

**SUBSTITUTE FOR  
HOUSE BILL NO. 4264**

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 435 (MCL 208.1435), as amended by 2008 PA 448.

**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  
8 determined pursuant to subsection (2) for the qualified  
9 expenditures for the rehabilitation of an historic resource  
10 pursuant to the rehabilitation plan in the year in which the

1 certification of completed rehabilitation of the historic resource  
2 is issued. Only those expenditures that are paid or incurred during  
3 the time periods prescribed for the credit under section 47(a)(2)  
4 of the internal revenue code and any related treasury regulations  
5 shall be considered qualified expenditures.

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

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

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

1           (3) To be eligible for the credit under subsection (2), the  
2 taxpayer shall apply to and receive from the Michigan historical  
3 center certification that the historic significance, the  
4 rehabilitation plan, and the completed rehabilitation of the  
5 historic resource meet the criteria under subsection (6) and either  
6 of the following:

7           (a) All of the following criteria:

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

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

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

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

23           (4) If a qualified taxpayer is eligible for the credit allowed  
24 under section 47(a)(2) of the internal revenue code, the qualified  
25 taxpayer shall file for certification with the center to qualify  
26 for the credit allowed under section 47(a)(2) of the internal  
27 revenue code. If the qualified taxpayer has previously filed for

1 certification with the center to qualify for the credit allowed  
2 under section 47(a)(2) of the internal revenue code, additional  
3 filing for the credit allowed under this section is not required.

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

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

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

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

20 (ii) A contributing resource located within an historic  
21 district listed on the national register of historic places or the  
22 state register of historic sites.

23 (iii) A contributing resource located within an historic  
24 district designated by a local unit pursuant to an ordinance  
25 adopted under the local historic districts act, 1970 PA 169, MCL  
26 399.201 to 399.215.

27 (b) The resource meets 1 of the following criteria during the

1 tax year in which a credit under this section is claimed for those  
2 qualified expenditures:

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

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

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

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

18 (v) The historic resource is subject to a historic  
19 preservation easement.

20 (7) For projects for which a certificate of completed  
21 rehabilitation is issued for a tax year beginning before January 1,  
22 2009, if a qualified taxpayer is a partnership, limited liability  
23 company, or subchapter S corporation, the qualified taxpayer may  
24 assign all or any portion of a credit allowed under this section to  
25 its partners, members, or shareholders, based on the partner's,  
26 member's, or shareholder's proportionate share of ownership or  
27 based on an alternative method approved by the department. A credit

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

17 (8) For projects for which a certificate of completed  
18 rehabilitation is issued for a tax year beginning after December  
19 31, 2008, a qualified taxpayer may assign all or any portion of the  
20 credit allowed under this section. A credit assignment under this  
21 subsection is irrevocable and shall be made in the tax year in  
22 which a certificate of completed rehabilitation is issued. A  
23 qualified taxpayer may claim a portion of a credit and assign the  
24 remaining amount. If the qualified taxpayer both claims and assigns  
25 portions of the credit, the qualified taxpayer shall claim the  
26 portion it claims in the tax year in which a certificate of  
27 completed rehabilitation is issued pursuant to this section. An

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

18 (9) If the credit allowed under this section for the tax year  
19 and any unused carryforward of the credit allowed by this section  
20 exceed the taxpayer's tax liability for the tax year, that portion  
21 that exceeds the tax liability for the tax year shall not be  
22 refunded but may be carried forward to offset tax liability in  
23 subsequent tax years for 10 years or until used up, whichever  
24 occurs first. **IF A QUALIFIED TAXPAYER HAS AN UNUSED CARRYFORWARD OF**  
25 **A CREDIT UNDER THIS SECTION, THE AMOUNT OTHERWISE ADDED UNDER**  
26 **SUBSECTION (10), (11), OR (12) TO THE QUALIFIED TAXPAYER'S TAX**  
27 **LIABILITY MAY INSTEAD BE USED TO REDUCE THE QUALIFIED TAXPAYER'S**

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

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

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

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

27 (c) If the sale is at least 2 years but less than 3 years



1 after the year in which the credit was claimed, 60%.

