

**SUBSTITUTE FOR  
SENATE BILL NO. 944**

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 435 (MCL 208.1435), as amended by 2009 PA 141.

**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

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

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

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

26 (b) A credit under this subsection shall be reduced by the  
27 amount of a credit received by the taxpayer for the same qualified

1 expenditures under section 47(a)(2) of the internal revenue code.

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

8 (a) All of the following criteria:

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

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

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

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

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

1 internal revenue code. If the qualified taxpayer has previously  
2 filed for certification with the ~~center~~-**AUTHORITY** to qualify for  
3 the credit allowed under section 47(a)(2) of the internal revenue  
4 code, additional filing for the credit allowed under this section  
5 is not required.

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

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

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

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

23 (ii) A contributing resource located within an historic  
24 district listed on the national register of historic places or the  
25 state register of historic sites.

26 (iii) A contributing resource located within an historic  
27 district designated by a local unit pursuant to an ordinance

1 adopted under the local historic districts act, 1970 PA 169, MCL  
2 399.201 to 399.215.

3 (b) The resource meets 1 of the following criteria during the  
4 tax year in which a credit under this section is claimed for those  
5 qualified expenditures:

6 (i) The historic resource is located in a designated historic  
7 district in a local unit of government with an existing ordinance  
8 under the local historic districts act, 1970 PA 169, MCL 399.201 to  
9 399.215.

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

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

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

21 (v) The historic resource is subject to a historic  
22 preservation easement.

23 (7) For projects for which a certificate of completed  
24 rehabilitation is issued for a tax year beginning before January 1,  
25 2009, if a qualified taxpayer is a partnership, limited liability  
26 company, or subchapter S corporation, the qualified taxpayer may  
27 assign all or any portion of a credit allowed under this section to

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

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

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

21 (9) If the credit allowed under this section for the tax year  
22 and any unused carryforward of the credit allowed by this section  
23 exceed the taxpayer's tax liability for the tax year, that portion  
24 that exceeds the tax liability for the tax year shall not be  
25 refunded but may be carried forward to offset tax liability in  
26 subsequent tax years for 10 years or until used up, whichever  
27 occurs first. If a qualified taxpayer has an unused carryforward of

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

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

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



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

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

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

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

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

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

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

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

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

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

27 (e) If the revocation is at least 4 years but less than 5

1 years after the year in which the credit was claimed, 20%.

2 (f) If the revocation is 5 years or more after the year in  
3 which the credit was claimed, an addback to the taxpayer's tax  
4 liability shall not be made.

5 (12) Except as otherwise provided under subsection (13), for  
6 tax years beginning after December 31, 2008, if a certificate of  
7 completed rehabilitation is revoked under subsection (5), a  
8 preapproval letter is revoked under subsection (23)(b), or an  
9 historic resource is sold or disposed of less than 5 years after  
10 the historic resource is placed in service as defined in section  
11 47(b)(1) of the internal revenue code and related treasury  
12 regulations or if a certificate of completed rehabilitation issued  
13 after December 1, 2008 is revoked under subsection (5) during a tax  
14 year beginning after December 31, 2008, a preapproval letter issued  
15 after December 1, 2008 is revoked under subsection (23)(b) during a  
16 tax year beginning after December 31, 2008, or an historic resource  
17 is sold or disposed of less than 5 years after the historic  
18 resource is placed in service during a tax year beginning after  
19 December 31, 2008, the following percentage of the credit amount  
20 previously claimed relative to that historic resource shall be  
21 added back to the tax liability of the qualified taxpayer that  
22 received the certificate of completed rehabilitation and not the  
23 assignee in the year of the revocation:

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

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

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

3 (d) If the revocation is at least 3 years but less than 4  
4 years after the historic resource is placed in service, 40%.

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

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

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

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

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

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

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

27 (14) The ~~department of history, arts, and libraries~~ through

1 ~~the Michigan historical center~~ **MSHDA** may impose a fee to cover the  
2 administrative cost of implementing the program under this section.

