAN DEPARTMENT OF AGRICULTURE THAT CONTAINS A LOW OR MODERATE
 7 INCOME CENSUS TRACT AND A BELOW AVERAGE SUPERMARKET DENSITY, AN
 8 AREA THAT HAS A SUPERMARKET CUSTOMER BASE WITH MORE THAN 50% LIVING
 9 IN A LOW INCOME CENSUS TRACT, OR AN AREA THAT HAS DEMONSTRATED
 10 SIGNIFICANT ACCESS LIMITATIONS DUE TO TRAVEL DISTANCE.

[Sec. 8. (1) If the taxable value of the property proposed to be
 exempt pursuant to an application under consideration, considered
 together with the aggregate taxable value of property exempt under
 certificates previously granted and currently in force under this act or
 under 1974 PA 198, MCL 207.551 to 207.572, exceeds 5% of the taxable
 value of the qualified local governmental unit, the legislative body of
 the qualified local governmental unit shall make a separate finding and
 shall include a statement in its resolution approving the application
 that exceeding that amount shall not have the effect of substantially
 impeding the operation of the qualified local governmental unit or
 impairing the financial soundness of an affected taxing unit.

(2) The legislative body of the qualified local governmental unit
 shall not approve an application for a commercial rehabilitation
 exemption certificate unless the applicant complies with all of the
 following requirements:

(a) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION, THE**
 commencement of the rehabilitation of the qualified facility does not
 occur earlier than 6 months before the applicant files the application
 for the commercial rehabilitation exemption certificate. **HOWEVER, THROUGH**
DECEMBER 31, 2009, FOR A QUALIFIED FACILITY THAT IS A QUALIFIED RETAIL
FOOD ESTABLISHMENT, THE COMMENCEMENT OF THE REHABILITATION DOES NOT OCCUR
EARLIER THAN 36 MONTHS BEFORE THE APPLICANT FILES THE APPLICATION FOR THE
COMMERCIAL REHABILITATION EXEMPTION CERTIFICATE.

(b) The application relates to a rehabilitation program that when
 completed constitutes a qualified facility within the meaning of this act
 and that shall be situated within a commercial rehabilitation district
 established in a qualified local governmental unit eligible under this
 act.

(c) Completion of the qualified facility is calculated to, and will
 at the time of issuance of the certificate have the reasonable likelihood
 to, increase commercial activity, create employment, retain employment,
 prevent a loss of employment, revitalize urban areas, or increase the
 number of residents in the community in which the qualified facility is
 situated.

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(d) The applicant states, in writing, that the rehabilitation of the qualified facility, **EXCLUDING QUALIFIED RETAIL FOOD ESTABLISHMENTS THROUGH DECEMBER 31, 2009**, would not be undertaken without the applicant's receipt of the exemption certificate.

(e) The applicant is not delinquent in the payment of any taxes related to the qualified facility.]