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

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

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

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

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

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

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

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

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

26 (f) If the revocation is 5 years or more after the year in  
27 which the credit was claimed, an addback to the taxpayer's tax

1 liability shall not be made.

2 (12) Except as otherwise provided under subsection (13), for  
3 tax years beginning after December 31, 2008, if a certificate of  
4 completed rehabilitation is revoked under subsection (5), ~~or (22)~~**A**  
5 **PREAPPROVAL LETTER IS REVOKED UNDER SUBSECTION (23) (B)**, or an  
6 historic resource is sold or disposed of less than 5 years after  
7 the historic resource is placed in service as defined in section  
8 47(b)(1) of the internal revenue code and related treasury  
9 regulations or if a certificate of completed rehabilitation issued  
10 after December 1, 2008 is revoked under subsection (5) ~~or (22)~~  
11 during a tax year beginning after December 31, 2008, **A PREAPPROVAL**  
12 **LETTER ISSUED AFTER DECEMBER 1, 2008 IS REVOKED UNDER SUBSECTION**  
13 **(23) (B) DURING A TAX YEAR BEGINNING AFTER DECEMBER 31, 2008**, or an  
14 historic resource is sold or disposed of less than 5 years after  
15 the historic resource is placed in service during a tax year  
16 beginning after December 31, 2008, the following percentage of the  
17 credit amount previously claimed relative to that historic resource  
18 shall be added back to the tax liability of the qualified taxpayer  
19 that received the certificate of completed rehabilitation and not  
20 the assignee in the year of the revocation:

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

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

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

27 (d) If the revocation is at least 3 years but less than 4

1 years after the historic resource is placed in service, 40%.

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

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

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

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

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

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

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

24 (14) The department of history, arts, and libraries through  
25 the Michigan historical center may impose a fee to cover the  
26 administrative cost of implementing the program under this section.

27 (15) The qualified taxpayer shall attach all of the following

1 to the qualified taxpayer's annual return required under this act  
2 or under the income tax act of 1967, 1967 PA 281, MCL 206.1 to  
3 206.532, if applicable, on which the credit is claimed:

4 (a) Certification of completed rehabilitation.

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

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

12 (16) The department of history, arts, and libraries shall  
13 promulgate rules to implement this section pursuant to the  
14 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to  
15 24.328.

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

21 (18) The department of history, arts, and libraries through  
22 the Michigan historical center shall report all of the following to  
23 the legislature annually for the immediately preceding state fiscal  
24 year:

25 (a) The fee schedule used by the center and the total amount  
26 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 total amount of all  
15 additional credits approved under this subsection shall not exceed  
16 \$8,000,000.00 in calendar year ending December 31, 2009;  
17 \$9,000,000.00 in calendar year ending December 31, 2010;  
18 \$10,000,000.00 in calendar year ending December 31, 2011;  
19 \$11,000,000.00 in calendar year ending December 31, 2012; and  
20 \$12,000,000.00 in calendar year ending December 31, 2013 and,  
21 except as otherwise provided under this subsection, at least, 25%  
22 of the allotted amount for additional credits approved under this  
23 subsection during each calendar year shall be allocated to  
24 rehabilitation plans that have \$1,000,000.00 or less in qualified  
25 expenditures. On October 1 of each calendar year, if the total of  
26 all credits approved under ~~subsection (19)(a)~~ **SUBDIVISION (A)** for  
27 the calendar year is less than the minimum allotted amount, the

1 department of history, arts, and libraries may use the remainder of  
2 that allotted amount to approve applications for additional credits  
3 submitted under ~~subsection (19)(b)~~ **SUBDIVISION (B)** for that  
4 calendar year. To be eligible for the additional credit under this  
5 subsection, the taxpayer shall apply to and receive a preapproval  
6 letter and comply with the following:

7 (a) For a rehabilitation plan that has \$1,000,000.00 or less  
8 in qualified expenditures, the taxpayer shall apply to the  
9 department of history, arts, and libraries for approval of the  
10 additional credit under this subsection. Subject to the limitation  
11 provided under this subsection, the director of the department of  
12 history, arts, and libraries or his or her designee is authorized  
13 to approve an application under this subdivision and determine the  
14 percentage of at least 10% but not more than 15% of the taxpayer's  
15 qualified expenditures for which he or she may claim an additional  
16 credit. If the director of the department of history, arts, and  
17 libraries or his or her designee approves the application under  
18 this subdivision, then he or she shall issue a preapproval letter  
19 to the taxpayer that states that the taxpayer is a qualified  
20 taxpayer and the maximum percentage of the qualified expenditures  
21 on which a credit may be claimed for the rehabilitation plan when  
22 it is complete and a certification of completed rehabilitation is  
23 issued.

24 (b) For a rehabilitation plan that has more than \$1,000,000.00  
25 in qualified expenditures, the taxpayer shall apply to the  
26 department of history, arts, and libraries for approval of the  
27 additional credit under this subsection. The director of the

1 department of history, arts, and libraries or his or her designee,  
2 subject to the approval of the president of the Michigan strategic  
3 fund or his or her designee, is authorized to approve an  
4 application under this subdivision and determine the percentage of  
5 up to 15% of the taxpayer's qualified expenditures for which he or  
6 she may claim an additional credit. An application shall be  
7 approved or denied not more than 15 business days after the  
8 director of the department of history, arts, and libraries or his  
9 or her designee has reviewed the application, determined the  
10 percentage amount of the credit for that applicant, and submitted  
11 the same to the president of the Michigan strategic fund or his or  
12 her designee. If the president of the Michigan strategic fund or  
13 his or her designee does not approve or deny the application within  
14 15 business days after the application is received from the  
15 department of history, arts, and libraries, the application is  
16 considered approved and the credit awarded in the amount as  
17 determined by the director of the department of history, arts, and  
18 libraries or his or her designee. If the president of the Michigan  
19 strategic fund or his or her designee approves the application  
20 under this subdivision, the director of the department of history,  
21 arts, and libraries or his or her designee shall issue a  
22 preapproval letter to the taxpayer that states that the taxpayer is  
23 a qualified taxpayer and the maximum percentage of the qualified  
24 expenditures on which a credit may be claimed for the  
25 rehabilitation plan when it is complete and a certification of  
26 completed rehabilitation is issued.

27 (20) The director of the department of history, arts, and

1 libraries or his or her designee, subject to the approval of the  
2 president of the Michigan strategic fund and the state treasurer,  
3 may approve 3 additional credits during the 2009 calendar year of  
4 up to 15% of the qualified taxpayer's qualified expenditures, and 2  
5 additional credits during the 2010, 2011, 2012, and 2013 calendar  
6 years of up to 15% of the qualified taxpayer's qualified  
7 expenditures, for certain rehabilitation plans that the director of  
8 the department of history, arts, and libraries or his or her  
9 designee determines is a high community impact rehabilitation plan  
10 that will have a significantly greater historic, social, and  
11 economic impact than those plans described under subsection (19)(a)  
12 and (b). To be eligible for the additional credit under this  
13 subsection, the taxpayer shall apply to and receive a preapproval  
14 letter from the department of history, arts, and libraries. An  
15 application shall be approved or denied not more than 15 business  
16 days after the director of the department of history, arts, and  
17 libraries or his or her designee has reviewed the application,  
18 determined the percentage amount of the credit for that applicant,  
19 and submitted the same to the president of the Michigan strategic  
20 fund and the state treasurer. If the president of the Michigan  
21 strategic fund and the state treasurer do not approve or deny the  
22 application within 15 business days after the application is  
23 received from the department of history, arts, and libraries, the  
24 application is considered approved and the credit awarded in the  
25 amount as determined by the director of the department of history,  
26 arts, and libraries or his or her designee. If the president of the  
27 Michigan strategic fund and the state treasurer approve the



1 application under this subdivision, the director of the department  
2 of history, arts, and libraries or his or her designee shall issue  
3 a preapproval letter to the taxpayer that states that the taxpayer  
4 is a qualified taxpayer and the maximum percentage of the qualified  
5 expenditures on which a credit may be claimed for the high  
6 community impact rehabilitation plan when it is complete and a  
7 certification of completed rehabilitation is issued. Before  
8 approving a credit under this subsection, the director of the  
9 department of history, arts, and libraries or his or her designee  
10 shall consider all of the following criteria to the extent  
11 reasonably applicable:

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

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

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

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

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

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

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

27 (h) Any other criteria that the director of the department of

1 history, arts, and libraries, the president of the Michigan  
2 strategic fund, and the state treasurer consider appropriate for  
3 the determination of approval under this subsection.