3 (15) The qualified taxpayer shall attach all of the following  
4 to the qualified taxpayer's annual return required under this act  
5 or under the income tax act of 1967, 1967 PA 281, MCL 206.1 to  
6 206.532, if applicable, on which the credit is claimed:

7 (a) Certification of completed rehabilitation.

8 (b) Certification of historic significance related to the  
9 historic resource and the qualified expenditures used to claim a  
10 credit under this section.

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

15 (16) ~~The department of history, arts, and libraries shall~~  
16 **MSHDA MAY** promulgate rules to implement this section pursuant to  
17 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201  
18 to 24.328.

19 (17) The total of the credits claimed under subsection (2) and  
20 section 266 of the income tax act of 1967, 1967 PA 281, MCL  
21 206.266, for a rehabilitation project shall not exceed 25% of the  
22 total qualified expenditures eligible for the credit under  
23 subsection (2) for that rehabilitation project.

24 (18) ~~The department of history, arts, and libraries through~~  
25 ~~the Michigan historical center~~ **MSHDA** shall report all of the  
26 following to the legislature annually for the immediately preceding  
27 state fiscal year:

1 (a) The fee schedule used by the ~~center~~**AUTHORITY** and the  
2 total amount of fees collected.

3 (b) A description of each rehabilitation project certified.

4 (c) The location of each new and ongoing rehabilitation  
5 project.

6 (19) In addition to the credit allowed under subsection (2)  
7 and subject to the criteria under this subsection and subsections  
8 (21), (22), and (23), for tax years that begin on and after January  
9 1, 2009 a qualified taxpayer that has a preapproval letter issued  
10 on or before December 31, 2013 may claim an additional credit that  
11 has been approved under this subsection or subsection (20) against  
12 the tax imposed by this act equal to a percentage established in  
13 the taxpayer's preapproval letter of the qualified taxpayer's  
14 qualified expenditures for the rehabilitation of an historic  
15 resource or the actual amount of the qualified taxpayer's qualified  
16 expenditures incurred during the completion of the rehabilitation  
17 of an historic resource, whichever is less. The total amount of all  
18 additional credits approved under this subsection shall not exceed  
19 \$8,000,000.00 in calendar year ending December 31, 2009;  
20 \$9,000,000.00 in calendar year ending December 31, 2010;  
21 \$10,000,000.00 in calendar year ending December 31, 2011;  
22 \$11,000,000.00 in calendar year ending December 31, 2012; and  
23 \$12,000,000.00 in calendar year ending December 31, 2013 and,  
24 except as otherwise provided under this subsection, at least, 25%  
25 of the allotted amount for additional credits approved under this  
26 subsection during each calendar year shall be allocated to  
27 rehabilitation plans that have \$1,000,000.00 or less in qualified

1 expenditures. On October 1 of each calendar year, if the total of  
2 all credits approved under subdivision (a) for the calendar year is  
3 less than the minimum allotted amount, the department of history,  
4 arts, and libraries may use the remainder of that allotted amount  
5 to approve applications for additional credits submitted under  
6 subdivision (b) for that calendar year. To be eligible for the  
7 additional credit under this subsection, the taxpayer shall apply  
8 to and receive a preapproval letter and comply with the following:

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

26 (b) For a rehabilitation plan that has more than \$1,000,000.00  
27 in qualified expenditures, the taxpayer shall apply to the

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

1 complete and a certification of completed rehabilitation is issued.

2       (20) ~~The director of the department of history, arts, and~~  
3 ~~libraries or his or her designee~~ **EXCEPT AS OTHERWISE PROVIDED UNDER**  
4 **THIS SUBSECTION, THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY,**  
5 subject to the approval of the president of the Michigan strategic  
6 fund and the state treasurer, may approve 3 additional credits  
7 during the 2009 calendar year of up to 15% of the qualified  
8 taxpayer's qualified expenditures, and 2 additional credits during  
9 the 2010, 2011, 2012, and 2013 calendar years of up to 15% of the  
10 qualified taxpayer's qualified expenditures, for certain  
11 rehabilitation plans that the ~~director of the department of~~  
12 ~~history, arts, and libraries or his or her designee~~ **AUTHORITY**  
13 determines is a high community impact rehabilitation plan that will  
14 have a significantly greater historic, social, and economic impact  
15 than those plans described under subsection (19) (a) and (b). **THE**  
16 **MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY, SUBJECT TO THE**  
17 **APPROVAL OF THE PRESIDENT OF THE MICHIGAN STRATEGIC FUND AND THE**  
18 **STATE TREASURER, MAY USE 1 OF THE 2 ADDITIONAL CREDITS AVAILABLE**  
19 **DURING THE 2010 CALENDAR YEAR TO APPROVE AN ADDITIONAL CREDIT**  
20 **DURING THE 2009 CALENDAR YEAR OF UP TO 15% OF THE QUALIFIED**  
21 **TAXPAYER'S QUALIFIED EXPENDITURES AND 1 OF THE 2 ADDITIONAL CREDITS**  
22 **AVAILABLE DURING THE 2011 CALENDAR YEAR TO APPROVE AN ADDITIONAL**  
23 **CREDIT DURING THE 2010 CALENDAR YEAR OF UP TO 15% OF THE QUALIFIED**  
24 **TAXPAYER'S QUALIFIED EXPENDITURES.** To be eligible for the  
25 additional credit under this subsection, the taxpayer shall apply  
26 to and receive a preapproval letter from the ~~department of history,~~  
27 ~~arts, and libraries~~ **AUTHORITY.** An application shall be approved or



1 denied not more than 15 business days after the ~~director of the~~  
2 ~~department of history, arts, and libraries or his or her designee~~  
3 **AUTHORITY** has reviewed the application, determined the percentage  
4 amount of the credit for that applicant, and submitted the same to  
5 the president of the Michigan strategic fund and the state  
6 treasurer. If the president of the Michigan strategic fund and the  
7 state treasurer do not approve or deny the application within 15  
8 business days after the application is received from the ~~department~~  
9 ~~of history, arts, and libraries~~ **AUTHORITY**, the application is  
10 considered approved and the credit awarded in the amount as  
11 determined by the ~~director of the department of history, arts, and~~  
12 ~~libraries or his or her designee~~ **AUTHORITY**. If the president of the  
13 Michigan strategic fund and the state treasurer approve the  
14 application under this subdivision, the ~~director of the department~~  
15 ~~of history, arts, and libraries or his or her designee~~ **AUTHORITY**  
16 shall issue a preapproval letter to the taxpayer that states that  
17 the taxpayer is a qualified taxpayer and the maximum percentage of  
18 the qualified expenditures on which a credit may be claimed for the  
19 high community impact rehabilitation plan when it is complete and a  
20 certification of completed rehabilitation is issued. Before  
21 approving a credit under this subsection, the ~~director of the~~  
22 ~~department of history, arts, and libraries or his or her designee~~  
23 **AUTHORITY** shall consider all of the following criteria to the  
24 extent reasonably applicable:

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

27 (b) If the rehabilitation of the historic resource will act as

1 a catalyst for additional rehabilitation or revitalization of the  
2 community in which it is located.

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

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

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

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

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

13 (h) Any other criteria that the director of the department of  
14 history, arts, and libraries, the president of the Michigan  
15 strategic fund, and the state treasurer consider appropriate for  
16 the determination of approval under this subsection.

17 (21) The maximum amount of credit that a taxpayer or an  
18 assignee may claim under subsection (20) during a tax year is  
19 \$3,000,000.00. If the amount of the credit approved in the  
20 taxpayer's certificate of completed renovation is greater than  
21 \$3,000,000.00 that portion that exceeds the cap shall be carried  
22 forward to offset tax liability in subsequent tax years until used  
23 up.