4 (21) The maximum amount of credit that a taxpayer or an  
5 assignee may claim under subsection (20) during a tax year is  
6 \$3,000,000.00. If the amount of the credit approved in the  
7 taxpayer's certificate of completed renovation is greater than  
8 \$3,000,000.00 that portion that exceeds the cap shall be carried  
9 forward to offset tax liability in subsequent tax years until used  
10 up.

11 (22) Before approving a credit, determining the amount of such  
12 credit, and issuing a preapproval letter for such credit under  
13 subsection (19) or before considering an amendment to the  
14 preapproval letter, the director of the department of history,  
15 arts, and libraries or his or her designee shall consider the  
16 following criteria to the extent reasonably applicable:

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

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

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

20 (d) The overall economic impact the renovation will have on  
21 the community.

22 (e) Any other criteria that the director of the department of  
23 history, arts, and libraries and the president of the Michigan  
24 strategic fund, as applicable, consider appropriate for the  
25 determination of approval under subsection (19).

26 (23) The director of the department of history, arts, and  
27 libraries or his or her designee may at any time before a

1 certification of completed rehabilitation is issued for a credit  
2 for which a preapproval letter was issued pursuant to subsection  
3 (19) do the following:

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

8 (b) Revoke the preapproval letter if he or she determines that  
9 there has not been substantial progress toward completion of the  
10 rehabilitation plan or that the rehabilitation plan cannot be  
11 completed. The director of the department of history, arts, and  
12 libraries or his or her designee shall provide the qualified  
13 taxpayer with a notice of his or her intent to revoke the  
14 preapproval letter 45 days prior to the proposed date of  
15 revocation.

16 (24) If a preapproval letter is revoked under subsection  
17 (23)(b), the amount of the credit approved under that preapproval  
18 letter shall be added to the annual cap in the calendar year that  
19 the preapproval letter is revoked. After a certification of  
20 completed rehabilitation is issued for a rehabilitation plan  
21 approved under subsection (19), if the director of the department  
22 of history, arts, and libraries or his or her designee determines  
23 that the actual amount of the additional credit to be claimed by  
24 the 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), 2 of the 3 credits available under subsection (20)  
8 during the 2009 calendar year for a high community impact  
9 rehabilitation plan shall be for an application meeting 1 of the  
10 following criteria:

11 (a) All of the following:

12 (i) The historic resource must be at least 80 years old.

13 (ii) The historic resource must comprise at least 75,000 total  
14 square feet.

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

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

20 (v) The historic resource receives a federal earmark  
21 appropriation and is the former home of a former professional  
22 sports team.

23 (b) All of the following:

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

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

27 (iii) The historic resource must be located in a county with a

1 population of more than 400,000 and less than 500,000.

2 (iv) The historic resource must be located in a city with a  
3 population of more than 100,000 and less than 125,000.

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

7 (27) For purposes of this section, taxpayer includes a person  
8 subject to the tax imposed under chapter 2A or 2B.

9 (28) As used in this section:

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

13 (b) "Historic district" means an area, or group of areas not  
14 necessarily having contiguous boundaries, that contains 1 resource  
15 or a group of resources that are related by history, architecture,  
16 archaeology, engineering, or culture.

17 (c) "Historic resource" means a publicly or privately owned  
18 historic building, structure, site, object, feature, or open space  
19 located within an historic district designated by the national  
20 register of historic places, the state register of historic sites,  
21 or a local unit acting under the local historic districts act, 1970  
22 PA 169, MCL 399.201 to 399.215, or that is individually listed on  
23 the state register of historic sites or national register of  
24 historic places, and includes all of the following:

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

27 (ii) An income-producing commercial, industrial, or residential

1 resource or an historic resource located within the property  
2 boundaries of that resource.