24 (22) Before approving a credit, determining the amount of such  
25 credit, and issuing a preapproval letter for such credit under  
26 subsection (19) or before considering an amendment to the  
27 preapproval letter, the ~~director of the department of history,~~

1 ~~arts, and libraries or his or her designee~~ **MSHDA** shall consider the  
2 following criteria to the extent reasonably applicable:

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

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

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

6 (d) The overall economic impact the renovation will have on  
7 the community.

8 (e) Any other criteria that the ~~director of the department of~~  
9 ~~history, arts, and libraries~~ **AUTHORITY** and the president of the  
10 Michigan strategic fund, as applicable, consider appropriate for  
11 the determination of approval under subsection (19).

12 (23) The ~~director of the department of history, arts, and~~  
13 ~~libraries or his or her designee~~ **AUTHORITY** may at any time before a  
14 certification of completed rehabilitation is issued for a credit  
15 for which a preapproval letter was issued pursuant to subsection  
16 (19) do the following:

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

21 (b) Revoke the preapproval letter if ~~he or she~~ **THE AUTHORITY**  
22 determines that there has not been substantial progress toward  
23 completion of the rehabilitation plan or that the rehabilitation  
24 plan cannot be completed. The ~~director of the department of~~  
25 ~~history, arts, and libraries or his or her designee~~ **AUTHORITY** shall  
26 provide the qualified taxpayer with a notice of his or her intent  
27 to revoke the preapproval letter 45 days prior to the proposed date

1 of revocation.

2 (24) If a preapproval letter is revoked under subsection  
 3 (23)(b), the amount of the credit approved under that preapproval  
 4 letter shall be added to the annual cap in the calendar year that  
 5 the preapproval letter is revoked. After a certification of  
 6 completed rehabilitation is issued for a rehabilitation plan  
 7 approved under subsection (19), if the ~~director of the department~~  
 8 ~~of history, arts, and libraries or his or her designee~~ **AUTHORITY**  
 9 determines that the actual amount of the additional credit to be  
 10 claimed by the taxpayer for the calendar year is less than the  
 11 amount approved under the preapproval letter, the difference shall  
 12 be added to the annual cap in the calendar year that the  
 13 certification of completed rehabilitation is issued.

14 (25) Unless otherwise specifically provided under subsections  
 15 (19) through (24), all other provisions under this section such as  
 16 the recapture of credits, assignment of credits, and refundability  
 17 of credits in excess of a qualified taxpayer's tax liability apply  
 18 to the additional credits issued under subsections (19) and (20).

19 (26) In addition to meeting the criteria in subsection (20)(a)  
 20 through (h), ~~2-3~~ of the ~~3~~ credits available under subsection (20),  
 21 **INCLUDING THE CREDIT USED FROM THE 2010 CALENDAR YEAR, AND APPROVED**  
 22 during the 2009 calendar year for a high community impact  
 23 rehabilitation plan shall be for an application meeting 1 of the  
 24 following criteria:

25 (a) All of the following:

26 (i) The historic resource must be at least ~~80~~-70 years old.

27 (ii) The historic resource must comprise at least ~~75,000~~

1 500,000 total square feet.

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

4 (iv) 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 ~~—— (v) The historic resource receives a federal earmark  
8 appropriation and is the former home of a former professional  
9 sports team.~~

10 (b) All of the following:

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

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

14 (iii) The historic resource must be located in a county with a  
15 population of more than 400,000 and less than 500,000.

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

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

21 (C) ALL OF THE FOLLOWING:

22 (i) THE HISTORIC RESOURCE MUST BE AT LEAST 70 YEARS OLD.

23 (ii) THE HISTORIC RESOURCE MUST COMPRISE AT LEAST 180,000 TOTAL  
24 SQUARE FEET BUT NOT MORE THAN 250,000 SQUARE FEET AND MUST EXCEED  
25 30 STORIES IN HEIGHT.

26 (iii) THE HISTORIC RESOURCE MUST BE LOCATED IN A COUNTY WITH A  
27 POPULATION OF MORE THAN 1,500,000.

1           (iv) THE HISTORIC RESOURCE MUST BE LOCATED IN A CITY WITH AN  
2 UNEMPLOYMENT RATE THAT IS AT LEAST 2% HIGHER THAN THE CURRENT STATE  
3 AVERAGE UNEMPLOYMENT RATE AT THE TIME OF THE APPLICATION.

4           (v) THE HISTORIC RESOURCE MUST BE LOCATED IN A HISTORIC  
5 DISTRICT THAT CONTAINS A PARK BIFURCATED BY AN ALL-AMERICAN ROAD  
6 DESIGNATED BY THE FEDERAL HIGHWAY ADMINISTRATION IN A CITY WITH A  
7 POPULATION OF MORE THAN 750,000.

8           (vi) THE HISTORIC RESOURCE MUST HAVE BEEN INCLUDED IN A  
9 REHABILITATION PLAN FOR WHICH AN APPLICATION WAS SUBMITTED BY THE  
10 APPLICATION DEADLINE FOR CONSIDERATION OF AN ADDITIONAL CREDIT FOR  
11 THE 2009 CALENDAR YEAR FOR A HIGH COMMUNITY IMPACT REHABILITATION  
12 PLAN.

13           (27) IN ADDITION TO MEETING THE CRITERIA IN SUBSECTION (20) (A)  
14 THROUGH (H), 1 OF THE CREDITS AVAILABLE UNDER SUBSECTION (20),  
15 INCLUDING THE CREDIT USED FROM THE 2011 CALENDAR YEAR, AND APPROVED  
16 DURING THE 2010 CALENDAR YEAR FOR A HIGH COMMUNITY IMPACT  
17 REHABILITATION PLAN SHALL BE FOR AN APPLICATION THAT MEETS ALL OF  
18 THE FOLLOWING CRITERIA:

19           (A) THE HISTORIC RESOURCE MUST BE AT LEAST 85 YEARS OLD.

20           (B) THE HISTORIC RESOURCE MUST COMPRISE AT LEAST 85,000 TOTAL  
21 SQUARE FEET.

22           (C) THE HISTORIC RESOURCE MUST BE LOCATED IN A COUNTY WITH A  
23 POPULATION OF MORE THAN 500,000 BUT LESS THAN 600,000 ACCORDING TO  
24 THE OFFICIAL 2000 FEDERAL DECENNIAL CENSUS.

25           (D) THE HISTORIC RESOURCE MUST BE LOCATED IN A CITY WITH A  
26 POPULATION OF MORE THAN 180,000 BUT LESS THAN 200,000 ACCORDING TO  
27 THE OFFICIAL 2000 FEDERAL DECENNIAL CENSUS.

1           (E) THE HISTORIC RESOURCE IS OR WAS FORMERLY OWNED BY THE  
2 UNITED STATES GOVERNMENT OR FORMERLY HOUSED AGENCIES OF THE UNITED  
3 STATES GOVERNMENT, OR BOTH.

4           (F) THE HISTORIC RESOURCE HOUSES FACILITIES OPERATED IN  
5 CONJUNCTION WITH A PUBLIC UNIVERSITY.

6           (28) ~~(27)~~—For purposes of this section, taxpayer includes a  
7 person subject to the tax imposed under chapter 2A or 2B.

8           (29) ~~(28)~~—As used in this section:

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

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

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

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

26           (ii) An income-producing commercial, industrial, or residential  
27 resource or an historic resource located within the property

1 boundaries of that resource.

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

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

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

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

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

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

18 (g) ~~"Michigan historical center" or "center" means the state~~  
19 ~~historic preservation office of the Michigan historical center of~~  
20 ~~the department of history, arts, and libraries or its successor~~  
21 ~~agency~~ **STATE HOUSING DEVELOPMENT AUTHORITY", "MSHDA", OR**

22 **"AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED BY**  
23 **SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966,**  
24 **1966 PA 346, MCL 125.1421.**

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



1 (i) "Open space" means undeveloped land, a naturally  
2 landscaped area, or a formal or man-made landscaped area that  
3 provides a connective link or a buffer between other resources.

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

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

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

27 (m) "Qualified taxpayer" means a person that either owns the

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

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