3 (iii) A resource owned by a governmental body, nonprofit  
4 organization, or tax-exempt entity that is used primarily by a  
5 taxpayer lessee in a trade or business unrelated to the  
6 governmental body, nonprofit organization, or tax-exempt entity and  
7 that is subject to tax under this act.

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

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

12 (d) "Last tax year" means the taxpayer's tax year under former  
13 1975 PA 228 that begins after December 31, 2006 and before January  
14 1, 2008.

15 (e) "Local unit" means a county, city, village, or township.

16 (f) "Long-term lease" means a lease term of at least 27.5  
17 years for a residential resource or at least 31.5 years for a  
18 nonresidential resource.

19 (g) "Michigan historical center" or "center" means the state  
20 historic preservation office of the Michigan historical center of  
21 the department of history, arts, and libraries or its successor  
22 agency.

23 (h) "Michigan strategic fund" means the Michigan strategic  
24 fund created under the Michigan strategic fund act, 1984 PA 270,  
25 MCL 125.2001 to 125.2094.

26 (i) "Open space" means undeveloped land, a naturally  
27 landscaped area, or a formal or man-made landscaped area that

1 provides a connective link or a buffer between other resources.

2 (j) "Person" means an individual, partnership, corporation,  
3 association, governmental entity, or other legal entity.

4 (k) "Preapproval letter" means a letter issued by the director  
5 of the department of history, arts, and libraries or his or her  
6 designee that indicates the date that the complete part 2  
7 application was received and the amount of the credit allocated to  
8 the project based on the estimated rehabilitation cost included in  
9 the application.

10 (l) "Qualified expenditures" means capital expenditures that  
11 qualify, or would qualify except that the taxpayer entered into an  
12 agreement under subsection (13), for a rehabilitation credit under  
13 section 47(a)(2) of the internal revenue code if the taxpayer is  
14 eligible for the credit under section 47(a)(2) of the internal  
15 revenue code or, if the taxpayer is not eligible for the credit  
16 under section 47(a)(2) of the internal revenue code, the qualified  
17 expenditures that would qualify under section 47(a)(2) of the  
18 internal revenue code except that the expenditures are made to an  
19 historic resource that is not eligible for the credit under section  
20 47(a)(2) of the internal revenue code that were paid. Qualified  
21 expenditures do not include capital expenditures for nonhistoric  
22 additions to an historic resource except an addition that is  
23 required by state or federal regulations that relate to historic  
24 preservation, safety, or accessibility.

25 (m) "Qualified taxpayer" means a person that either owns the  
26 resource to be rehabilitated or has a long-term lease agreement  
27 with the owner of the historic resource and that has qualified

1 expenditures for the rehabilitation of the historic resource equal  
2 to or greater than 10% of the state equalized valuation of the  
3 property. If the historic resource to be rehabilitated is a portion  
4 of an historic or nonhistoric resource, the state equalized  
5 valuation of only that portion of the property shall be used for  
6 purposes of this subdivision. If the assessor for the local tax  
7 collecting unit in which the historic resource is located  
8 determines the state equalized valuation of that portion, that  
9 assessor's determination shall be used for purposes of this  
10 subdivision. If the assessor does not determine that state  
11 equalized valuation of that portion, qualified expenditures, for  
12 purposes of this subdivision, shall be equal to or greater than 5%  
13 of the appraised value as determined by a certified appraiser. If  
14 the historic resource to be rehabilitated does not have a state  
15 equalized valuation, qualified expenditures for purposes of this  
16 subdivision shall be equal to or greater than 5% of the appraised  
17 value of the resource as determined by a certified appraiser.

18 (n) "Rehabilitation plan" means a plan for the rehabilitation  
19 of an historic resource that meets the federal secretary of the  
20 interior's standards for rehabilitation and guidelines for  
21 rehabilitation of historic buildings under 36 CFR part 67.

22 Enacting section 1. This amendatory act is retroactive and is  
23 effective for tax years beginning after December 31, 2007.